

Department of Revenue Fiscal Note

Bill Number: 5337 SB	Title: Sales & use tax exemptions	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Indeterminate Impact

Estimated Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.3		0.1		
Account					
GF-STATE-State 001-1	21,100		21,100		
Total \$	21,100		21,100		

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 Approval: Kim Davis	Phone: 360-534-1508	Date: 01/28/2019
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Request # 5337-1-1

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.

AN ACT Relating to expanding a sales and use tax exemption for personal property sold between political subdivisions to include sales or uses of personal property as a result of a merger or sales or uses of personal property made under contractual consolidations in which the taxpayer that originally paid the sales or use tax continues to benefit from the personal property.

Under current law, retail sales and use taxes do not apply to sales by one political subdivision to another political subdivision directly or indirectly arising out of or resulting from the annexation or incorporation of any part of the territory of one political subdivision by another.

This legislation expands the sales and use tax exemptions to sales by one political subdivision to another political subdivision that result directly or indirectly from a merger. It also expands the exemption on sales to one political subdivision to by another political subdivision pursuant to the terms of a contractual consolidation under which the taxpayers that originally paid a sales or use tax continue to benefit from the personal property.

The tax preference in this this legislation are not subject to the transparency requirements in RCW 582.32.808.

It is set to expire January 1, 2030.

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

- Effective 90 days after the end of session.
- Sales of personal property between two subdivisions and mergers do not happen often.
- The impact of this legislation is indeterminate but minimal.

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 310 cities and counties.

FIRST YEAR COSTS:

The Department will incur total costs of \$21,100 in Fiscal Year 2020. These costs include:

Labor Costs – Time and effort equates to 0.27 FTEs.

- Create a special notice and update web content.
- Respond to additional telephone questions, email and written correspondence.
- Amend one rule.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.3		0.1		
A-Salaries and Wages	13,300		13,300		
B-Employee Benefits	3,900		3,900		
E-Goods and Other Services	2,300		2,300		
J-Capital Outlays	1,600		1,600		
Total \$	\$21,100		\$21,100		

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 2020	FY 2021	2019-21	2021-23	2023-25
EMS BAND 4	115,593	0.0		0.0		
EXCISE TAX EX 2	51,000	0.1		0.1		
MGMT ANALYST1	45,096	0.0		0.0		
TAX INFO SPEC 4	60,636	0.1		0.1		
TAX POLICY SP 2	68,580	0.0		0.0		
TAX POLICY SP 3	77,616	0.0		0.0		
TAX POLICY SP 4	83,556	0.0		0.0		
WMS BAND 3	98,308	0.0		0.0		
Total FTEs		0.3		0.2		

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 amend WAC 458-20-189, titled: "Sales to and by the state of Washington and municipal corporations, including counties, cities, towns, school districts, and fire districts". Persons affected by this rule-making would include certain political subdivisions.