

Multiple Agency Fiscal Note Summary

Bill Number: 5565 SB	Title: Tax and revenue laws
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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	No fiscal impact					
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
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.1	31,300	31,300	31,300	.0	0	0	0	.0	0	0	0
Total \$	0.1	31,300	31,300	31,300	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
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
Administrative Office of the Courts	.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

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
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
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Judicial Impact Fiscal Note

Bill Number: 5565 SB	Title: Tax and revenue laws	Agency: 055-Administrative Office of the Courts
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

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 for 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.

Legislative Contact: Alia Kennedy	Phone: 360-786-7405	Date: 01/26/2023
Agency Preparation: Angie Wirkkala	Phone: 360-704-5528	Date: 01/26/2023
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 01/26/2023
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 01/30/2023

180,404.00

Request # 106-1

Form FN (Rev 1/00)

1

Bill # 5565 SB

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

The bill would modify tax and revenue laws by making technical corrections, clarifying ambiguities, easing compliance burdens for taxpayers, and providing administrative efficiencies.

II. B - Cash Receipts Impact

None

II. C - Expenditures

No fiscal impact expected to the Administrative Office of the Courts and the courts.

Part III: Expenditure Detail

III. A - Expenditure By Object or Purpose (State)

NONE

III. B - Expenditure By Object or Purpose (County)

NONE

III. C - Expenditure By Object or Purpose (City)

NONE

III. D - FTE Detail

NONE

III. E - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B1 - Expenditures by Object Or Purpose (State)

NONE

IV. B2 - Expenditures by Object Or Purpose (County)

NONE

IV. B3 - Expenditures by Object Or Purpose (City)

NONE

IV. C - Capital Budget Breakout

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

NONE

None

180,404.00

Form FN (Rev 1/00)

Department of Revenue Fiscal Note

Bill Number: 5565 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 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3		0.1		
Account					
GF-STATE-State 001-1	31,300		31,300		
Total \$	31,300		31,300		

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: 01/26/2023
Agency Preparation: Kari Kenall	Phone: 60-534-1508	Date: 02/01/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/01/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/01/2023

Request # 5565-1-1

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.

PROPOSAL:

This bill improves tax and revenue laws by making technical corrections, clarifying ambiguities, and providing administrative efficiencies for taxpayers and the Department of Revenue (department).

Sections 1-4, 6, 7, and 26 - Replaces outdated references to the repealed Uniform Unclaimed Property Act with references to the Revised Uniform Unclaimed Property Act under chapter 63.30 RCW. (RCW 19.150.060, RCW 19.150.080, RCW 19.240.080, RCW 19.240.900, RCW 59.18.312, RCW 59.18.595, RCW 88.26.020)

Section 5 - Removes the requirement that the department continue reporting annually on the progress of its efforts to partner with all cities that impose a general business license beyond the January 1, 2023, report. The department completed its work on this project in 2022. (RCW 35.90.020)

Section 8 - Clarifies the specific abandonment periods of certain property types under the Revised Uniform Unclaimed Property Act. (RCW 63.30.040)

Section 9 - Clarifies that the 10-year automatic tax preference expiration date does not apply to the newspaper printing and publishing B&O tax rate of 0.484%, which goes into effect July 1, 2024. (RCW 82.04.260)

Section 10 - Removes the requirement for claimants of the motion picture B&O tax credit to file an annual tax preference performance report. (RCW 82.04.4489)

Section 11 - Clarifies that for working families tax credit payments calculated at greater than zero but less than one cent, the payment amount is \$50. (RCW 82.08.0206)

Section 12 - Creates a new section in chapter 82.12 RCW providing a stand-alone use tax exemption for circumstances where tangible personal property transfers from a parent company to a wholly owned subsidiary when there is no change in the beneficial ownership of the property, and the parent company or another entity that is wholly owned, directly or indirectly, by the parent company, either (1) paid sales or use tax on the property, or (2) did not pay sales or use tax on the acquisition of the property due to an exemption, deduction, or other exclusion from the tax base.

Section 13 - Clarifies that all state sales and use tax exemptions apply to local sales and use taxes in an identical manner unless another provision of law explicitly states otherwise. (RCW 82.14.070)

Section 14

- Clarifies that the Enhanced Food Fish Tax addendum is due at the same time as the combined excise tax return. (RCW 82.32.045)

- Clarifies that the \$125,000 tax return filing relief threshold is based on the business's annual value of products, gross proceeds of sales, or gross income of the business, from all business activities subject to the business and occupation tax. (RCW 82.32.045)

Section 15 - Removes a reference a redundant statute repealed in Section 27 of this bill. (RCW 82.32.105)

Section 16

- Removes references to an expired statute.

- Removes a reference to RCW 82.63.010 and replaces it with a standalone definition of “initiation of construction.” (RCW 82.60.020)

Section 17 - Removes a reference to RCW 82.60.040, which expired July 1, 2020. (RCW 82.60.049)

Section 18 - Clarifies that repayment of deferred taxes under the Rural County Investments program only happens if a project ceases to meet the requirements of the deferral. (RCW 82.60.060)

Section 19 - Replaces the potentially ambiguous term “tolled” with “suspended” in the tax deferral for rural county projects. (RCW 82.60.070)

Section 20 - Removes a cross-reference to a statute repealed in Section 27 of this bill. (RCW 82.70.900)

Section 21 - Clarifies that the Main Street Tax Program Credit population threshold is determined at the time of a local government’s designation as a Main Street Community. (RCW 82.73.030)

Section 22 - Corrects an erroneous cross-reference to the statutory requirement for certain entities to file an annual tax performance report. (RCW 82.90.080)

Section 23 and 24 - Corrects out-of-date references to RCW 84.52.010, relating to property tax levies. (RCW 84.52.120, RCW 84.52.816)

Section 25 - Replaces an erroneous reference to “county” with “country.” (RCW 88.02.620)

Section 27 - Repeals outdated or redundant statutes:

- Prior legislation incorporated the language in RCW 82.12.02088 into RCW 82.12.0208 as subsection (7).
- Obsolete return and payment requirements for the Enhanced Food Fish Tax. (RCW 82.27.060)
- Prior legislation repealed RCW 82.70.050(2) eliminating quarterly distributions from the Multimodal Transportation Account to the General Fund to reimburse the General Fund for the amount of commute trip reduction credit taken.

Section 28 - Exempts the tax preference created in Section 12 of this bill from the 10-year automatic expiration date and tax preference reporting requirements of RCW 82.32.805 and 82.32.808.

Section 29 - Enacts the provisions of the bill related to unclaimed property, sections 1-4, 6-8, and 26, prospectively and retroactively to January 1, 2023. (RCW 19.150.060, RCW 19.150.080, RCW 19.240.080, RCW 19.240.900, RCW 59.18.312, RCW 59.18.595, RCW 63.30.040, RCW 88.26.020)

Section 30 - Clarifies that the statute amended by Section 25 of this bill expires January 1, 2029. This coincides with the expiration date of the current law version of RCW 88.02.620.

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.

REVENUE ESTIMATES:

- Section 9 clarifies that the B&O tax rate of 0.484% for newspaper printing and publishing that is effective July 1, 2024, does not expire. This clarification is consistent with legislative intent as expressed in the tax preference performance

statement for the 2015 legislation that provided tax relief for newspapers (Section 601, ESSB 6057) and results in no revenue impact.

- Section 12 addresses a rare occurrence when tangible personal property transfers multiple times between affiliated entities, and the property was originally acquired by a member of the affiliated group who paid sales or use tax on the acquisition, or the acquisition was not subject to sales or use tax. This bill exempts the subsequent transfers between the affiliates from use tax. This provision would have a minimal negative revenue impact but is indeterminate because it occurs so rarely.

- Section 13 clarifies that all state sales and use tax exemptions, credits, and deductions apply to local sales and use taxes in an identical manner, unless another provision of law explicitly states otherwise. This clarification results in no revenue impact.

- Section 28 provides that the exemption from use tax for transfers of tangible personal property from a parent company to a wholly owned subsidiary does not expire.

The remaining sections of this legislation result in no revenue impact to taxes administered by the department.

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.

FIRST YEAR COSTS:

The department will incur total costs of \$31,300 in fiscal year 2024. These costs include:

Labor Costs - Time and effort equate to 0.25 FTE.

- Update special notices, publications in print, and information on the department’s website for the changes being made.
- Respond to tax ruling requests and email inquiries.
- Amend five administrative rules.

SECOND YEAR COSTS:

The department will not incur any 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	0.3		0.1		
A-Salaries and Wages	19,500		19,500		
B-Employee Benefits	6,400		6,400		
E-Goods and Other Services	3,700		3,700		
J-Capital Outlays	1,700		1,700		
Total \$	\$31,300		\$31,300		

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
EMS BAND 4	126,619	0.0		0.0		
MGMT ANALYST4	73,260	0.0		0.0		
TAX POLICY SP 2	75,120	0.1		0.1		
TAX POLICY SP 3	85,020	0.1		0.0		
TAX POLICY SP 4	91,524	0.0		0.0		
WMS BAND 3	107,685	0.0		0.0		
Total FTEs		0.3		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 rule-making process to amend WAC 458-20-228, titled: "Returns, payments, penalties, extensions, interest, stays of collection," WAC 458-20-15503, titled: "Digital products," WAC 458-20-24001, titled: "Sales and use tax deferral-Manufacturing and research/development activities in high unemployment counties-Applications filed after June 30, 2010," WAC 458-20-24003, titled: "Tax incentives for high technology businesses," and WAC 458-65A-10001, titled: "Brief adjudicative proceedings for matters related to penalties and interest imposed under the Uniform Unclaimed Property Act, chapter 63.29 RCW."

These rules would be amended to make technical corrections and clarifications of exiting law, so no person should be affected by this rulemaking.

This is a technical corrections bill that does not change the meaning of existing law, no person should be affected this rulemaking.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5565 SB

Title: Tax and revenue laws

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: 02/01/2023
Leg. Committee Contact: Alia Kennedy	Phone: 360-786-7405	Date: 01/26/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/01/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/02/2023

Part IV: Analysis

A. SUMMARY OF BILL

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

This bill improves tax and revenue laws by making technical corrections, clarifying ambiguities, and providing administrative efficiencies for taxpayers and the Department of Revenue.

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 because no action is required.

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.

SOURCE:

Department of Revenue fiscal note, SB 5565 (2023)