

Multiple Agency Fiscal Note Summary

Bill Number: 2969 HB	Title: B&O return filing due date
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Estimated Cash Receipts

NONE

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	16.0	2,692,200	2,692,200	17.1	2,524,400	2,524,400	8.7	1,294,300	1,294,300
Total	16.0	\$2,692,200	\$2,692,200	17.1	\$2,524,400	\$2,524,400	8.7	\$1,294,300	\$1,294,300

Estimated Capital Budget Impact

NONE

Prepared by: Kathy Cody, OFM	Phone: (360) 902-9822	Date Published: Final 2/12/2018
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 52200

FNS029 Multi Agency rollup

Department of Revenue Fiscal Note

Bill Number: 2969 HB	Title: B&O return filing due date	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		32.1	16.0	17.1	8.7
Account					
GF-STATE-State 001-1		2,692,200	2,692,200	2,524,400	1,294,300
Total \$		2,692,200	2,692,200	2,524,400	1,294,300

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.

Legislative Contact: Tracey OBrien	Phone: 360-786-7152	Date: 02/03/2018
Agency Preparation: Shane Morgan	Phone: 360-534-1525	Date: 02/12/2018
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 02/12/2018
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 02/12/2018

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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:

Taxpayers assigned an annual frequency by the Department of Revenue (Department) must file and pay taxes by the last day of January following the period covered by the return.

Proposed Law:

This bill creates a new due date for Business and Occupation (B&O) tax payments. These payments will be due the last day of March following the period covered by the return.

The bill takes effect 90 days after final adjournment of the session in which it is enacted.

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

- No proposed change in frequency for these taxpayers.
- No cash receipts will shift to a different fiscal year.
- There is potential for lost interest, but exactly when tax payments would be made is unknown so any potential loss in interest is indeterminate but believed to be minimal.
- Tax payments for B&O are the only payments affected. It appears that tax returns would still be due by the final day of January, and split payments may be required.

REVENUE ESTIMATES

This legislation results in a possible minimal negative state revenue impact.

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 135,000 taxpayers.

FIRST YEAR COSTS:

The Department will incur total costs of \$2,692,200 in Fiscal Year 2019. These costs include:

Labor Costs - Time and effort equates to 32.1 FTEs.

- Resolve EOBs, work IDOCs Imaging System (IDOCs), amended returns, prepare refunds, issue assessments, respond to secure messages, correspondence, answer telephone questions, conduct account examinations, monitor reports and assist taxpayers with reporting.
- Attend implementation meetings, EOBs (Error Out of Balance), amended returns, handle difficult tax issues, conduct account examinations, monitor reports, develop reason codes, prepare statistics, testing of new codes and taxes and training examiners.
- Monitor timelines, develop new line, reason, refund and transaction codes; assist in form development, oversee computer systems, resolve computer system problems, and conduct testing for each return period.
- Open/Adjust taxpayer accounts and work taxpayer correspondence.
- Establish new accounts, correspondence and mail, batch and scan documents into IDOCs, key tax return information

into TANDEM system, archive tax information, index IDOCs data items, retrieve documents from archive.

- Attend implementation meetings, monitor requirements, testing/documentation, reports, and design/testing for each return period. Computer programming, provide training to Office Assistants/Examiners on systems and development of new templates.

- Answer phone calls and counter inquiries on tax questions and tax return preparation from businesses, individuals, and accountants/CPAs (Certified Public Accountant).

- Create special notices and identify publications and information that need to be created or updated on DOR website.

Respond to letter ruling requests, email inquiries and more difficult call backs from the phone center. Work on implementation team.

- Collect delinquent balance dues.

- Respond to constituent inquiries.

- Expedite one rule.

Object Costs - \$182,800.

- Print and mail new tax return.

- Mail Special notice to all affected taxpayers.

- Personal service contracts.

SECOND YEAR COSTS:

The Department will incur total costs of \$1,602,000 in Fiscal Year 2020. These costs include:

Labor Costs - Time and effort equates to 21.7 FTEs.

- Resolve EOBs, work IDOCs, amended returns, prepare refunds, issue assessments, respond to secure messages, correspondence, answer telephone questions, conduct account examinations, monitor reports and assist taxpayers with reporting.

- Attend implementation meetings, EOBs, amended returns, handle difficult tax issues, conduct account examinations, monitor reports, develop reason codes, prepare statistics, testing of new codes and taxes and training examiners.

- Open/Adjust taxpayer accounts and work taxpayer correspondence.

- Establish new accounts, correspondence and mail, batch and scan documents into IDOCs, key tax return information into TANDEM system, archive tax information, index IDOCs data items, retrieve documents from archive.

- Answer phone calls and counter inquiries on tax questions and tax return preparation from businesses, individuals, and accountants/CPAs.

- Collect delinquent balance dues.

Object Costs - \$53,100

- Print and mail tax return.

THIRD YEAR COSTS:

The Department will incur total costs of \$922,400 in Fiscal Year 2021. These costs include:

Labor Costs - Time and effort equates to 12.4 FTEs.

- Resolve EOBs, work IDOCs, amended returns, prepare refunds, issue assessments, respond to secure messages, correspondence, answer telephone questions, conduct account examinations, monitor reports and assist taxpayers with reporting.

- Attend implementation meetings, EOBs, amended returns, handle difficult tax issues, conduct account examinations, monitor reports, develop reason codes, prepare statistics, testing of new codes and taxes and training examiners.

- Open/Adjust taxpayer accounts and work taxpayer correspondence.

- Establish new accounts, correspondence and mail, batch and scan documents into IDOCs, key tax return information into TANDEM system, archive tax information, index IDOCs data items, retrieve documents from archive.
- Answer phone calls and counter inquiries on tax questions and tax return preparation from businesses, individuals, and accountants/CPAs.
- Collect delinquent balance dues.

Object Costs - \$53,100

- Print and mail tax return.

ONGOING COSTS:

Ongoing costs for the 2021-2023 Biennium equal \$1,294,300 and include similar activities described in the third year costs. Time and effort equates to 8.7 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		32.1	16.0	17.1	8.7
A-Salaries and Wages		1,486,600	1,486,600	1,538,000	750,500
B-Employee Benefits		445,900	445,900	461,500	225,300
C-Professional Service Contracts		35,200	35,200		
E-Goods and Other Services		513,600	513,600	451,300	280,700
G-Travel		2,600	2,600	2,000	1,400
J-Capital Outlays		208,300	208,300	71,600	36,400
Total \$		\$2,692,200	\$2,692,200	\$2,524,400	\$1,294,300

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		
EXCISE TAX ASST	34,176		4.5	2.3	1.9	0.8
EXCISE TAX EX 2	49,020		11.9	6.0	6.8	2.3
EXCISE TAX EX 3	54,072		5.9	3.0	2.3	0.8
EXCISE TAX EX 4	59,724		0.2	0.1		
HEARINGS SCHEDULER	34,968		0.0	0.0		
IT SPEC 4	67,584		0.1	0.1		
OFF ASST 3	31,848		0.2	0.1	0.2	0.2
REVENUE AGENT 2	50,292		2.6	1.3	1.0	0.7
TAX INFO SPEC 1	39,312		6.0	3.0	5.0	4.0
TAX INFO SPEC 4	58,284		0.5	0.3		
TAX POLICY SP 2	65,916		0.0	0.0		
TAX POLICY SP 3	74,604		0.1	0.1		
TAX POLICY SP 4	80,304		0.0	0.0		
Total FTE's	861,501		32.1	16.1	17.1	8.7

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 expedited process to adopt WAC 458-20-228 Rule, titled: "Returns, payments, penalties, extensions, interest, stays of collection". Persons affected by this rule-making would include

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annual filers.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2969 HB	Title: B&O return filing due date
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☐ Cities:
- ☐ Counties:
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☒ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☐ Key variables cannot be estimated with certainty at this time:

Part III: Preparation and Approval

Fiscal Note Analyst: Britt McVicar	Phone: (360)725-5042	Date: 02/12/2018
Leg. Committee Contact: Tracey OBrien	Phone: 360-786-7152	Date: 02/03/2018
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/12/2018
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 02/12/2018

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This legislation would create a new due date for annual filers of Business and Occupation (B&O) tax payments. These payments would be due March 31 instead of January 31.

BACKGROUND:

Under RCW 35.21, cities are authorized to require local B&O taxes. This legislation would not impact these tax authorities or collections.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

This legislation would no impact local government expenditures.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

This legislation would not impact local government revenue. Cities do not receive distributions from the state B&O tax collections.

SOURCES:

Department of Revenue

City of Renton

Washington Association of County Officials