

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 6513 SB	<b>Title:</b> First responder sales tax ex
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## Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	(5,653,000)	(5,662,000)	(15,759,000)	(15,784,000)	(16,719,000)	(16,746,000)
<b>Total \$</b>	<b>(5,653,000)</b>	<b>(5,662,000)</b>	<b>(15,759,000)</b>	<b>(15,784,000)</b>	<b>(16,719,000)</b>	<b>(16,746,000)</b>

## Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	1.0	246,700	246,700	1.7	258,200	258,200	1.7	258,200	258,200
<b>Total</b>	<b>1.0</b>	<b>\$246,700</b>	<b>\$246,700</b>	<b>1.7</b>	<b>\$258,200</b>	<b>\$258,200</b>	<b>1.7</b>	<b>\$258,200</b>	<b>\$258,200</b>

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Fiscal note not available								
Local Gov. Total									

## Estimated Capital Budget Impact

NONE

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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note  
FNPID: 50414

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 6513 SB	<b>Title:</b> First responder sales tax ex	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

Account	FY 2018	FY 2019	2017-19	2019-21	2021-23
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax		(5,653,000)	(5,653,000)	(15,759,000)	(16,719,000)
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax		(9,000)	(9,000)	(25,000)	(27,000)
<b>Total \$</b>		(5,662,000)	(5,662,000)	(15,784,000)	(16,746,000)

### Estimated Expenditures from:

Account	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.1	1.9	1.0	1.7	1.7
GF-STATE-State 001-1	9,300	237,400	246,700	258,200	258,200
<b>Total \$</b>	9,300	237,400	246,700	258,200	258,200

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

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Agency Preparation: Erin Valz	Phone: 360-534-1522	Date: 01/26/2018
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 01/26/2018
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 01/29/2018

Request # 6513-1-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

#### CURRENT LAW:

Municipal governments currently pay sales and use tax on public safety equipment and vehicles.

#### PROPOSAL:

This bill exempts the following from state and local sales and use tax if purchased by municipal governments or state agencies:

- Public safety vehicles,
- Public safety equipment, and
- Replacement and repair parts for public safety vehicles and equipment.

The exemption is in the form of a refund.

Public safety equipment is defined as equipment used primarily for law enforcement, fire protection, or emergency medical services.

Public safety equipment is defined to include, but is not limited to axes, canteens, cutters, extraction tools, medical supplies, ladders, portable generators, portable radios, boots, bunker coats and pants, canister filter masks, optical and thermal imaging search devices, guns, handcuffs, ammunition, police dogs, and scanners.

Municipal governments include cities, counties, fire protection districts, and regional fire protection authorities.

The Department of Revenue (Department) must determine eligibility for refunds. The Department must remit exempted amounts to municipal governments on a quarterly basis for applications submitted during the previous quarter.

This proposal is effective July 1, 2018

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

#### ASSUMPTIONS:

- The first refunds may be provided to municipal governments as early as October 1, 2018. As a result, there will be nine months of impact for Fiscal Year 2019.
- The exemption does not apply to labor for repair services.
- Assume three percent annual growth.

#### DATA SOURCES:

- Washington State Auditor's Office
- Washington State Department of Natural Resources

#### REVENUE ESTIMATES

This bill decreases state revenues by an estimated \$5.7 million in the 9 months of impacted collections in Fiscal Year 2019, and by \$7.8 million in Fiscal Year 2020, the first full year of impacted collections. This bill also decreases local revenues by an estimated \$2.5 in the 9 months of impacted collections in Fiscal Year 2019, and by \$3.4 million in Fiscal

Year 2020, the first full year of impacted collections.

**TOTAL REVENUE IMPACT:**

State Government (cash basis, \$000):

FY 2018 - \$ 0  
FY 2019 - (\$ 5,662)  
FY 2020 - (\$ 7,775)  
FY 2021 - (\$ 8,009)  
FY 2022 - (\$ 8,249)  
FY 2023 - (\$ 8,497)

Local Government, if applicable (cash basis, \$000):

FY 2018 - \$ 0  
FY 2019 - (\$ 2,460)  
FY 2020 - (\$ 3,378)  
FY 2021 - (\$ 3,479)  
FY 2022 - (\$ 3,584)  
FY 2023 - (\$ 3,691)

**II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

**ASSUMPTIONS:**

This bill affects approximately 650 taxpayers.

**FIRST YEAR COSTS:**

The Department will incur total costs of \$9,300 in Fiscal Year 2018. These costs include:

Labor Costs – Time and effort equates to 0.1 FTE.  
- Create a special notice for affected taxpayers.

**SECOND YEAR COSTS:**

The Department will incur total costs of \$237,400 in Fiscal Year 2019. These costs include:

Labor Costs – Time and effort equates to 1.94 FTEs.  
- Review remittances for sales and use tax refunds, issue refunds, conduct account examinations, respond to secure messages and correspondence, answer telephone questions, monitor reports and assist taxpayers with reporting.

Object Costs - \$77,000.  
- Contract computer system programming.

**ONGOING COSTS:**

Ongoing costs for the 2019-2021 Biennium equal \$258,200 and include similar activities described in the second year costs. Time and effort equates to 1.7 FTEs.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.1	1.9	1.0	1.7	1.7
A-Salaries and Wages	5,800	96,900	102,700	166,600	166,600
B-Employee Benefits	1,700	29,100	30,800	50,000	50,000
C-Professional Service Contracts		77,000	77,000		
E-Goods and Other Services	1,100	22,000	23,100	34,400	34,400
J-Capital Outlays	700	12,400	13,100	7,200	7,200
<b>Total \$</b>	<b>\$9,300</b>	<b>\$237,400</b>	<b>\$246,700</b>	<b>\$258,200</b>	<b>\$258,200</b>

**III. B - Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2018	FY 2019	2017-19	2019-21	2021-23
ADM ASST 5	50,292		0.0	0.0		
EMS BAND 4	111,105		0.0	0.0		
EMS BAND 5	129,795		0.0	0.0		
EXCISE TAX EX 2	49,020		1.7	0.9	1.7	1.7
EXCISE TAX EX 4	59,724		0.1	0.1		
HEARINGS SCHEDULER	34,968		0.0	0.0		
TAX INFO SPEC 4	58,284	0.1		0.1		
TAX POLICY SP 2	65,916		0.0	0.0		
TAX POLICY SP 3	74,604		0.1	0.0		
TAX POLICY SP 4	80,304		0.0	0.0		
<b>Total FTEs</b>		<b>0.1</b>	<b>1.9</b>	<b>1.1</b>	<b>1.7</b>	<b>1.7</b>

### Part IV: Capital Budget Impact

None.

### Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Should this legislation become law, the Department will use the standard process to adopt a new rule. Persons affected by this rule-making would include first responders, fire departments, emergency medical technicians, and police departments.