

Multiple Agency Fiscal Note Summary

Bill Number: 1948 HB	Title: Warehousing & manuf. jobs
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Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	(14,372,000)	0	(13,760,000)	0	(13,230,000)	0
Total \$	(14,372,000)	0	(13,760,000)	0	(13,230,000)	0

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		16,236,000		17,820,000		17,127,000
Local Gov. Total		16,236,000		17,820,000		17,127,000

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	14,372,000	.0	0	13,760,000	.0	0	13,230,000
Department of Revenue	.0	0	0	.1	24,100	24,100	.0	0	0
Total \$	0.0	0	14,372,000	0.1	24,100	13,784,100	0.0	0	13,230,000

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
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 2/14/2020
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Individual State Agency Fiscal Note

Bill Number: 1948 HB	Title: Warehousing & manuf. jobs	Agency: 090-Office of State Treasurer
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
General Fund-State 001-1	(7,293,000)	(7,079,000)	(14,372,000)	(13,760,000)	(13,230,000)
Manufacturing and Warehousing Job Centers Account-State New-1	7,293,000	7,079,000	14,372,000	13,760,000	13,230,000
Total \$					

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
Account					
Manufacturing and Warehousing Job Centers Account-State New-1	7,293,000	7,079,000	14,372,000	13,760,000	13,230,000
Total \$	7,293,000	7,079,000	14,372,000	13,760,000	13,230,000

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: 01/13/2020
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 01/23/2020
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/23/2020
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 02/14/2020

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.

HB 1948 creates the manufacturing and warehousing job centers account, coupled with the general fund as the recipient of the earnings from investments.

The department of revenue (DOR) provided the section 2 transfers and distributions amounts.

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.

The section 2 transfer amounts included in this fiscal note were provided by DOR.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
New-1	Manufacturing and Warehousing Job Centers Account	State	7,293,000	7,079,000	14,372,000	13,760,000	13,230,000
Total \$			7,293,000	7,079,000	14,372,000	13,760,000	13,230,000

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	7,293,000	7,079,000	14,372,000	13,760,000	13,230,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	7,293,000	7,079,000	14,372,000	13,760,000	13,230,000

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*
NONE

III. D - Expenditures By Program (optional)
NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures
NONE

IV. B - Expenditures by Object Or Purpose
NONE

IV. C - Capital Budget Breakout
Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods
NONE

Part V: New Rule Making Required

Department of Revenue Fiscal Note

Bill Number: 1948 HB	Title: Warehousing & manuf. jobs	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	
Account					
GF-STATE-State 001-1				24,100	
Total \$				24,100	

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.

Legislative Contact: Tracey OBrien	Phone: 360-786-7152	Date: 01/13/2020
Agency Preparation: Valerie Torres	Phone: 360-534-1521	Date: 01/22/2020
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 01/22/2020
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 02/14/2020

Request # 1948-1-1

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.

Note: This fiscal note reflects language in HB 1948, 2020 Legislative Session.

During the 2019 Legislative Session, the budget bill (Engrossed Substitute House Bill 1109, Section 722) provided a distribution to cities that received more than \$50,000 in streamline sales tax payments in Calendar Year 2018 through June 30, 2021.

This bill provides a distribution from the manufacturing and warehousing job centers account each quarter to cities that received more than \$50,000 in streamline sales tax payments in Calendar Year 2018.

On July 1, 2019 and each July 1 through July 1, 2030, the State Treasurer transfers from the general fund the sum required to mitigate net losses to qualified cities. Net loss is the loss offset by voluntary compliance revenue and marketplace facilitator revenue.

The Department of Revenue (Department) must determine the annual loss for each qualified city. Each calendar quarter, qualified cities receive a distribution from the manufacturing and warehousing job centers account for losses to local sales tax revenue as a result of the sourcing provisions of the streamlined sales and use tax agreement (RCW 82.14.390). The distribution amount equals one-fourth of the city's annual loss reduced by voluntary compliance revenue and marketplace facilitator/remote seller revenue reported during the previous calendar quarter.

This bill also creates a new manufacturing and warehousing job centers account.

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

- Fourteen cities received more than \$50,000 in streamlines sales tax mitigation payments in Calendar Year 2018; however, only 11 of those cities continued to receive payments.
- The Department will not determine a new annual loss for each qualified city. The Department will use the most recently determined streamline sales tax annual loss for each qualified city (currently, 2016).
- The intent is not to provide cities distributions for the same quarters from both the budget bill (ESHB 1109, Section 137) and the manufacturing and warehousing job centers account; however, as written this bill creates a second distribution from the manufacturing and warehousing job centers account beginning at the end of September 2019. This estimate includes \$7.3 million in Fiscal Year 2020 for the distributions from the manufacturing and warehousing job centers account for Fiscal Year 2020. These amounts would be part of the June 2020 distribution to cities (after the effective date of the bill).
- The distributions for Fiscal Year 2021 (\$7.1 million) from the manufacturing and warehousing job centers account also duplicate the distributions cities receive through the budget bill.
- This legislation passes effective June 9, 2020.

DATA SOURCES

- Department of Revenue, streamline sales tax mitigation payment data
- Economic and Revenue Forecast Council, November 2019 forecast

REVENUE ESTIMATES

The fiscal note prepared by the Office of the State Treasurer includes the distributions from the state general fund.

The 11 qualified cities will receive an estimated \$7.3 million in Fiscal Year 2020 and \$7.1 million in Fiscal Year 2021 from the manufacturing and warehousing job centers account in addition to the distributions they receive from the budget bill.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000): shown on the Office of the State Treasurer's fiscal note.

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

FY 2020 -	\$ 7,293
FY 2021 -	\$ 7,079
FY 2022 -	\$ 6,950
FY 2023 -	\$ 6,810
FY 2024 -	\$ 6,680
FY 2025 -	\$ 6,550

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 will not incur any costs in Fiscal Year 2020.

SECOND YEAR COSTS:

The Department will not incur any costs in Fiscal Year 2021.

THIRD YEAR COSTS:

The Department will incur total costs of \$24,100 in Fiscal Year 2022. These costs include:

Labor Costs - Time and effort equates to 0.1 FTEs.

- Administer mitigation program, calculate and review mitigation payments.
- Assist jurisdictions and respond to inquiries via phone call, web message, and paper correspondence.

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	
A-Salaries and Wages				15,600	
B-Employee Benefits				4,700	
E-Goods and Other Services				2,400	
J-Capital Outlays				1,400	
Total \$				\$24,100	

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
MGMT ANALYST5	76,128				0.1	
TAX POLICY SP 3	79,944				0.1	
Total FTEs					0.1	

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

NONE

None.

Part V: New Rule Making Required

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1948 HB	Title: Warehousing & manuf. jobs
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Part I: Jurisdiction—Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Revenue increase for 11 cities receiving SST mitigation payments
- ☐ 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:

Estimated revenue impacts to:

Jurisdiction	FY 2020	FY 2021	2019-21	2021-23	2023-25
City	2,068,793	2,709,827	4,778,620	5,244,826	5,040,860
County	2,477,330	3,244,954	5,722,284	6,280,558	6,036,314
Special District	2,482,877	3,252,219	5,735,096	6,294,616	6,049,826
TOTAL \$	7,029,000	9,207,000	16,236,000	17,820,000	17,127,000
GRAND TOTAL \$					51,183,000

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Vellinga	Phone: 360-725-5038	Date: 01/22/2020
Leg. Committee Contact: Tracey OBrien	Phone: 360-786-7152	Date: 01/13/2020
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/22/2020
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 02/14/2020

Part IV: Analysis

A. SUMMARY OF BILL

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

This bill would establish a remittance to 11 cities to mitigate local sales tax loss resulting from the sourcing provisions of the streamlined sales and use tax agreement (SSUTA).

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 not 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.

According to the Department of Revenue website, this bill would increase local revenues by an estimated \$7,293,000 in FY 2020 and by an estimated \$7,079,000 in FY 2021 to these 11 cities: Auburn, Burlington, Fife, Issaquah, Kent, Milton, Othello, Sumner, Tukwila, and Woodinville.

ASSUMPTIONS:

- Fourteen cities received more than \$50,000 in streamlines sales tax mitigation payments in Calendar Year 2018 ; however, only 11 of those cities continued to receive payments.
- The Department will not determine a new annual loss for each qualified city. The Department will use the most recently determined streamline sales tax annual loss for each qualified city (currently, 2016).
- The intent is not to provide cities distributions for the same quarters from both the budget bill (ESHB 1109, Section 137) and the manufacturing and warehousing job centers account; however, as written this bill creates a second distribution from the manufacturing and warehousing job centers account beginning at the end of September 2019. This estimate includes \$7.3 million in Fiscal Year 2020 for the distributions from the manufacturing and warehousing job centers account for Fiscal Year 2020. These amounts would be part of the June 2020 distribution to cities (after the effective date of the bill).
- The distributions for Fiscal Year 2021 (\$7.1 million) from the manufacturing and warehousing job centers account also duplicate the distributions cities receive through the budget bill.
- This legislation passes effective June 9, 2020.

Estimated total amounts for the 11 cities receiving mitigation payments:

FY 2020 -	\$ 7,293,000
FY 2021 -	\$ 7,079,000
FY 2022 -	\$ 6,950,000
FY 2023 -	\$ 6,810,000
FY 2024 -	\$ 6,680,000
FY 2025 -	\$ 6,550,000

SOURCES:

Department of Revenue fiscal note, HB 1948, 2020
Department of Revenue Website