

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5359 SB	<b>Title:</b> State spending limit
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Financial Management	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

## 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
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Economic and Revenue Forecast Council	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Financial Management	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Revenue	.0	3,700	3,700	3,700	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	0.0	3,700	3,700	3,700	0.0	0	0	0	0.0	0	0	0

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Economic and Revenue Forecast Council	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.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

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Gwen Stamey, OFM	<b>Phone:</b> (360) 790-1166	<b>Date Published:</b> Final
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5359 SB	<b>Title:</b> State spending limit	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

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

### 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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 01/17/2023
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 01/24/2023
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/24/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/24/2023

## 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.*

SB 5359 directs the state treasurer not to issue or redeem any check, warrant, or voucher that will result in a state general fund or related funds expenditure for any fiscal year in excess of the state expenditure limit.

### 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.*

### 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.*

Estimated costs are indeterminate. The office of financial management (OFM) controls the statewide accounting systems (AFRS, payroll, etc.) and would be responsible to implement system control functions to accommodate the legislative mandate. Please refer to OFM's fiscal note.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

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

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

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

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals 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

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

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5359 SB	<b>Title:</b> State spending limit	<b>Agency:</b> 104-Economic and Revenue Forecast Council
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 01/17/2023
Agency Preparation: Seth Flory	Phone: (360) 407-8165	Date: 01/19/2023
Agency Approval: Seth Flory	Phone: (360) 407-8165	Date: 01/19/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/20/2023

## 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.*

Senate Bill 5359 aims to establish a State Spending Limit

Section 3 tasks the Economic and Revenue Forecast Council (ERFC) with estimating the general fund and related fund revenues in excess of the prescribed limit of the sake of property tax relief.

ERFC can easily estimate excess revenues in the course of preparing their regular forecasts. Therefore, no fiscal impact will result from adopting this legislation.

### 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.*

### 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.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals 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

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

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

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.*



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5359 SB	<b>Title:</b> State spending limit	<b>Agency:</b> 105-Office of Financial Management
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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:**

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

**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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 01/17/2023
Agency Preparation: Keith Thunstedt	Phone: 360-810-1271	Date: 01/24/2023
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 01/24/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/24/2023

## 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.*

Section 1 would set an expenditure limit on expenses from the general fund-state. The limit would be the previous year's limit increased by a percentage rate, calculated by the Economic and Revenue Forecast Council, based on the average median wage growth and population change for the prior 10 years. The section requires the State Treasurer to not issue or receipt funds that would cause the general fund and related funds, to go over the set expenditure limit. This section has indeterminate fiscal impacts to OFM.

Section 2 addresses that the general fund expenditure limit would be decreased or increased, as appropriate, based on any fund shifts to or from the general fund to other sources of funding. This section has no fiscal impact to OFM.

### 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.*

OFM distributes state-wide costs incurred in fund 472 Statewide Information Tech System M&O Revolving account through the central service model. Assumed state-wide costs incurred in the account would be matched by an increase in the OFM Enterprise Systems Fee.

### 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.*

Section 1 (2) includes "The state treasurer shall not issue or redeem any check, warrant, or voucher that will result in a state general fund or related funds expenditure for any fiscal year in excess of the state expenditure limit established under this chapter."

OFM assumes this section impacts the statewide accounting system (AFRS) managed by OFM and would need to be configured to stop such transactions once that limit has been reached for the general fund-state and near-general funds. Based on this assumption, OFM projects the following indeterminate impacts:

- o AFRS would need to be modified to implement a hard-control to preclude expenditures when the state expenditure limit has been reached.
- o The level of configuration would need to achieve the legislative intent and it is uncertain whether the configuration would be at the fund, agency, appropriation, etc. and it's impacts on agencies.
- o Certain payments are mandatory in specific Washington State agencies. The types of payments would need to be assessed during the configuration and implementation of this legislation.
- o One-WA would need to take this into consideration during the implementation of the project and Workday would need to be configured to comply with the intent of this legislation. It is unknown if this configuration is possible in the Workday software as a solution (SAAS) product.

Using broad assumptions around the workload that may be needed to modify AFRS, the following assumptions are provided as an example:

- o 80 hours of expert Business Analyst to create the requirements to implement the new law @ \$185/hr. = 14,400
- o 60 hours of AFRS Developer to create the design document and create the new process flows needed @ \$145/hr. = \$8,700
- o 120 hours of AFRS Tester to test the new process to make sure that we implement the new limits and that payments can be stopped if over the limits @140/hr = \$16,800

- o 520 hours of senior Project manager to coordinate the effort between the different project staff and stake holders @ 170/hr. = \$88,400
- o 80 hours of Data Architect to assist the Business Analyst to identify data changes across the enterprise systems and impacts to supporting data structures @ 170/hr. = \$13,600
- o 20 hours of Database Administrator to implement physical data design changes to impacted database structures other than mainframe system changes @ 140/hr. = \$2,800
- o 120 hours Integration Developer to develop integrations for inbound and outbound data in support of other enterprise systems @ \$170/hr. = \$20,400
- o 40 hours Report Developer to create and modify impacted reports across enterprise reporting platform @ \$140/hr. = \$5,600

TOTAL: 1,040 hours and \$171,000 one-time contract costs, estimated. OFM assumes these expenses would be incurred in the Statewide Information Tech System M&O Revolving account (Fund 472).

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

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

**III. B - Expenditures by Object Or Purpose**

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

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals 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**

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

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

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.*

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 5359 SB	<b>Title:</b> State spending limit	<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:**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1		0.0		
<b>Account</b>					
GF-STATE-State 001-1	3,700		3,700		
<b>Total \$</b>	3,700		3,700		

**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: Jeffrey Mitchell	Phone: 60-786-7438	Date: 01/17/2023
Agency Preparation: Kari Kenall	Phone: 60-534-1508	Date: 01/22/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/22/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/23/2023

Request # 5359-1-1

## 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.*

This fiscal note addresses only Sections 3 (2) and 4 of the bill that impact the Department of Revenue (department).

#### CURRENT LAW:

The law limits state property tax levy increases, often referred to as the “101% levy limit” or the “1% growth limit”, based on the highest lawful levy from the three most recent years, plus an increase in levy capacity by additional amounts for the following add-ons:

- New construction.
- Construction of wind turbine, solar, biomass, and geothermal facilities.
- Improvements to property.
- Increase in value of state-assessed property.
- Increase in real property value within a local tax increment finance area designated by a local government.

#### PROPOSAL:

This bill requires the department, by December 31, 2025, and by each December 31st after, to reduce the state property tax levy for the following tax year by an amount calculated by the Economic and Revenue Forecast Council (ERFC) based on prescribed state expenditure limitations.

For purposes of determining the 101% levy limit for the state property tax levy, the highest amount of regular property taxes levied in the three most recent years must be determined without the reduction of property tax collections and levy rate from the expenditure limitation.

#### EFFECTIVE DATE:

This bill takes effect 90 days after final adjournment of session.

### 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.*

The revenue impact of this bill is indeterminate.

The department is required to use an amount provided by the ERFC to calculate the property tax relief this bill would provide. The ERFC is not able to calculate the state spending limit due to a wide range of possibilities and the unavailability of needed forecast data.

### 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 bill affects school districts and real property owners in the state of Washington.

#### FIRST YEAR COSTS:

The department will incur total costs of \$3,700 in fiscal year 2024. These costs include:

Labor Costs – Time and effort equate to 0.07 FTEs.

- Amend one administrative rule.
- Identify and update training materials.

**SECOND YEAR COSTS:**

The department will not incur costs in fiscal year 2025.

**ONGOING COSTS:**

There are no ongoing costs.

**Part III: Expenditure Detail**

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1		0.0		
A-Salaries and Wages	2,400		2,400		
B-Employee Benefits	800		800		
E-Goods and Other Services	300		300		
J-Capital Outlays	200		200		
<b>Total \$</b>	\$3,700		\$3,700		

**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
EMS BAND 4	126,619	0.0		0.0		
MGMT ANALYST4	73,260	0.0		0.0		
TAX POLICY SP 2	75,120	0.0		0.0		
TAX POLICY SP 3	85,020	0.0		0.0		
TAX POLICY SP 4	91,524	0.0		0.0		
WMS BAND 3	107,685	0.0		0.0		
<b>Total FTEs</b>		0.1		0.1		

**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 458-19-550, titled: "State levy-Appportionment between counties." Persons affected by this rulemaking would include school districts and taxpayers.