

Multiple Agency Fiscal Note Summary

Bill Number: 2024 HB	Title: SR 520 sales tax deferral
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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	(11,180,000)	(11,180,000)	(11,200,000)	(22,360,000)	(22,360,000)	(22,400,000)	(22,360,000)	(22,360,000)	(22,400,000)
Total \$	(11,180,000)	(11,180,000)	(11,200,000)	(22,360,000)	(22,360,000)	(22,400,000)	(22,360,000)	(22,360,000)	(22,400,000)

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
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
Department of Transportation	.0	0	0	(17,700,000)	.0	0	0	(35,400,000)	.0	0	0	(35,400,000)
Total \$	0.0	0	0	(17,700,000)	0.0	0	0	(35,400,000)	0.0	0	0	(35,400,000)

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
Department of Transportation	.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

Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Final 1/28/2022
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Individual State Agency Fiscal Note

Bill Number: 2024 HB	Title: SR 520 sales tax deferral	Agency: 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: Christine Thomas	Phone: 360-786-7142	Date: 01/18/2022
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 01/20/2022
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/20/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/21/2022

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 2024 relates to a sales and use tax deferral for projects to improve the state route number 520 corridor. The first payment date is modified from the fifth year after the date certified by the department of revenue (DOR) to the twenty-fourth year after the DOR certification date.

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 .

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 sales and use tax collections and 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

Bill Number: 2024 HB	Title: SR 520 sales tax deferral	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 01 - Retail Sales Tax		(11,180,000)	(11,180,000)	(22,360,000)	(22,360,000)
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax		(20,000)	(20,000)	(40,000)	(40,000)
Total \$		(11,200,000)	(11,200,000)	(22,400,000)	(22,400,000)

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: Christine Thomas	Phone: 603-60-786-7142	Date: 01/18/2022
Agency Preparation: Marianne McIntosh	Phone: 603-60-534-1505	Date: 01/25/2022
Agency Approval: Valerie Torres	Phone: 603-60-534-1521	Date: 01/25/2022
OFM Review: Cheri Keller	Phone: 603-60-584-2207	Date: 01/25/2022

Request # 2024-1-1

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:

The law provided a ten year deferral of state and local retail sales tax for the tax due on construction of the State Route 520 bridge replacement project. Ten percent of the deferred tax must be repaid annually beginning on December 31 of the fifth year following the certified completion of the project.

PROPOSAL:

The bill extends the payments to begin the 24th year following the certified completion of the project.

The tax preference provisions related to expiration dates and a performance statement do not apply to this act.

EFFECTIVE DATE:

This bill takes effect on July 1, 2022.

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

- Project operationally complete in 2017, with first payment due December 31, 2022. The bill shifts first payment to December 31, 2041.
- The bill applies to both state and local sales and use taxes.

DATA SOURCES

Department of Revenue, Deferral application data

REVENUE ESTIMATES

This bill decreases state revenues by an estimated \$11.2 million in Fiscal Year 2023, the first full year of impacted collections. This bill also decreases local revenues by an estimated \$6.5 million in Fiscal Year 2023, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2022 -	\$ 0
FY 2023 -	(\$ 11,200)
FY 2024 -	(\$ 11,200)
FY 2025 -	(\$ 11,200)
FY 2026 -	(\$ 11,200)
FY 2027 -	(\$ 11,200)

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

FY 2022 -	\$ 0
FY 2023 -	(\$ 6,500)
FY 2024 -	(\$ 6,500)
FY 2025 -	(\$ 6,500)

FY 2026 - (\$ 6,500)

FY 2027 - (\$ 6,500)

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 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

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 2024 HB	Title: SR 520 sales tax deferral	Agency: 405-Department of Transportation
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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
Account					
State Route Number 520 Corridor Account-State 16J-1	0	(17,700,000)	(17,700,000)	(35,400,000)	(35,400,000)
Total \$	0	(17,700,000)	(17,700,000)	(35,400,000)	(35,400,000)

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: Christine Thomas	Phone: 360-786-7142	Date: 01/18/2022
Agency Preparation: Kenneth Cohrs	Phone: 360-570-6715	Date: 01/28/2022
Agency Approval: Omar Jepperdson	Phone: 1 206-770-3559	Date: 01/28/2022
OFM Review: Ruth Roberson	Phone: (360) 995-3826	Date: 01/28/2022

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 .

See attached Fiscal Note.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
16J-1	State Route Number 520 Corridor Account	State	0	(17,700,000)	(17,700,000)	(35,400,000)	(35,400,000)
Total \$			0	(17,700,000)	(17,700,000)	(35,400,000)	(35,400,000)

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
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		(17,700,000)	(17,700,000)	(35,400,000)	(35,400,000)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	(17,700,000)	(17,700,000)	(35,400,000)	(35,400,000)

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

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

Individual State Agency Fiscal Note

Bill Number: HB 2024	Title: Sales and use tax deferral for projects to improve the state route number 520 corridor.	Agency: 405-Department of Transportation
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Part I: Estimates

☐ No Fiscal Impact (Explain in section II. A)

If a fiscal note is assigned to our agency, someone believes there might be, and we need to address that, showing why there is no impact to the department.

☐ Indeterminate Cash Receipts Impact (Explain in section II. B)

☐ Indeterminate Expenditure Impact (Explain in section II. C)

☐ If fiscal impact is less 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 greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**

☐ Capital budget impact, **complete Part IV**

☐ Requires new rule making, **complete Part V**

☐ Revised



fiscaltemplate.xlsx

The cash receipts and expenditure estimates on this fiscal template represent the fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Agency Assumptions

N/A

Agency Contacts:

Preparer: Cody Scheuermann	Phone: 425-272-7039	Date: 1/19/2022
Approval: Omar Jepperson	Phone: 206-770-3559	Date: 1/19/2022
Budget Manager: Doug Clouse	Phone: 360-705-7535	Date: 1/26/2022
Economic Analysis: Lizbeth Martin-Mahar	Phone: 360-705-7942	Date: 1/24/2022

Individual State Agency Fiscal Note

Part II: Narrative Explanation

II. A - Brief description of what the measure does that has fiscal impact

Briefly describe by section number (sections that will change WSDOT costs or revenue), the significant provisions of the bill, and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency. List the sections that have fiscal impact to WSDOT only. E.g., "Section 3 directs the Department to ..." No summarizing, no interpreting, and save any background context for the revenue and expenditure parts.

The proposed legislation would revise the current sales tax deferral repayment timeframe from 5 years to 24 years. HB 2024 grants tax deferral to be paid in the 24th year after the project is operationally complete.

II. B - Cash receipts Impact

This bill has no impacts to cash receipts that the Washington State Department of Transportation (WSDOT) collects.

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 proposed legislation could reduce WSDOT's current projected expenditures for 10 fiscal years by deferring the payment of sales tax to be paid to the Department of Revenue (DOR).

The current law provides a 10-year deferral of state and local retail sales tax for the tax due on construction of the State Route 520 bridge replacement project. Ten percent of the deferred tax must be repaid annually beginning on December 31 of the fifth year following the certified completion of the project. The first of these 10 payments are currently scheduled to begin in fiscal year 2023. This bill extends the payments to begin the 24th year following the certified completion of the project. This would shift the first of ten payments to December 31, 2041.

For purposes of this fiscal note, we are using DOR's 10-year sales tax deferral estimate of \$177.0 million. WSDOT's current 10-year estimate for deferred sales tax is \$159.4 million. This amount is pending an audit by DOR, which should be finalized by the end of 2022.

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose

N/A

Part IV: Capital Budget Impact

N/A

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.

N/A