

Multiple Agency Fiscal Note Summary

Bill Number: 1033 S HB	Title: Employment training program
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Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(65,000)	(65,000)	(65,000)
Total \$	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(65,000)	(65,000)	(65,000)

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Joint Legislative Audit and Review Committee	.0	12,300	12,300	12,300	.2	54,800	54,800	54,800	.1	22,300	22,300	22,300
Department of Revenue	.2	35,300	35,300	35,300	.1	18,200	18,200	18,200	.1	9,100	9,100	9,100
Community and Technical College System	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.2	47,600	47,600	47,600	0.3	73,000	73,000	73,000	0.2	31,400	31,400	31,400

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Joint Legislative Audit and Review Committee	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Community and Technical College System	.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/ 2/2021
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Individual State Agency Fiscal Note

Bill Number: 1033 S HB	Title: Employment training program	Agency: 014-Joint Legislative Audit and Review Committee
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	0.0	0.0	0.2	0.1
Account					
General Fund-State 001-1	10,300	2,000	12,300	54,800	22,300
Total \$	10,300	2,000	12,300	54,800	22,300

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: Nick Tucker	Phone: 360-786-7383	Date: 01/26/2021
Agency Preparation: Dana Lynn	Phone: 360-786-5177	Date: 01/27/2021
Agency Approval: Keenan Konopaski	Phone: 360-786-5187	Date: 01/27/2021
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 01/28/2021

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.

This bill extends the expiration date for the B&O tax credit in RCW 82.04.449 provided for businesses that participate in the customized training program.

Section 1: States the Legislature finds new urgency for programs supporting worker training and notes the Legislature's objective is to help existing small businesses recruit, retain, and expand by extending the B&O tax credit to July 1, 2026.

TAX PERFORMANCE STATEMENT DETAILS

Section 2: The tax preference performance statement categorizes the preference as one intended to accomplish a general purpose - to provide workforce and skill development training that enhance worker skill sets.

The specific public policy objective is stated to provide customized training assistance that retains and expands existing businesses in Washington.

If a review finds that 75% of participating businesses complete the training and repay the training program loan, then the Legislature intends to extend the expiration date of the preference. JLARC is to refer to any data collected by the state for its review.

B&O TAX EXEMPTION

Section 3: RCW 82.04.449 is amended to extend the current expiration date for the preference from July 1, 2021, to July 1, 2026.

The College Board is directed to submit a report to the higher education committees of the Legislature by December 31, 2024, detailing:

- Industries supported by the program.
- Geographic location of companies using the program.
- Number of employees trained.
- Types of occupations included in the training.
- Employee wages before entering the program and wage growth one year after training.
- Employee retention for a period one year after training.
- Credentials attained by employees after completing training, if applicable.

The bill does not state an effective date, so it would take effect 90 days after the end of session. The tax preference is set to expire July 1, 2026.

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.

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.

JLARC staff would contact and work with the Department of Revenue and the State Board for Community and Technical Colleges immediately after passage of the bill to ensure project contacts are established and any other necessary data for JLARC staff's future evaluation needs are identified and collected via the annual tax performance report.

The expenditure detail noted reflects JLARC staff work to prepare for and conduct a tax preference review. The review would be completed in 2025, prior to the July 1, 2026, expiration date of the preference.

This tax preference review may require additional resources. The audit will be conducted and presented to JLARC consistent with the processes used for other tax preference reviews. Based on all tax preference legislation that is passed, JLARC may subsequently determine that it can absorb the costs for this proposed bill in its base budget, if the workload of other enacted tax preference legislation does not exceed current staffing. JLARC will assess all of the tax preference reviews mandated in the 2021 legislative session.

This audit will require an estimated 4 audit months.

JLARC Audit Months: JLARC calculates its staff resources in "Audit Months" to estimate the time and effort to undertake and complete its studies. An "Audit Month" reflects a JLARC analyst's time for a month, together with related administrative, support, and goods/services costs. JLARC's anticipated 2021-23 costs are calculated at approximately \$20,300 per audit month.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	10,300	2,000	12,300	54,800	22,300
Total \$			10,300	2,000	12,300	54,800	22,300

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years				0.2	0.1
A-Salaries and Wages	6,400	1,300	7,700	34,300	14,000
B-Employee Benefits	2,000	400	2,400	10,800	4,400
C-Professional Service Contracts					
E-Goods and Other Services	1,700	300	2,000	8,900	3,600
G-Travel	200		200	800	300
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	10,300	2,000	12,300	54,800	22,300

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*

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
Research Analyst	113,827				0.1	0.1
Support staff	77,705				0.1	
Total FTEs					0.2	0.1

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

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Department of Revenue Fiscal Note

Bill Number: 1033 S HB	Title: Employment training program	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2022	FY 2023	2021-23	2023-25	2025-27
GF-STATE-State 01 - Taxes 05 - Bus and Occup Tax	(65,000)	(65,000)	(130,000)	(130,000)	(65,000)
Total \$	(65,000)	(65,000)	(130,000)	(130,000)	(65,000)

Estimated Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.2	0.1	0.2	0.1	0.1
Account					
GF-STATE-State 001-1	26,200	9,100	35,300	18,200	9,100
Total \$	26,200	9,100	35,300	18,200	9,100

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: Nick Tucker	Phone: 360-786-7383	Date: 01/26/2021
Agency Preparation: Tyler McLeod	Phone: 360-534-1531	Date: 01/28/2021
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 01/28/2021
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 01/28/2021

Request # 1033-2-1

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 House amendment SHB 1033 (H-0510.1), 2021 Legislative Session.

CURRENT LAW:

Businesses are allowed a business and occupation tax credit for 50% of payments to the Employment Training Finance Account through the Customized Employment Training Program for customized employee training.

This credit expires July 1, 2021.

COMPARISON OF HB 1033 (H-0168.2) WITH SHB 1033 (H-0510.1):
SHB 1033 (H-0510.1) adds a tax performance statement.

PROPOSAL:

This proposal extends the expiration date of this credit to July 1, 2026 and adds a requirement for the college board to submit a report to the Higher Education Committees of the Legislature.

EFFECTIVE DATE:

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

- No growth assumed, due to volatility in the amount of credit claimed.

DATA SOURCES

- Department of Revenue, Excise Tax Return Data

REVENUE ESTIMATES

This bill decreases state revenues by an estimated \$65,000 in the 12 months of impacted collections in Fiscal Year 2022.
This bill does not impact local revenues.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2022 -	(\$ 65)
FY 2023 -	(\$ 65)
FY 2024 -	(\$ 65)
FY 2025 -	(\$ 65)
FY 2026 -	(\$ 65)
FY 2027 -	\$ 0

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 14 taxpayers.

FIRST YEAR COSTS:

The Department of Revenue will incur total costs of \$26,200 in Fiscal Year 2022. These costs include:

Labor Costs – Time and effort equates to 0.2 FTEs.

- Respond to messages, answer telephone questions, assist taxpayers with reporting, process paper correspondence, conduct account examinations, and track credit programs.
- Assist with system testing, resolving system issues, and system maintenance indefinitely.

Object Costs - \$4,400.

- Contract computer system programming.

SECOND YEAR COSTS:

The Department of Revenue will incur total costs of \$9,100 in Fiscal Year 2023. These costs include:

Labor Costs – Time and effort equates to 0.1 FTEs.

- Respond to messages, answer telephone questions, assist taxpayers with reporting, process paper correspondence, conduct account examinations, and track credit programs.

ONGOING COSTS:

Ongoing costs for the 2023-2025 Biennium equal \$18,200 and include similar activities described in the second year costs. Time and effort equates to 0.1 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.2	0.1	0.2	0.1	0.1
A-Salaries and Wages	13,100	6,000	19,100	12,000	6,000
B-Employee Benefits	4,700	2,100	6,800	4,200	2,100
C-Professional Service Contracts	4,400		4,400		
E-Goods and Other Services	2,600	900	3,500	1,800	900
J-Capital Outlays	1,400	100	1,500	200	100
Total \$	\$26,200	\$9,100	\$35,300	\$18,200	\$9,100

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 2022	FY 2023	2021-23	2023-25	2025-27
EXCISE TAX EX 3	59,688	0.1	0.1	0.1	0.1	0.1
MGMT ANALYST4	70,956	0.1		0.1		
Total FTEs		0.2	0.1	0.2	0.1	0.1

III. C - 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

None.

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 1033 S HB	Title: Employment training program	Agency: 699-Community and Technical College System
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Part I: Estimates

☒ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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.
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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Nick Tucker	Phone: 360-786-7383	Date: 01/26/2021
Agency Preparation: Brian Myhre	Phone: 360-704-4413	Date: 02/01/2021
Agency Approval: Cherie Berthon	Phone: 360-704-1023	Date: 02/01/2021
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 02/02/2021

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.

The substitute bill differs from the original in the following ways:

The substitute bill adds the Legislature's objective in extending the Program and adds a tax preference performance statement.

These changes would not change the fiscal impact of the bill.

This bill would extend the Business & Occupation tax credit for participants in the Washington Customized Employment Training Program. The tax credit is extended through July 1, 2026.

By December 31, 2024, the Washington State Board for Community and Technical Colleges is directed to submit a report to the legislature. The report is to contain data on several items, including:

- Industries supported by the program
- Geographical location of companies in the program
- Number of employees trained
- Types of occupations included in the training

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.

No cash receipts impact.

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.

No expenditure impact.

The Washington State Board for Community and Technical Colleges is directed to submit a report to the legislature by December 31, 2024. The report is to contain data on several items including, industries supported by the program, geographical location of companies in the program, number of employees trained and types of occupations included in the training.

Gathering data and preparing the report for this one-time report can be accomplished within existing resources.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*
NONE

Part V: New Rule Making Required