

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5302 SB	<b>Title:</b> Adult family homes/prop. tax
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## Estimated Cash Receipts

NONE

## 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
Joint Legislative Audit and Review Committee	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.0	3,700	3,700	3,700	.0	0	0	0	.0	0	0	0
Department of Social and Health Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	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
Joint Legislative Audit and Review Committee	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	.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

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

<b>Bill Number:</b> 5302 SB	<b>Title:</b> Adult family homes/prop. tax	<b>Agency:</b> 014-Joint Legislative Audit and Review Committee
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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: Kelsey-anne Fung	Phone: 360-786-7479	Date: 01/27/2023
Agency Preparation: Stephanie Hoffman	Phone: 360 786-5297	Date: 01/30/2023
Agency Approval: Eric Thomas	Phone: 360 786-5182	Date: 01/30/2023
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 01/30/2023

## 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.*

This bill expands an existing property tax exemption for adult family homes that serve eligible people with developmental disabilities.

SECTION 1 amends RCW 84.36.042 to expand the property tax exemption for property used to house eligible people with development disabilities. The exemption is expanded to include both housing provided directly by the nonprofit organization, corporation, or association, or housing provided indirectly in cases where it is owned or leased by a nonprofit and then leased, sublet, or subject to a service agreement with a provider operating an adult family home under chapter 70.128 RCW that specifically provides services for persons with developmental disabilities. The indirect operator does not need to be a nonprofit.

SECTIONS 2 and 3 amend RCW 84.36.805 to exempt properties exempt under RCW 84.36.042 from qualifying conditions noted in RCW 84.36.805(2)(a).

SECTION 4 notes the act applies to taxes levied for collection beginning January 1, 2024.

SECTION 5 states RCWs 82.32.805 and 82.32.808.

### 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.*

The tax preference that would expand under this bill is already in JLARC's future study work plan. No additional expenditures would be incurred if this bill was enacted.

## 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

<b>Bill Number:</b> 5302 SB	<b>Title:</b> Adult family homes/prop. tax	<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	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: Kelsey-anne Fung	Phone: 60-786-7479	Date: 01/27/2023
Agency Preparation: Frank Wilson	Phone: 60-534-1527	Date: 01/27/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/27/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/27/2023

Request # 5302-1-1

## 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:

The law allows an exemption for real and personal property owned or leased by a nonprofit organization, corporation, or association to provide housing to persons with developmental disabilities.

#### To qualify:

- The organization, corporation, or association must be a nonprofit 501(c)(3); and
- The nonprofit organization, corporation, or association must be organized for charitable purposes to create and preserve long-term affordable housing for low-income with developmental disabilities.
- The housing must be occupied by eligible persons with low income.
- The property must be used exclusively for the purposes for which the exemption was granted, except for the annual 50 and 15-day exceptions for exempt nonprofit entities provided in current law.

#### PROPOSED LAW:

This bill expands the current nonprofit exemption for developmental disabilities housing to allow real and personal property owned or leased by a nonprofit organization, nonprofit corporation, or nonprofit association. This expansion allows the developmental disabilities housing to qualify for a property tax exemption, even if the property is leased, sublet, or subject to a service agreement with a provider operating an adult family home and without regard to the nonprofit status of the adult family home operator.

The new tax preference performance provisions do not apply to this proposal.

#### EFFECTIVE DATE:

This bill takes effect beginning with property taxes due for calendar year 2024.

Section 2 expires January 1, 2033.

Section 3 takes effect January 1, 2033, and does not expire.

### 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:

- For an organization to qualify for this exemption the Department of Social and Health Services (DSHS) must approve the organizations registration.
- Only one known organization in King County qualifies for this exemption.
- Very few additional organizations/properties will qualify.

#### DATA SOURCES:

- County assessor, property roll data
- Department of Revenue, State Property Tax Model
- Economic and Revenue Forecast Council, November 2022 forecast of income growth

#### REVENUE ESTIMATES:

This legislation results in no revenue impact to the state property tax levy. This exemption results in a minimal shift of taxes to non-exempt taxpayers as few properties will qualify for this exemption.

This exemption causes a shift of local property taxes by increasing local levy rates. Local districts at or near the statutory maximum rate may experience an indeterminate loss of revenue.

**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 nonprofit entities that own real and personal property used to provide housing and services to persons with developmental disabilities.

**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 FTE.
- Amend one administrative rule.

**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>	<b>\$3,700</b>		<b>\$3,700</b>		

**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>		<b>0.1</b>		<b>0.1</b>		

**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 458-16-165, titled: "Conditions under which nonprofit organizations, associations, or corporations may obtain a property tax exemption." Persons affected by this rulemaking would include nonprofit entities that own real and personal property used to provide housing and services to persons with developmental disabilities.



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5302 SB	<b>Title:</b> Adult family homes/prop. tax	<b>Agency:</b> 300-Department of Social and Health Services
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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:

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- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kelsey-anne Fung	Phone: 360-786-7479	Date: 01/27/2023
Agency Preparation: Mitchell Close	Phone: 3600000000	Date: 01/31/2023
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 01/31/2023
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 02/05/2023

## 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.*

Passage of this legislation will not impact the Department of Social and Health Services (DSHS) workload or client benefits. Therefore, there is no fiscal impact to DSHS from this bill.

### 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.*