

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1332 E S HB AMS HUN` S2696.1	<b>Title:</b> Property tax deferral/COVID
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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
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Revenue	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	0	0	0	0	0	0	0	0	0

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	Fiscal note not available					
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
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

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	Fiscal note not available								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	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
<b>Total \$</b>	0.0	0	0	0.0	0	0	0.0	0	0

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	Fiscal note not available								
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> Preliminary 4/15/2021
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1332 E S HB AMS HUNT S2696.1	<b>Title:</b> Property tax deferral/COVID	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

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

### 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.
- ☒ 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: 04/12/2021
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 04/13/2021
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 04/13/2021
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 04/14/2021

## 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.*

ESHB 1332 AMS HUNT S2696.1 relates to property tax deferrals.

Due to the COVID-19 state of emergency, the county treasurer must grant an extension of the due date of any unpaid, nondelinquent taxes payable in 2021, if an eligible taxpayer demonstrates to the county treasurer's satisfaction a loss of at least 25 percent of its revenue attributable to that real property for calendar year 2020 compared to calendar year 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.*

Currently, the magnitude of the extensions is unknown. Projected cash flows are currently unavailable; therefore, the impact on the general fund 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

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**

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1332 E S HB AM: HUNT S2696.1	<b>Title:</b> Property tax deferral/COVID	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

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

### 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:	Phone:	Date: 04/12/2021
Agency Preparation: Mark Studer	Phone: 360-534-1507	Date: 04/15/2021
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 04/15/2021
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 04/15/2021

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## 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 Senate amendment AMS HUNT S2696.1 to ESHB 1332, 2021 Legislative Session.

#### CURRENT LAW

RCW 84.56.020 requires first half property taxes due each year by April 30, and the remainder due by October 31.

When payment is not received by the due dates, interest and penalties begin to accrue. However, if a taxpayer is successfully participating in a payment agreement provided in RCW 84.56.020 (15), then the county treasurer may not assess additional interest or penalties.

#### COMPARISON OF AMS HUNT S2696.1 to ESHB 1332 WITH ENGROSSED SUBSTITUTE BILL :

- Clarifies that a request for extension for payment of 2021 property taxes must be made by April 30, 2021, by an eligible taxpayer.
- Defines the term "eligible taxpayer."
- Requires applicants for an extension to certify under penalty of perjury that the information provided in a request for an extension is true and correct.
- Provides county treasurers additional time to process requests for extension of 2021 property taxes until June 30, 2021.
- Allows county treasurers to approve extension requests based solely on the information contained in a request for extension.
- Allows county treasurers to seek assistance from the Department of Revenue (Department) in determining whether a taxpayer qualifies for an extension.
- Authorizes the Department to audit taxpayers receiving an extension to verify their eligibility for the extension.
- Allows the Department to provide county treasurers with an opinion as to a person's eligibility for an extension, but does not require the Department to share specific details about a person's income with the county treasurers.
- Adds an expiration date of January 1, 2022.
- Requires taxing districts within a county to report to the county treasurer their fund balance by April 30, 2021.
- Allows county treasurers to not grant extensions within that county if granting such extensions prevents any taxing jurisdiction from making scheduled bond payments.

#### PROPOSED LAW

- Authorizes a county treasurer to extend payment of property taxes otherwise due in 2021, due to the state of emergency under RCW 43.06.010(12) when related to the novel coronavirus.
- Provides for an owner to defer payment of property taxes due in 2021, on real property when the property is :
  - Used for business purposes; and
  - The owner can demonstrate, to the county treasurer's satisfaction, at least a 25% loss of revenue in Calendar Year 2020, as compared to Calendar Year 2019.
- Allows the county treasurer to enter into a payment agreement and determine the payment schedule on any properties granted a payment deferral. When setting the payment plan the county treasurer :
  - + Must consider cash flow and other impacts on all relevant taxing jurisdictions.
  - + Must prioritize payment plan expenditures to protect scheduled bond payments.
  - + Has discretion as to how payments are expended.
- Allows county treasurers to seek assistance from the Department in determining whether a taxpayer qualifies for an extension.
- Authorizes the Department to audit taxpayers receiving an extension to verify their eligibility for the extension.
- Allows the Department to provide county treasurers with an opinion as to a person's eligibility for an extension, but does not require the Department to share specific details about a person's income with the county treasurers.
- The owner must pass the entire benefit of the extension to the tenant if the tenant, by virtue of the lease agreement, is

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responsible for the property taxes.

- Defines "Attributable" and "Revenue" for the purposed of subsection (10) (b)."
- Defines "eligible taxpayer."
- Requires that no penalties or interest apply to taxes due under the payment plan.

#### EFFECTIVE DATE

This bill contains an emergency clause and takes effect immediately upon the Governor's approval.

#### 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

- Qualifying business owners will take the deferral /payment plan to delay the payment of property taxes.

#### DATA SOURCES

- Economic and Revenue Forecast Council November 2020 forecasts
- Department of Revenue, State Property Tax Model

#### REVENUE ESTIMATES

This proposal will delay state property tax that would normally be collected in 2021. Collections are based on payment schedules set by the county treasurers resulting in an indeterminate delay of property tax collections from Calendar Year 2021, to a future time.

#### LOCAL GOVERNMENT IMPACT

This proposal will delay local property tax that would normally be collected in 2021, out into the future. Collections are based on payment schedules set by the county treasurers resulting in an indeterminate delay of property tax collections from Calendar Year 2021, to a future time. This bill will also result in some loss of interest and penalties collected and retained by the county.

#### 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*

The Department of Revenue will have minimal costs to implement this legislation and will absorb within current funding.

### 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 dexcribe potential financing methods*

NONE

None.

**Part V: New Rule Making Required**