

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5495 SB	<b>Title:</b> Property tax rebates
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## Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	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	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	47.1	16,818,500	16,818,500	16,818,500	78.4	30,870,600	30,870,600	30,870,600	482.0	1,325,974,300	1,325,974,300	1,325,974,300
<b>Total \$</b>	<b>47.1</b>	<b>16,818,500</b>	<b>16,818,500</b>	<b>16,818,500</b>	<b>78.4</b>	<b>30,870,600</b>	<b>30,870,600</b>	<b>30,870,600</b>	<b>482.0</b>	<b>1,325,974,300</b>	<b>1,325,974,300</b>	<b>1,325,974,300</b>

Agency Name	2023-25			2025-27			2027-29		
	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	2023-25			2025-27			2027-29		
	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	2023-25			2025-27			2027-29		
	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

<b>Prepared by:</b> Cheri Keller, OFM	<b>Phone:</b> (360) 584-2207	<b>Date Published:</b> Final
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# Department of Revenue Fiscal Note

<b>Bill Number:</b> 5495 SB	<b>Title:</b> Property tax rebates	<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:**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	34.4	59.7	47.1	78.4	482.0
<b>Account</b>					
GF-STATE-State 001-1	5,251,600	11,566,900	16,818,500	30,870,600	1,325,974,300
<b>Total \$</b>	5,251,600	11,566,900	16,818,500	30,870,600	1,325,974,300

**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: Alia Kennedy	Phone: 60-786-7405	Date: 01/20/2023
Agency Preparation: Mark Studer	Phone: 60-534-1507	Date: 01/23/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/23/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/23/2023

Request # 5495-1-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

#### CURRENT LAW:

A primary residence property tax exemption (PRPTE), also known as a homestead exemption, exempts a portion of the value of a primary residence from property taxes. A renter's credit provides property tax relief to renters for a portion of rent attributable to property taxes. Current Washington law does not provide for a PRPTE or a renter's credit.

#### PROPOSAL:

This proposal creates a Department of Revenue (department) administered PRPTE and renter's credit. The PRPTE and renter's credit are in the form of refunds, contingent on the Legislature appropriating the necessary funds.

#### The PRPTE:

Initially, the PRPTE equals the amount of state property taxes due on the first \$250,000 of assessed value of a person's primary residence. In addition, the PRPTE:

- Is only for property taxes paid on a residential property occupied by the owner as the principal place of residence for at least 183 days in a calendar year.
- Does not apply to any locally levied property taxes.
- Cannot exceed the tax assessed on the taxable value of a parcel.
- Must be equalized by the prior year's combined indicated ratio for the county where the parcel is located.
- Is limited to one residential property tax parcel statewide per claimant.
- Is in addition to the senior citizens and people with disabilities property tax exemptions.
- May only be refunded when taxes are paid in full for the year a claim is filed.
- Applies only to parcels with two or fewer dwelling units, which may include:
  - Single-family dwellings on United States, tribal, or Washington state land, and fixed in location mobile homes.
  - Residential units in a multiunit residential dwelling where each unit is owned and taxed separately.
  - Floating homes.
  - Housing cooperatives and manufactured home park cooperatives.
  - Life estates under certain criteria.

The proposal provides a framework for claimants to file an application for a PRPTE that:

- Requires claimants to annually file an application with the department by December 31 for the year claimed.
- Requires the claimant to attest to only claiming the refund on one residence per year.
- Provides for claimants to file late applications for up to six months after the deadline.
- Provides an appeal process for claimants denied a refund.
- Provides a mechanism for the department to impose penalties if a claimant fraudulently receives a refund.

The proposal requires the department to:

- Develop and maintain a centralized computer system to facilitate the transfer of the necessary data and information electronically from county assessors and treasurers to the department, subject to appropriated funds.
- Annually adjust the amount of the PRPTE by the percentage change in the state levy.
- Require the information necessary to verify and validate the claimant's principal place of residence.

This proposal allows the Legislature to limit the eligibility for PRPTE to low-income households.

The proposal requires an amendment to the state Constitution and voter approval of the amendment in November 2023. The

proposal can then take effect January 1, 2024, with refunds beginning with property taxes due for calendar year 2027. However, due to the time it will take to set up a statewide computer system, the department is unable to implement the PRPTE until January 1, 2028, when the department would be able to start taking applications for the PRPTE.

The new tax preference performance provisions do not apply to the PRPTE.

#### RENTER'S CREDIT:

The amount of renter's credit is based on a percentage of the rent paid that approximates the amount of state property taxes due up to the first \$250,000 of assessed value.

The renter's credit:

- Defines "rent constituting property taxes" as 2% of the gross rent paid.
- Defines "gross rent" as the amount of rent paid by a claimant in cash or its equivalent for the right of occupancy of a residence, that includes:
  - A single-family dwelling unit.
  - A unit in a multiunit residential dwelling where each unit is rented separately.
  - Accessory dwelling units.
  - A manufactured home or floating home.
  - Manufactured home park lots.
- Is limited to one credit per claimant, including an individual or individuals who reside in the same household, and may not be combined with a PRPTE, except for a single-family dwelling unit located on leased land for which the combined renter's credit for the land and the owner's PRPTE may not exceed the maximum PRPTE allowed.
- Requires the claimant to be a Washington resident for at least 183 days in a calendar year.
- Cannot exceed the amount otherwise provided in the PRPTE.
- Is not available unless the rental property where the claimant resided is subject to property tax for the year the renter's credit is claimed.

The proposal requires claimants to annually file an application for a renter's credit by December 31. Claimant's must provide:

- Attestation of gross rent paid for the prior year.
- A lease agreement signed by both the landlord and tenant.
- Other documentation as required by the department.

Additionally, the proposal allows claimants to file late applications for up to six months after the deadline, provides an appeal process for claimants denied a refund, and provides a mechanism for the department to impose penalties if a claimant fraudulently receives a refund.

In order to administer the renter's credit, the proposal requires the department to:

- Develop and maintain a centralized computer system for the filing and processing of applications and issuance of refund payments, subject to appropriated funds.
- Issue separate refunds when multiple individuals contribute to the payment of rent, based on each claimant's pro rata share.
- Annually adjust the maximum renter's credit to be equivalent to the maximum PRPTE.
- Require information necessary to verify and validate the claimant's gross rent.

This proposal allows the Legislature to limit the eligibility for the renter's credit to low-income households.

The proposal requires an amendment to the state Constitution and the voter approval of the amendment in November 2023. The proposal can then take effect January 1, 2024, with refunds beginning in 2027, for rent paid in calendar year 2026. However, due to the time it will take to set up a statewide computer system, the department is unable to implement the renter's credit until January 1, 2028. The department can start taking applications for the renter's credit January 1, 2028, for rent paid in 2027.

The new tax preference performance provisions do not apply to the renter's credit.

**EFFECTIVE DATE:**

This bill would take effect January 1, 2024, if the constitutional amendment is approved by the voters, with the first applications for the PRPTE and renter's credit accepted beginning January 1, 2028.

**II. B - Cash receipts Impact**

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

**ASSUMPTIONS:**

- The PRPTE applies to both part one and part two of the state levy.
- The PRPTE does not apply to local levies.
- The Department estimates 75% of potential claimants will participate in the PRPTE and renter's credit programs the first year, 80% in year two, 85% in year three, and 90% in year four and thereafter.
- For purposes of this estimate, the Department assumes most of the applications will be received within the first six months of the year.
- The PRPTE amount is adjusted by each county's combined indicated ratio for the prior year to provide a uniform exemption statewide.
- Voters approve the constitutional amendment in November 2023.
- Because of forecasted value increases and related future lower state property tax rates, the calendar year 2028 maximum PRPTE or renter's credit refund is approximately \$460.
- Either the Legislature will not appropriate funds for the PRPTE and renter's credit payments until 2028, or the bill will be amended to extend the effective date of the PRPTE and renter's credit from January 1, 2027, to January 1, 2028, to provide the department with sufficient time to put the systems and infrastructure in place to administer these tax preferences.
- Approximately 50% of the renter's credit applications received the first year will have refunds issued in FY2028. The remaining 50% of the renter's credit applications and all of the PRPTE applications received the first year will be processed and credits/refunds will be issued in FY2029.
- The department acquires the necessary infrastructure and personnel to administer this proposal by January 2028.
- The department assumes the refunds for both the PRPTE and renter's credit will be expenditures requiring an appropriation. Amounts needed are shown within the expenditure section of this fiscal note.

**DATA SOURCES:**

- Department of Revenue, State Property Tax Levy Model
- Economic and Revenue Forecast Council, November 2022 forecast
- Department of Revenue, State Levy Calculations for Property Taxes Due for 2023
- County assessor data
- Census Bureau, American Community Survey 2016-2020 5-year dataset

**REVENUE ESTIMATES:**

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

**TOTAL REVENUE IMPACT:**

Local Government, if applicable (cash basis, \$000): None

**II. C - Expenditures**

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

**ASSUMPTIONS:**

This estimate affects 3,000,000 taxpayers and expenditures assume:

- 2,000,000 taxpayers for the PRPTE, and
- 1,000,000 for the equivalent renter's credit.
  
- The department will administer the PRPTE and the renter's credit.
- The department will treat the PRPTE and the renter's credit as expenditures and will require appropriations.
- The department will start accepting applications beginning January 2028.
- Project initiation, procurement process for a new system, and implementation of that new system will take approximately four years.
- Renter's credit first applications processed in fiscal year 2028 (majority received in January) and the first PRPTE applications processed in fiscal year 2029 (majority received in October).
- The new system will integrate fraud detection into the process.
- The PRPTE application process will be primarily electronic filing and not require extensive validation outside of the uploaded data from the counties.
- There may be a higher percentage of renters that may apply via paper returns.
- There will be a new division and two programs within that new division to administer the PRPTE and renter's credit.
- This estimate reflects only the department's costs. This proposal may impact other state agencies that may incur additional costs.

**FIRST YEAR COSTS:**

The department will incur total costs of \$5,251,600 in fiscal year 2024. These costs include:

- Labor Costs - Time and effort equate to 34.42 FTEs.
- Begin the process of amending 10 administrative rules.
  - Begin the process of adopting 10 new administrative rules.
  - Provide technical advice, interpretation, and analysis for internal use during the implementation process.
  - Provide administrative support.
    - Set up, program and test computer system changes to accept and process exemption/refund applications for payment, including an internet-based application process, processing queues, tracking, imaging, and electronic funds transfers.
  - Identify publications, printed materials, web information and media advertising that the department may need to create to publicize the tax exemption.
    - Organize a new division within the department to administer the exemption, develop policies and procedures, and create a new call center for all exemption phone calls.
    - Create printed materials, web information and media advertising.
    - Design and develop forms and other materials to enable the processing of exemption applications.
    - Answer telephone questions concerning the qualifications and application process for the exemption.
    - Respond to email and written correspondence.

Object Costs - \$850,500.

- Acquire additional software licenses and computer support services.
- Contract computer system programming.

- Contract program management.
- Training and travel.

#### SECOND YEAR COSTS:

The department will incur total costs of \$11,566,900 in fiscal year 2025. These costs include:

Labor Costs - Time and effort equate to 59.72 FTEs.

- Continue the process of amending 10 administrative rules.
- Continue the process of adopting 10 new administrative rules.
- Provide technical advice, interpretation, and analysis for internal use during the implementation process.
- Provide administrative support.
- Continuing computer system programming and testing.
- Further development of the new division, including organization, policies and procedures and a new call center for all exemption phone calls.
- Further development of printed materials, web information and media advertising.
- Continued design and development of forms and other materials to enable the processing of exemption applications.
- Answer telephone questions concerning the qualifications and application process for the exemption.
- Respond to email and written correspondence.
- Increase in payroll, human resources, and administrative functions to service new employees.

Object Costs - \$3,953,900.

- Acquire additional and renew software licenses and computer support services.
- Contract computer system programming.
- Contract program management.
- Training and travel.

#### THIRD YEAR COSTS:

The department will incur total costs of \$12,428,700 in fiscal year 2026. These costs include:

Labor Costs - Time and effort equate to 61.82 FTEs.

- Continue the process of amending 10 administrative rules.
- Continue the process of adopting 10 new administrative rules.
- Provide technical advice, interpretation, and analysis for internal use during the implementation process.
- Provide administrative support.
- Continuing computer system programming and testing.
- Further development of the exemption group or new division, including organization, policies and procedures and a new call center for all exemption phone calls.
- Further development of printed materials, web information and media advertising.
- Continued design and development of forms and other materials to enable the processing of exemption applications.
- Answer telephone questions concerning the qualifications and application process for the exemption.
- Respond to email and written correspondence.
- Increase in payroll, human resources, and administrative functions to service new employees.

Object Costs - \$4,777,300.

- Acquire additional and renew software licenses and computer support services.

- Contract computer system programming.
- Contract program management.
- Training and travel.

#### FOURTH YEAR COSTS:

The department will incur total costs of \$18,441,900 in fiscal year 2027. These costs include:

Labor Costs - Time and effort equate to 95.06 FTEs.

- Continue the process of amending 10 administrative rules.
- Continue the process of adopting 10 new administrative rules.
- Provide technical advice, interpretation, and analysis for internal use during the implementation process.
- Provide administrative support.
- Continuing computer system programming and testing.
- Further development of the exemption group or new division, including organization, policies and procedures and a new call center for all exemption phone calls.
- Further development of printed materials, web information and media advertising.
- Continued design and development of forms and other materials to enable the processing of exemption applications.
- Answer telephone questions concerning the qualifications and application process for the exemption.
- Respond to email and written correspondence.
- Develop training materials for those receiving and processing claims for exemption.
- Print and mail special notice to all those affected by this legislation.
- Increase in payroll, human resources, and administrative functions to service new employees.

Object Costs - \$7,062,700.

- Acquire additional and renew software licenses and computer support services.
- Contract computer system programming.
- Contract program management.
- Work with media vendor for outreach media materials and campaign.
- Promotional goods.
- Translation services for various media uses.
- Purchase three additional agent seat licenses for telephone information center.
- Print and mail a special notice.
- Training and travel.
- Front counter buildout design and construction for department field offices.

#### ONGOING COSTS:

Ongoing costs for the 2027-29 biennium equal \$1,325,974,300 and these costs include:

Labor Costs - Time and effort equate to 339.96 FTEs in fiscal year 2028 and 624 FTEs in fiscal year 2029.

- Continue the process of amending 10 administrative rules.
- Continue the process of adopting 10 new administrative rules.
- Ongoing computer system maintenance, programming, and testing.
- Provide technical advice, interpretation, and analysis for internal use.
- Provide administrative support.
- Answer telephone questions concerning the qualifications and application process for the exemption.

- Preparation and training of new staff to process and respond to exemption applications.
- Additional staff in the department's field offices to assist applicants.
- Additional staff for system administration, service desk, network, and telephony.
- Establish new accounts for all applications received.
- Receive mail and paper correspondence, key-in application information, process paper documents for scanning, index data items and verify imaging.
- Manually process certain applications, including verification of application claims, calculation of exemption and issuing refunds.
- Review electronic applications, including verification of application claims and issue refunds.
- Review reports, scrutinize data, and examine accounts, then make corrections as necessary. Correspond with taxpayers impacted by these account or application changes to resolve discrepancies.
- Issue billings for refunds requested or granted in error.
- Increased collection efforts to investigate, assess and resolve outstanding delinquencies.
- Hear additional administrative reviews that provide taxpayers with an informal, non-adversarial dispute resolution process for the review of a disputed action by the department, such as an assessment of taxes, notice of taxes due, denial of a refund request, or tax ruling.
- Increase in payroll, human resource, and administrative functions to service new employees.
- Answer telephone questions concerning the exemption.
- Respond to email and written correspondence.
- Update and maintenance of account information for those who have previously submitted an exemption application.
- Receive mail and paper correspondence, key-in application information, process paper documents for scanning, index data items and verify imaging.
- Process unclaimed refunds.

Object Costs - \$1,233,762,600.

- Appropriations for the PRPTE of \$759,000,000.
- Appropriations for the renter's credit of \$453,000,000.
- Contract computer system programming.
- Contract program management.
- Tenant improvement cost for unleased office space.
- Department of Enterprise Services fees for design and lease development.
- Annual lease cost for office space.
- Services for issuing refund payments.
- Renew software licenses and computer support services.
- Service contract for fraud detection.
- Work with media vendor for outreach media materials and campaign.
- Promotional goods.
- Translation services for various media uses.
- Print and mail exemption applications and other correspondence for those who cannot apply electronically.
- Front counter buildout design and construction for department field offices.
- Warrant filing fees and postage for collection of additional delinquent accounts.
- Purchase 63 additional agent seat licenses for telephone information center.
- Training and travel.

This fiscal note assumes the PRPTE and renter's credit will be expenditures requiring an appropriation to the department.

The department estimates the following necessary appropriations by fiscal year:

FY 2028 - \$ 142,000,000

FY 2029 - \$1,070,000,000

PLEASE NOTE: The department expects similar administrative costs for fiscal year 2030 and beyond as the costs shown in this fiscal note for fiscal year 2029.

### Part III: Expenditure Detail

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	34.4	59.7	47.1	78.4	482.0
A-Salaries and Wages	2,723,400	4,929,500	7,652,900	12,384,300	55,802,300
B-Employee Benefits	898,600	1,626,700	2,525,300	4,086,700	18,414,700
C-Professional Service Contracts	845,000	3,105,000	3,950,000	6,785,000	4,616,700
E-Goods and Other Services	536,900	1,034,500	1,571,400	6,532,900	29,651,300
G-Travel	6,800	16,500	23,300	43,000	129,500
J-Capital Outlays	240,900	854,700	1,095,600	1,038,700	5,359,800
N-Grants, Benefits & Client Services					1,212,000,000
<b>Total \$</b>	\$5,251,600	\$11,566,900	\$16,818,500	\$30,870,600	\$1,325,974,300

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
ADM ASST 3	44,808	0.1	0.1	0.1	1.2	3.7
ADM ASST 5	57,324	1.0	2.0	1.5	2.0	2.0
COMMUNICATIONS CNSLT 4	66,420	2.0	2.0	2.0	2.0	2.0
COMMUNICATIONS CNSLT 5	77,028	1.0	1.0	1.0	1.0	1.0
CONTRACTS SPECIALIST 3	71,520	1.0	1.0	1.0		
CUSTOMER SERV SP2	40,812					8.3
EMS BAND 4	126,619	0.5	1.0	0.8	1.0	1.0
EMS BAND 5	147,919	0.5	1.0	0.8	1.0	1.0
EXCISE TAX EX 1	44,808					0.1
FISCAL ANALYST 2	49,404	0.3	0.5	0.4	0.6	3.8
FISCAL ANALYST 3	57,324	0.5	1.0	0.8	1.0	1.0
FISCAL TECHNICIAN 3	39,852					5.3
FORMS AND RECORDS ANALYS	40,812					3.0
1						
FORMS AND RECORDS ANALYS	60,156	0.5	1.0	0.8	1.0	1.0
SUPV						
HUM RES CNSLT 1	51,888	1.0	1.0	1.0	2.3	6.5
HUM RES CNSLT 2	58,704				1.0	1.5
HUM RES CNSLT 3	64,788	1.0	1.0	1.0	2.3	6.5
INVESTIGATOR 3	68,076				2.0	8.0
INVESTIGATOR 4	71,520				1.0	2.0
IT APP DEV-ENTRY	82,260				1.0	2.0
IT APP DEV-JOURNEY	88,428		2.0	1.0	2.0	2.0
IT ARCH-SR/SPEC	107,484	0.5	1.0	0.8	1.0	
IT B A-JOURNEY	88,428	1.5	2.0	1.8	2.0	1.0
IT CUST SUP-ENTRY	66,228					4.5
IT DATA MGT-JOURNEY	92,844		1.0	0.5	1.0	1.0
IT NTWK & TEL-JOURNEY	88,428		2.0	1.0	1.4	0.4
IT PROJ MGT-JOURNEY	92,844		1.0	0.5	1.0	0.5
IT QA-JOURNEY	88,428	0.5	1.0	0.8	1.5	0.5
IT SECURITY-SR/SPEC	102,372		2.0	1.0	2.0	2.0
IT SYS ADM-JOURNEY	92,844		2.0	1.0	2.0	2.0
MGMT ANALYST3	63,216	0.5	1.0	0.8	1.0	1.0
MGMT ANALYST4	73,260	4.0	4.5	4.3	10.3	12.8
MGMT ANALYST5	80,952	4.0	7.0	5.5	7.3	7.5
PROCUREMENT AND SUPPLY SP	50,592	0.1	0.2	0.2	0.3	1.9
PROGRAM SPECIALIST 4	66,420				0.5	1.0
PROGRAM SPECIALIST 5	73,260				0.5	1.0
PROPERTY AND ACQUISITION SI	73,260	1.0	2.0	1.5	2.0	2.0
PUBLIC BENEFITS SPECIALIST 2	50,592					111.0
PUBLIC BENEFITS SPECIALIST 3	54,492					143.2
PUBLIC BENEFITS SPECIALIST 4	57,324					38.2
PUBLIC BENEFITS SPECIALIST 5	61,632		1.0	0.5	3.3	24.5
REVENUE AGENT 2	57,324					6.8
REVENUE AGENT 3	63,216					2.5
REVENUE AGENT 4	66,420					3.0
TAX INFO SPEC 1	44,808					25.0
TAX INFO SPEC 4	66,420	2.0	2.0	2.0	3.5	4.0
TAX POLICY SP 2	75,120	1.0	1.0	1.0	1.0	5.4
TAX POLICY SP 3	85,020	4.8	6.8	5.8	5.6	4.8
TAX POLICY SP 4	91,524	0.8	0.8	0.8	0.8	1.3
WMS BAND 1	76,918	1.2	1.2	1.2	1.2	1.2

WMS BAND 2	94,669	1.5	3.0	2.3	4.6	8.0
WMS BAND 3	107,685	1.5	2.5	2.0	2.5	2.5
<b>Total FTEs</b>		34.4	59.7	47.1	78.5	482.0

**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**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill 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 amend:

- WAC 458-16A-100, titled: "Senior citizen, disabled person, and disabled veteran exemption-Definitions,"
- WAC 458-16A-110, titled: "Senior citizen, disabled person, and disabled veteran exemption-Gross income,"
- WAC 458-16A-115, titled: "Senior citizen, disabled person, and disabled veteran exemption-Adjusted gross income,"
- WAC 458-16A-120, titled: "Senior citizen, disabled person, and disabled veteran exemption-Determining combined disposable income,"
- WAC 458-16A-130, titled: "Senior citizen, disabled person, and disabled veteran exemption-Qualifications for exemption,"
- WAC 458-16A-135, titled: "Senior citizen, disabled person, and disabled veteran exemption-Application procedures,"
- WAC 458-16A-140, titled: "Senior citizen, disabled person, and disabled veteran exemption-Exemption described-Exemption granted-Exemption denied-Freezing property values,"
- WAC 458-16A-150, titled: "Senior citizen, disabled person, and disabled veteran exemption-Requirements for keeping the exemption,"
- WAC 458-19-085, titled: "Refunds-Procedures-Applicable limits,"
- WAC 458-19-550, titled: "State levy-Appportionment between counties."

The department will also use the standard process to adopt 10 new rules under the chapter 458-WAC.

Persons affected by this rulemaking would include up to 3,000,000 homeowners and renters.

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

**Bill Number:** 5495 SB

**Title:** Property tax rebates

**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: 01/24/2023
Leg. Committee Contact: Alia Kennedy	Phone: 360-786-7405	Date: 01/20/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/24/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/24/2023

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

This bill would:

- create a primary residence property tax exemption (PRPTE) from property taxes levied for state purposes on property occupied as a principal residence of an individual for up to \$250,000 in equalized assessed value
- create a similar benefit as the PRPTE through a renter's credit to qualified residential tenants

The PRPTE and renter's credit would be administered by the Department of Revenue.

The PRPTE does not apply to any local property tax levies. The proposal requires an amendment to the state Constitution and the voter approval of the amendment in November 2023. The proposal can then take effect January 1, 2024, with the homestead exemption beginning with state property taxes levied for collection in 2025.

The renter's credit, issued in the form of a refund, is based on a percentage of the rent paid that approximates the amount of state property taxes due up to the first \$250,000 of assessed value. This would not affect local property tax collections. The proposal requires an amendment to the state Constitution and the voter approval of the amendment in November 2023. The proposal can then take effect January 1, 2024, with refunds beginning in 2025, for rent paid in calendar year 2024. However, due to the time it will take to set up a statewide computer system, the department is unable to implement the renter's credit portion of this bill until January 1, 2028. The department can start taking applications for the renter's credit January 1, 2028, for rent paid in 2027.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

This bill would not impact local government expenditures.

### **C. SUMMARY OF REVENUE IMPACTS**

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

This bill would not impact local government revenues because the PRPTE and renter's credits do not apply to local property tax levies.

SOURCE:

Department of Revenue fiscal note, SB 5495