

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1386 HB	<b>Title:</b> Industrial/manuf. facilities
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## Estimated Cash Receipts

NONE

Agency Name	2021-23		2023-25		2025-27	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

## 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
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

## Estimated Capital Budget Breakout

NONE

<b>Prepared by:</b> Ramona Nabors, OFM	<b>Phone:</b> (360) 902-0547	<b>Date Published:</b> Final 2/10/2021
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# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1386 HB	<b>Title:</b> Industrial/manuf. facilities	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated 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.
- 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: Frank Wilson	Phone: 360-534-1527	Date: 02/03/2021
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 02/03/2021
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 02/10/2021

Request # 1386-1-1

## 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:

Chapter 84.25 RCW authorizes certain cities to enact a 10-year local property tax exemption for new industrial or manufacturing development in designated areas, if a city is:

- Located in a county with a population between 700,000 and 800,000;
- Has a population of at least 18,000; and
- Is located north or east of the largest city in the county.

#### The exemption:

- Applies to the value of new facility improvements only (not the land) meeting minimum size and value criteria (10,000 sq. ft. and \$800,000 in value) located in designated areas.
- Requires designated areas to be located in undeveloped or underutilized areas of the city zoned for industrial or manufacturing uses.
- Limits the exemption to local property taxes but excludes county property taxes unless the county legislative authority specifically authorizes by resolution.
- Must create at least 25 family living wage jobs with wages of least \$18 per hour.
- Continues for up to 10 successive years provided the improvements are not converted to a different use and continue to satisfy all applicable conditions, including job creation.
- Must be applied for by December 31, 2022.

#### PROPOSED LAW:

- Revises population requirement for the definition of city to now include cities in a county with a population between 800,000 and 900,000.
- Amends the definition of requiring family living wage job to offer health care benefits.
- Increase the hourly wage for family wage jobs to \$23 an hour.
- Adds an additional type of use to the definition of new facilities.
- Allows a city to limit the use of facilities to manufacturing uses.
- Adds to criteria for back taxes for facilities found ineligible for the exemption.
- Extends the date to apply for an exemption to December 31, 2030.

#### EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session in which it is enacted.

Applies to taxes levied for collection in 2022, and after.

### 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.*

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

## 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.

The Department of Revenue will not incur any costs with the implementation of this legislation.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

NONE

**III. B - Detail:** List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

NONE

### 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

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

<b>Bill Number:</b> 1386 HB	<b>Title:</b> Industrial/manuf. facilities
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## Part I: Jurisdiction

Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- Cities:
- 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:

None

### Estimated expenditure impacts to:

None

## Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Vellinga	Phone: 360-725-5038	Date: 02/03/2021
Leg. Committee Contact: Nick Tucker	Phone: 360-786-7383	Date: 01/26/2021
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/03/2021
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 02/10/2021

## **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 amends RCW 84.25.030 to:

- change the population requirement for the definition of city to now include cities in a county with a population between 800,000 and 900,000
- amends the definition of "family living wage job" to add the requirement of offering health care benefits and it increases the hourly wage to \$23 an hour
- adds "division E: transportation" to the definition of industrial/manufacturing facilities
- allows a city to limit the use of facilities to manufacturing uses

It amends RCW 84.25.040 to extend the date to apply for an exemption to December 31, 2030.

It amends RCW 84.25.080 to add criteria when prioritizing exemption applications.

It amends RCW 84.25.130 to add criteria for back taxes for facilities found ineligible for the exemption.

This would apply to taxes levied for collection in 2022 and after. The bill takes effect 90 days after final adjournment of the session in which it is enacted.

### **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, this bill would not impact local government revenues because it results in no revenue impact to the state property tax levy.

Source

Department of Revenue fiscal note, 1386 HB (2021)