

Multiple Agency Fiscal Note Summary

Bill Number: 5800 SB	Title: Tax and revenue laws
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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	.2	35,700	35,700	35,700	.0	0	0	0	.0	0	0	0
Total \$	0.2	35,700	35,700	35,700	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	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
Total \$	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	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Final 1/25/2022
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Department of Revenue Fiscal Note

Bill Number: 5800 SB	Title: Tax and revenue laws	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.4	0.2		
Account					
GF-STATE-State 001-1		35,700	35,700		
Total \$		35,700	35,700		

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: Alia Kennedy	Phone: 360-786-7405	Date: 01/12/2022
Agency Preparation: Melissa Howes	Phone: 360-534-1518	Date: 01/24/2022
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 01/24/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/24/2022

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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.

PROPOSAL:

This legislation makes multiple technical corrections in order to clarify ambiguities and provide administrative efficiencies.

Section 1 - Unclaimed excess funds from the public sale of abandoned aircraft shall be deposited into the aeronautics account instead of the aircraft search and rescue, safety, and education account. The Department of Revenue (Department) must hold in trust these excess funds for the owner, or owners and lienholders, for a period of one year from the date of sale.

Section 2 - Licensing information may be disclosed to a peace officer or county prosecuting attorney for the purpose of review, investigation, or enforcement activities related to a license or license application.

Section 3 - The Department must report to the legislative fiscal committees by January 1st of the year immediately following any year during which the streamlined sales and use tax agreement is amended, if the legislation is required to keep Washington in compliance with the agreement.

Section 4 - In the definition of “advanced computing”, replaces the term “online marketplace” with “marketplace facilitator” as defined in 82.08.0531.

Section 5 - Modifies the reporting period for taxpayers claiming the retail sales tax exemption for aircraft maintenance repair to October 1, 2020, through September 30, 2021, under RCW 82.08.025661. Currently, the reporting period is September 1, 2020, through September 1, 2021.

Section 6 - Clarifies that to qualify for the material-handling and racking equipment sales tax exemption or construction of warehouse or grain elevator sales tax exemption wholesalers, third-party warehouse, and persons who operate retail distribution centers must meet the following criteria:

- Warehouse must dedicate at least 200,000 square feet of the warehouse exclusively to the storage of goods to be sold at wholesale,
- Third-party warehouse must dedicate at least 200,000 square feet of the warehouse exclusively to the storage of goods owned by another person, and
- Retail distribution centers operated by a person must be exclusively used to store products delivered to retail outlets owned by that person. The retail distribution center may not be used to ship products directly to customers of the person operating the retail distribution center.

Section 7 - Specifies that the tax preference requirements of RCW 82.32.805 and RCW 82.32.808 do not apply to the retail sales tax exemption for marijuana covered under a tribal compacting agreement.

Section 8 - Clarifies that the use tax exemption for use of personal property related to farmworker housing applies when at least 50% of the housing units in a development are used as farmworker housing.

Section 9 - Clarifies that to qualify for the material-handling and racking equipment use tax exemption or construction of warehouse or grain elevator use tax exemption wholesalers, third-party warehouse, and persons who operate retail distribution centers must meet the following criteria:

- Warehouse must dedicate at least 200,000 square feet of the warehouse exclusively to the storage of goods to be sold at wholesale,
- Third-party warehouse must dedicate at least 200,000 square feet of the warehouse exclusively to the storage of goods

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owned by another person, and

- Retail distribution centers operated by a person must be exclusively used to store products delivered to retail outlets owned by that person. The retail distribution center may not be used to ship products directly to customers of the person operating the retail distribution center.

Section 10 - Specifies that the tax preference requirements of 82.32.805 and 82.32.808 do not apply to the use tax exemption for marijuana covered under a tribal compacting agreement.

Section 11 - Adds the following exception to the prohibition of disclosure of return or tax information by the Department: Disclosing any return or tax information to an individual when the return or tax information is related directly to that person's individual liability, as part of a marital community, for amounts due under a warrant issued under the authority of RCW 59.30.09 or RCW 82.32.210.

Section 12 - Specifies that, for tax deferrals, an annual tax performance report must be filed by May 31st of each succeeding calendar year through the calendar year in which the deferred taxes are fully repaid or are immediately due and payable because the recipient of the deferral is no longer eligible for the deferral. Also specifies that if a person who is required to file an annual report fails to do so, if the tax preference is a deferral of tax, the amount immediately due is the deferred tax divided by the number of years in the repayment period.

Section 13 - Removes an erroneous reference to Section 2, chapter 449, Laws of 2019 from RCW 82.32.790.

Section 14 - Expires unused rural county business and occupation (B&O) tax credits for new employees on the first day of January of the year that is six years from the later of the year that:

- The Department is notified by the recipient, or a representative of the recipient, that the recipient has ceased engaging in business within this state as those terms are defined in chapter 82.04 RCW,
- The Department closes the recipient's tax reporting account, or
- The recipient last claimed the credit on a return filed with the Department.

Section 15 - Provides for prorating of the state property tax levies for the support of common schools. If the aggregate rate of state property taxes levied for the support of common schools for collection in any calendar year after 2021 exceeds \$3.60 per \$1,000 of assessed value, each rate must be reduced on a pro rata basis until the aggregate rate no longer exceeds \$3.60 per \$1,000 of assessed value.

EFFECTIVE DATE:

Section 4 of this bill applies retroactively to January 1, 2020.

Sections 1 through 3 and 5 through 15 of this bill take 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 .

This legislation results in no revenue impact to taxes administered by the Department of Revenue.

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

FIRST YEAR COSTS:

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Form FN (Rev 1/00) 173,214.00

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The Department will not incur any costs in Fiscal Year 2022.

SECOND YEAR COSTS:

The Department will incur total costs of \$35,700 in Fiscal Year 2023. These costs include :

Labor Costs - Time and effort equates to 0.37 FTE.

- Create a special notice and identify publications and information that need to be created or updated on the Department's website.
- Respond to tax ruling requests, email inquiries, and phone calls.
- Adopt one new administrative rule.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.4	0.2		
A-Salaries and Wages		21,600	21,600		
B-Employee Benefits		7,700	7,700		
E-Goods and Other Services		4,100	4,100		
J-Capital Outlays		2,300	2,300		
Total \$		\$35,700	\$35,700		

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
EMS BAND 4	122,633		0.0	0.0		
MGMT ANALYST4	70,956		0.0	0.0		
TAX INFO SPEC 4	64,332		0.3	0.2		
TAX POLICY SP 2	72,756		0.0	0.0		
TAX POLICY SP 3	82,344		0.0	0.0		
TAX POLICY SP 4	88,644		0.0	0.0		
WMS BAND 3	104,295		0.0	0.0		
Total FTEs			0.4	0.2		

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

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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

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 adopt WAC 458-20-Rule, titled: "Sales and use tax exemption - Airplane maintenance repair stations." Persons affected by this rulemaking would include airplane maintenance repair stations.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5800 SB	Title: Tax and revenue laws
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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 Alexander	Phone: 360-725-5038	Date: 01/25/2022
Leg. Committee Contact: Alia Kennedy	Phone: 360-786-7405	Date: 01/12/2022
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/25/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/25/2022

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 amend tax and revenue laws to make numerous administrative and technical clarifications to the state lax and licensing code
It does not affect state or local tax collections .

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 because no action is required.

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 not impact local government revenues because it only makes administrative and technical clarifications to the state tax and licensing codes.

Sources:

Department of Revenue fiscal note, SB 5800 (2022)

Senate Bill Report, SB 5800, Ways & Means Committee (1/25/2022)