

Multiple Agency Fiscal Note Summary

| | |
|-----------------------------|---|
| Bill Number: 5899 SB | Title: Public facilities tax/rural |
|-----------------------------|---|

Estimated Cash Receipts

| Agency Name | 2019-21 | | 2021-23 | | 2023-25 | |
|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | GF- State | Total | GF- State | Total | GF- State | Total |
| Department of Revenue | (31,380,000) | (31,430,000) | (40,040,000) | (40,100,000) | (42,540,000) | (42,600,000) |
| Total \$ | (31,380,000) | (31,430,000) | (40,040,000) | (40,100,000) | (42,540,000) | (42,600,000) |

Estimated Operating Expenditures

| Agency Name | 2019-21 | | | 2021-23 | | | 2023-25 | | |
|-----------------------|------------|---------------|---------------|------------|----------|----------|------------|----------|----------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Department of Revenue | .1 | 16,400 | 16,400 | .0 | 0 | 0 | .0 | 0 | 0 |
| Total \$ | 0.1 | 16,400 | 16,400 | 0.0 | 0 | 0 | 0.0 | 0 | 0 |

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

Estimated Capital Budget Expenditures

| Agency Name | 2019-21 | | | 2021-23 | | | 2023-25 | | |
|-----------------------|------------|----------|----------|------------|----------|----------|------------|----------|----------|
| | FTEs | Bonds | Total | FTEs | Bonds | Total | FTEs | Bonds | Total |
| Department of Revenue | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Total \$ | 0.0 | 0 | 0 | 0.0 | 0 | 0 | 0.0 | 0 | 0 |

Estimated Capital Budget Breakout

NONE

| | | |
|-------------------------------------|---------------------------------|---|
| Prepared by: Kathy Cody, OFM | Phone: (360) 902-9822 | Date Published: Preliminary 2/18/2019 |
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 55994

FNS029 Multi Agency rollup

Department of Revenue Fiscal Note

| | | |
|-----------------------------|---|--|
| Bill Number: 5899 SB | Title: Public facilities tax/rural | Agency: 140-Department of Revenue |
|-----------------------------|---|--|

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

| Account | FY 2020 | FY 2021 | 2019-21 | 2021-23 | 2023-25 |
|---|--------------|--------------|--------------|--------------|--------------|
| GF-STATE-State 01 - Taxes 01 - Retail Sales Tax | (12,310,000) | (19,070,000) | (31,380,000) | (40,040,000) | (42,540,000) |
| Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax | (20,000) | (30,000) | (50,000) | (60,000) | (60,000) |
| Total \$ | (12,330,000) | (19,100,000) | (31,430,000) | (40,100,000) | (42,600,000) |

Estimated Expenditures from:

| | FY 2020 | FY 2021 | 2019-21 | 2021-23 | 2023-25 |
|----------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | | 0.1 | 0.1 | | |
| Account | | | | | |
| GF-STATE-State 001-1 | 4,400 | 12,000 | 16,400 | | |
| Total \$ | 4,400 | 12,000 | 16,400 | | |

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: Kellee Gunn | Phone: 786-7429 | Date: 02/11/2019 |
| Agency Preparation: Diana Tibbetts | Phone: 360-534-1520 | Date: 02/18/2019 |
| Agency Approval: Don Gutmann | Phone: 360-534-1510 | Date: 02/18/2019 |
| OFM Review: Kathy Cody | Phone: (360) 902-9822 | Date: 02/18/2019 |

Request # 5899-1-1

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.

Under current law, a rural county may impose a tax to finance public facilities which service economic development purposes. The tax can be imposed at a rate up to 0.09 percent.

This legislation includes border counties intended to create or retain private sector employment, and to finance economic development offices. Counties may delegate their role to the associate development organization serving the county.

A rural or border county means a county with a population density of less than one hundred persons per square mile or a county smaller than two hundred twenty-five square miles as determined by the Office of Financial Management and published each year by the Department of Revenue (Department) for the period July 1st to June 30th or a county contiguous with a state or foreign country.

All 25-year expiration dates are removed and the tax is authorized through December 31, 2045.

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

- Thirty-one counties currently levy the rural county tax, including the previously rural counties of Benton and Whatcom.
- Clark and Spokane are border counties that are not rural counties and could levy the tax with this legislation.
- Distributions of the rural county tax in Fiscal Year 2018 were about \$35.4 million.
- Since this is a state-shared tax, it is assumed Clark and Spokane counties would levy the tax at the earliest opportunity.
- This legislation passes effective July 26, 2019.
- Clark and Spokane counties could impose the tax on September 1, 2019 since the Department must receive 30 days prior notice to impose a state-shared tax. Distribution to the counties occur the month after the tax is paid to the Department, so Fiscal Year 2020 includes 8 months of impacted collections.

DATA SOURCES

- Department of Revenue data
- Economic and Revenue Forecast Council, taxable retail sales forecast

REVENUE ESTIMATES

This bill decreases state revenues by an estimated \$12.3 million in the 8 months of impacted distributions in Fiscal Year 2020, and by \$19.1 million in Fiscal Year 2021, the first full year of impacted collections.

This bill increases local revenues by an estimated \$12.3 in the 8 months of impacted distributions in Fiscal Year 2020, and by \$19.1 million in Fiscal Year 2021, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

| | |
|-----------|-------------|
| FY 2020 - | (\$ 12,330) |
| FY 2021 - | (\$ 19,100) |
| FY 2022 - | (\$ 19,700) |
| FY 2023 - | (\$ 20,400) |
| FY 2024 - | (\$ 21,000) |

FY 2025 - (\$ 21,600)

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

FY 2020 - \$ 12,330
FY 2021 - \$ 19,100
FY 2022 - \$ 19,700
FY 2023 - \$ 20,400
FY 2024 - \$ 21,000
FY 2025 - \$ 21,600

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 two counties in Washington State.

FIRST YEAR COSTS:

The Department will incur total costs of \$4,400 in Fiscal Year 2020. These costs include:

- Object Costs - \$4,400.
- Contract costs for programming and configuration of computer systems.

SECOND YEAR COSTS:

The Department will incur total costs of \$12,000 in Fiscal Year 2021. These costs include:

- Labor Costs – Time and effort equates to 0.1 FTEs.
- Program system changes and coordinate system testing.

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 | | 0.1 | 0.1 | | |
| A-Salaries and Wages | | 7,800 | 7,800 | | |
| B-Employee Benefits | | 2,300 | 2,300 | | |
| C-Professional Service Contracts | 4,400 | | 4,400 | | |
| E-Goods and Other Services | | 1,200 | 1,200 | | |
| J-Capital Outlays | | 700 | 700 | | |
| Total \$ | \$4,400 | \$12,000 | \$16,400 | | |

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 |
|--------------------|--------|---------|---------|---------|---------|---------|
| IT SPEC 5 | 77,616 | | 0.1 | 0.1 | | |
| Total FTEs | | | 0.1 | 0.1 | | |

Part IV: Capital Budget Impact

None.

Request # 5899-1-1

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.

No rule-making required.