

Multiple Agency Fiscal Note Summary

Bill Number: 1829 HB	Title: Veterans' assistance levies
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Estimated Cash Receipts

NONE

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other		6,300,000		24,800,000		26,500,000
Local Gov. Total		6,300,000		24,800,000		26,500,000

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	10,000	10,000	.0	0	0	.0	0	0
Total \$	0.1	10,000	10,000	0.0	0	0	0.0	0	0

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
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: Ramona Nabors, OFM	Phone: (360) 902-0547	Date Published: Final 2/ 7/2020
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Department of Revenue Fiscal Note

Bill Number: 1829 HB	Title: Veterans' assistance levies	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

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		10,000	10,000		
Total \$		10,000	10,000		

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: 01/07/2020
Agency Preparation: Mark Studer	Phone: 360-534-1507	Date: 01/25/2020
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 01/25/2020
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 02/07/2020

Request # 1829-1-1

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:

RCW 73.08.080 provides that a portion of the county general levy may be used for veterans' assistance programs and other veteran related purposes.

For the veterans' assistance levy, the county legislative authority is authorized to levy a minimum \$0.01125 and not more than \$0.27 per \$1,000 of assessed value.

The levy is considered an "earmarked" fund within the county general levy, meaning it comes out of the county's levy. If the county general levy rate is reduced by the 1 percent levy limit, the amount of the county general levy allocated to these purposes may be reduced in the same proportion.

PROPOSED LAW

The bill gives county legislative authorities two options when levying the county veterans' assistance levy under RCW 73.08.080.

Option one:

Levy for veterans' assistance as a separate levy, outside of the county's general levy of \$1.80.

- The separate levy is not subject to the \$5.90 limitation.
- The separate levy is subject to the Constitutional 1% levy.
- This results in a property tax increase as the county legislative authority is not required to reduce the general levy (\$1.80).
- The separate levy continues to have the same statutory maximum and minimum levy rate (\$0.27 - \$0.01125)
- The limit factor for the separate levy is the greater of 101% or 100% plus inflation.

Option two:

Levy for veterans' assistance as an earmarked fund within the county's general levy of \$1.80 (current law).

- The statutory maximum and minimum levy rate is part of the county general levy's \$1.80 maximum rate.
- The county general levy is subject to the \$5.90 and Constitutional 1% limitations.
- The county general levy's limit factor depends on the county's population. It will not be greater than 101%, unless the voters approve a levy lid lift.
- The county legislative authority has the option of changing the veterans' assistance levy amount based on the change of the county general levy as compared to the prior year rather than the minimum levy rate of \$0.01125.

The bill takes effect 90 days after final adjournment of the session in which it is enacted, and applies to taxes levied for collection in 2020, and thereafter.

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 language in this bill will be amended to reflect the intent. An amended fiscal note will be prepared to reflect the actual language of the bill if the bill is not amended once referred out of committee. Assumes this bill intent is to have it effective for property taxes collected in 2021.
- This bill separated the veteran's assistance fund from the county levy. By removing the veteran's assistance fund;

- enables counties to spend the funds previously dedicated to veteran's assistance on other expenses.
- the counties will take all of the additional available funds.
- the prior year's veterans' assistance fund levy becomes the levy base beginning with taxes collected in Calendar Year 2021.
- The new veterans levy can be increased annually by the greater of one percent or the amount of inflation as determined by the implicit price deflator.

DATA SOURCES

- County assessor data
- Department of Revenue, Integrated Property Tax Models

REVENUE ESTIMATES

This legislation results in no revenue impact to the state property tax levy.

This bill increases local revenues by an estimated \$6.3 million in the 6 months of impacted collections in Fiscal Year 2021, and by \$12.2 million in Fiscal Year 2022, the first full year of impacted collections.

At this time, Department of Revenue's models show no additional prorationing occurring under this proposal.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000): No Revenue Impact

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

FY 2020 -	\$ 0
FY 2021 -	\$ 6,300
FY 2022 -	\$ 12,200
FY 2023 -	\$ 12,600
FY 2024 -	\$ 13,000
FY 2025 -	\$ 13,500

CALENDAR YEAR DETAIL:

DETAIL OF REVENUE IMPACT FOR PROPERTY TAX BILLS, Calendar Year Basis

State Government, Impact on Revenues (\$000): No Revenue Impact

Local Government, Impact on Revenues (\$000)

CY 2020 -	\$ 0
CY 2021 -	\$ 11,900
CY 2022 -	\$ 12,400
CY 2023 -	\$ 12,800
CY 2024 -	\$ 13,200
CY 2025 -	\$ 13,700

Local Government, (\$000), Shift of Tax Burden - 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.

FIRST YEAR COSTS:

The Department of Revenue (Department) will not incur any costs in Fiscal Year 2020.

SECOND YEAR COSTS:

The Department will incur total costs of \$10,000 in Fiscal Year 2021. These costs include:

- Labor Costs – Time and effort equates to X.X FTEs.
- Amend three administrative rules.

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		6,600	6,600		
B-Employee Benefits		2,000	2,000		
E-Goods and Other Services		900	900		
J-Capital Outlays		500	500		
Total \$		\$10,000	\$10,000		

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	119,061		0.0	0.0		
MGMT ANALYST3	59,436		0.0	0.0		
TAX POLICY SP 2	70,632		0.0	0.0		
TAX POLICY SP 3	79,944		0.0	0.0		
TAX POLICY SP 4	86,064		0.0	0.0		
WMS BAND 3	101,257		0.0	0.0		
Total FTEs			0.1	0.1		

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

NONE

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 458-19-005, titled: "Definitions". The department will also use the expedited process to amend WAC 458-19-070, titled: "\$5.90 statutory aggregate limit calculation", and WAC 458-19-075, titled: "Constitutional 1% limit calculation".

Persons affected by this rule-making would include counties that impose the veteran's assistance levy.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1829 HB	Title: Veterans' assistance levies
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☐ Cities:
- ☒ Counties: Counties would receive increased revenue for veteran's support, some counties may need to pass a voter approved levy.
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: County official may choose from two options to implement this tax.
- ☐ Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

Jurisdiction	FY 2020	FY 2021	2019-21	2021-23	2023-25
County		6,300,000	6,300,000	24,800,000	26,500,000
TOTAL \$		6,300,000	6,300,000	24,800,000	26,500,000
GRAND TOTAL \$					57,600,000

Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 01/30/2020
Leg. Committee Contact: Tracey OBrien	Phone: 360-786-7152	Date: 01/07/2020
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/30/2020
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 02/07/2020

Part IV: Analysis

A. SUMMARY OF BILL

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

The bill would give county legislative authorities two options when levying the county veterans' assistance levy under RCW 73 .08.080.

Option one:

Levy for veterans' assistance as a separate levy, outside of the county's general levy of \$1 .80.

- The separate levy is not subject to the \$5 .90 limitation.
- The separate levy is subject to the Constitutional 1% levy.
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Option two:

Levy for veterans' assistance as an earmarked fund within the county's general levy of \$1 .80 (current law).

- The statutory maximum and minimum levy rate is part of the county general levy's \$1 .80 maximum rate.
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- The county general levy's limit factor depends on the county's population . It will not be greater than 101%, unless the voters approve a levy lid lift.
- The county legislative authority has the option of changing the veterans' assistance levy amount based on the change of the county general levy as compared to the prior year rather than the minimum levy rate of \$0.01125.

This bill takes effect 90 days after final adjournment of the session and applies to taxes levied for collection in 2020 , and thereafter.

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 bill would have minimal (less than \$50,000) expenditure impacts on counties and junior taxing districts. As an illustrative example, King County states this bill would require information technology staff to make necessary changes to the computer system so new funds can be levied, tracked, and reported. King County does not anticipate any additional staff needed for these changes, and the other tasks would likely be covered under current administration processes.

NOTE: Veterans' assistance levies are imposed by the legislative body and do not require voter approval (Municipal Research Services Center).

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 bill would substantially increase county revenues. Taxes under this bill would be collected for part of fiscal year 2021 for a total impact of \$6.3 million. Each year thereafter, this tax would be collected for the full year totalling \$12.2 million in FY 2022 and increase each following year.

Counties:

FY 2021 -	\$ 6,300,000
FY 2022 -	\$ 12,200,000
FY 2023 -	\$ 12,600,000
FY 2024 -	\$ 13,000,000
FY 2025 -	\$ 13,500,000

SOURCES:

Department of Revenue

Pierce County

King County

Local Government fiscal note HB 1829 (2019)

