

Department of Revenue Fiscal Note

Bill Number: 6004 S SB	Title: Travel agents & tour ops/tax	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 05 - Bus and Occup Tax	2,400,000	2,700,000	5,100,000	5,700,000	6,100,000
Total \$	2,400,000	2,700,000	5,100,000	5,700,000	6,100,000

Estimated Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.6		0.3		
Account					
GF-STATE-State 001-1	129,200		129,200		
Total \$	129,200		129,200		

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.

Legislative Contact:	Phone:	Date: 04/29/2019
Agency Preparation: Erin Valz	Phone: 360-534-1522	Date: 04/30/2019
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 04/30/2019
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 05/07/2019

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:

RCW 82.04.260(5) provides that travel agents and tour operators receive a preferential business and occupation (B&O) tax rate of 0.275 percent on income received, rather than the 1.5 percent tax rate for general services.

PROPOSAL:

This bill increases the preferential tax rate for travel agents and tour operators to 0.9%.

EFFECTIVE DATE:

This bill takes effect on July 1, 2019.

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

July 1, 2019, effective date, with 11 months of collections in Fiscal Year 2020

DATA SOURCES

- Department of Revenue Excise Tax Data
- Economic Revenue and Forecast Council September 2018 Forecast

REVENUE ESTIMATES

State revenues will increase by \$2.4 million in Fiscal Year 2020 and by \$2.7 million in Fiscal Year 2021.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2020 -	\$ 2,400
FY 2021 -	\$ 2,700
FY 2022 -	\$ 2,800
FY 2023 -	\$ 2,900
FY 2024 -	\$ 3,000
FY 2025 -	\$ 3,100

Local Government, if applicable (cash basis, \$000): None

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 550 taxpayers.

FIRST YEAR COSTS:

The Department of Revenue (Department) will incur total costs of \$129,200 in Fiscal Year 2020. These costs include:

Labor Costs - Time and effort equates to 0.6 FTEs.

- Amend three administrative rules.

- Resolve additional error and out of balance returns; prepare refunds and assessments; respond to secure messages, correspondence, and telephone questions.

- Design and develop new templates and forms.

Object Costs - \$70,400.

- Gather requirements and test system changes; coordinate user acceptance 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	0.6		0.3		
A-Salaries and Wages	37,100		37,100		
B-Employee Benefits	11,200		11,200		
C-Professional Service Contracts	70,400		70,400		
E-Goods and Other Services	6,700		6,700		
J-Capital Outlays	3,800		3,800		
Total \$	\$129,200		\$129,200		

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 3	56,256	0.1		0.1		
FORMS AND RECORDS	54,924	0.1		0.1		
ANALYST SUPV IT SPEC 4	70,320	0.1		0.1		
MGMT ANALYST1	45,096	0.0		0.0		
MGMT ANALYST4	63,684	0.2		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		0.6		0.3		

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 458-20-258, titled: "Travel agents and tour operators";

WAC 458-20-274, titled: "Staffing services";

WAC 458-20-19401, titled: "Minimum nexus thresholds for apportionable activities and selling activities".

Persons affected by this rule-making would include travel agents and tour operators.