

Multiple Agency Fiscal Note Summary

Bill Number: 1438 HB	Title: Shooting sports contests
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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
Department of Revenue	0	0	0	1,000	1,000	1,000	2,000	2,000	2,000
Total \$	0	0	0	1,000	1,000	1,000	2,000	2,000	2,000

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
Washington State Gambling Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.0	5,900	5,900	5,900	.0	0	0	0	.0	0	0	0
Total \$	0.0	5,900	5,900	5,900	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
Washington State Gambling Commission	.0	0	0	.0	0	0	.0	0	0
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

Estimated Capital Budget Breakout

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

Bill Number: 1438 HB	Title: Shooting sports contests	Agency: 117-Washington State Gambling Commission
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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: Peter Clodfelter	Phone: 360-786-7127	Date: 01/23/2023
Agency Preparation: Kriscinda Hansen	Phone: 360-486-3489	Date: 01/26/2023
Agency Approval: Kriscinda Hansen	Phone: 360-486-3489	Date: 01/26/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/26/2023

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 of the bill authorizes bona fide charitable or nonprofit organizations to conduct shooting sports and activities sweepstakes without being licensed from the gambling commission.

There is no impact because the entities are not required to be licensed by the gambling commission.

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.

Department of Revenue Fiscal Note

Bill Number: 1438 HB	Title: Shooting sports contests	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax				1,000	2,000
Total \$				1,000	2,000

Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1		0.0		
Account					
GF-STATE-State 001-1	5,900		5,900		
Total \$	5,900		5,900		

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: Peter Clodfelter	Phone: 60-786-7127	Date: 01/23/2023
Agency Preparation: Sara del Moral	Phone: 60-534-1525	Date: 01/28/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/28/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/30/2023

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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 only addresses section 2 of the bill, which impacts the Department of Revenue (department).

CURRENT LAW:

BUSINESS AND OCCUPATION TAX:

Washington levies the business and occupation (B&O) tax, on gross income from Washington-based business activity. The tax rate varies by classification.

For services and other activities, the tax rate is:

- 1.50% for taxpayers with less than \$1 million in service/other taxable during the prior calendar year.
- 1.75% for taxpayers with a greater amount of service/other taxable during the prior calendar year.

For retailing activities, the tax rate is 0.471%.

RETAIL SALES TAX:

If a business or organization sells retail products or provides retail services, then it must:

- Collect retail sales tax.
- Report and pay B&O tax under the retailing classification.

The retail sales tax is made up of the state rate (6.5%) and the local sale tax rate. Local rates vary depending on the location.

SHOOTING SPORTS:

A shooting club, such as a gun range or archery club, provides opportunities to participate in shooting sports and activities, such as target shooting, skeet shooting and archery.

A shooting club reports fees to enter competitive events or contests under the service/other B&O tax classification.

PROPOSAL:

For competitive events or contests, a shooting club must treat the following as retail sales, collecting retail sales tax and reporting and paying B&O tax under the retailing classification:

- Fees received from event participants.
- Amounts received from an event organizer, only if the amounts depend on the number of participants.

EFFECTIVE DATE:

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

ASSUMPTIONS:

- The language in this bill will be amended to reflect the intent. An amended fiscal note will be prepared to reflect the actual language of the bill if the bill is not amended once referred out of committee. This bill intends a shooting sports and activities

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operator, as used in section 2, to be a charitable or nonprofit organization offering a shooting sweepstakes.

- In calendar year 2024, two organizations will each hold two shooting sweepstakes. During each subsequent year, and additional organization will hold two events, so by calendar year 2033, ten organizations will each hold two shooting sweepstakes.

- Each event will have \$1,000 in sales. This amount does not increase over time.

- Currently, tribes with compacts receive a share of state sales and use tax (RCW 43.06.523). Additionally, local governments may also receive a portion of state sales and use tax. Under this legislation, the amount of revenue shared with tribes and local governments may increase.

- This legislation passes effective July 21, 2023, and the department implements it on August 1, 2023.

DATA SOURCES:

- Gambling Commission

REVENUE ESTIMATES

This bill increases state revenues and local revenues minimally until fiscal year 2027 when state revenues increase by an estimated \$1,000.

STATE GOVERNMENT IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ 0
FY 2025 -	\$ 0
FY 2026 -	\$ 0
FY 2027 -	\$ 1
FY 2028 -	\$ 1
FY 2029 -	\$ 1

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

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 two charitable or nonprofit organizations offering shooting sweepstakes.

FIRST YEAR COSTS:

The department will incur total costs of \$5,900 in fiscal year 2024. These costs include:

Labor Costs – Time and effort equate to 0.07 FTE.

- Amend one administrative rule.
- Set up, program, and test computer system changes.

Object Costs - \$2,200.

- Computer system changes, including contract programming.

SECOND YEAR COSTS:

The department will not incur costs in fiscal year 2025.

ONGOING COSTS:

There are no ongoing costs.

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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		
C-Professional Service Contracts	2,200		2,200		
E-Goods and Other Services	300		300		
J-Capital Outlays	200		200		
Total \$	\$5,900		\$5,900		

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		
Total FTEs		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 458-20-183, titled: "Recreational services and activities." Persons affected by this rulemaking would include businesses that offer shooting events and activities.