

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5260 SB	<b>Title:</b> Reprod. health/employers
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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	(23,700,000)	(23,700,000)	(23,700,000)	(33,400,000)	(33,400,000)	(33,400,000)	(33,400,000)	(33,400,000)	(33,400,000)
<b>Total \$</b>	<b>(23,700,000)</b>	<b>(23,700,000)</b>	<b>(23,700,000)</b>	<b>(33,400,000)</b>	<b>(33,400,000)</b>	<b>(33,400,000)</b>	<b>(33,400,000)</b>	<b>(33,400,000)</b>	<b>(33,400,000)</b>

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						
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
Joint Legislative Audit and Review Committee	.1	22,100	22,100	22,100	.0	0	0	0	.0	8,800	8,800	8,800
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Attorney General	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	2.7	660,700	660,700	660,700	1.7	323,400	323,400	323,400	1.6	306,000	306,000	306,000
<b>Total \$</b>	<b>2.8</b>	<b>682,800</b>	<b>682,800</b>	<b>682,800</b>	<b>1.7</b>	<b>323,400</b>	<b>323,400</b>	<b>323,400</b>	<b>1.6</b>	<b>314,800</b>	<b>314,800</b>	<b>314,800</b>

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

## 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
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
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	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
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 2/13/2023
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5260 SB	<b>Title:</b> Reprod. health/employers	<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:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.0	0.1	0.0	0.0
<b>Account</b>					
General Fund-State      001-1	22,100	0	22,100	0	8,800
<b>Total \$</b>	22,100	0	22,100	0	8,800

### 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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 01/14/2023
Agency Preparation: Dana Lynn	Phone: 360-786-5177	Date: 01/19/2023
Agency Approval: Eric Thomas	Phone: 360 786-5182	Date: 01/19/2023
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 01/25/2023

## 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.*

The bill creates new B&O and public utility tax credits for businesses that make charitable contributions to reproductive health care organizations.

#### TAX PERFORMANCE STATEMENT DETAILS

SECTION 4 provides a tax preference performance statement that categorizes the preferences as intended to induce certain designated behavior by taxpayers, as indicated under RCW 82.32.808(2)(a).

The specific public policy objective is stated to increase financial support to organizations providing reproductive health care services. The preferences are intended to encourage businesses to prioritize reproductive health care organizations when making charitable contributions.

If a review finds that the number of businesses in the state making charitable contributions to reproductive health care organizations has increased as compared to prior years and because of the tax credit, the Legislature intends the Legislative Auditor to recommend extending the expiration date of the preference.

JLARC staff is to access and use any relevant data collected by the state.

#### REST OF BILL AND TAX PREFERENCE DETAILS

SECTION 1 is a new section within the chapter created in Title 49 RCW, providing definitions.

SECTIONS 2 and 3 are not related to the tax preference.

SECTION 5 is a new section in chapter 82.04 RCW allowing businesses to take a credit against their B&O tax obligation for charitable contributions made to an organization providing reproductive health care services, as provided in earlier sections. The credit is equal to the amount of charitable contributions made to a domestic nonprofit corporation or charitable corporation each calendar year. Definitions are provided for terms used. Credits can be earned for tax periods starting on or before December 31, 2032. No credits can be claimed on returns for tax periods on or after January 1, 2033. The section expires January 1, 2033.

SECTION 6 is a new section in chapter 82.16 providing the same type of credit, but for use against public utility tax obligations. Credits can be earned for tax periods starting on or before December 31, 2032. No credits can be claimed on returns for tax periods on or after January 1, 2033. The section expires January 1, 2033.

SECTIONS 7 and 8 are not directly relevant to the tax preference.

### 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.*

JLARC staff would contact and work with the Department of Revenue and other appropriate agencies immediately after passage of the bill to ensure project contacts are established and any other necessary data for JLARC staff’s future evaluation needs are identified and collected. JLARC will likely review these preferences in 2030.

The expenditure detail reflects work conducted to prepare for the future review of the preferences. Costs associated with the review are not included in this fiscal note. This fiscal note reflects only the costs associated with establishing data collection.

This tax preference review may require additional resources. The audit will be conducted and presented to JLARC consistent with the processes used for other tax preference reviews. Based on all tax preference legislation that is passed, JLARC may subsequently determine that it can absorb the costs for this proposed bill in its base budget, if the workload of other enacted tax preference legislation does not exceed current staffing. JLARC will assess all of the tax preference reviews mandated in the 2023 legislative session.

This audit will require an estimated 1 audit month.

JLARC Audit Months: JLARC calculates its staff resources in "Audit Months" to estimate the time and effort to undertake and complete its studies. An "Audit Month" reflects a JLARC analyst’s time for a month, together with related administrative, support, and goods/services costs. JLARC’s anticipated 2021-23 costs are calculated at approximately \$22,100 per audit month.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	22,100	0	22,100	0	8,800
<b>Total \$</b>			22,100	0	22,100	0	8,800

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1		0.1		
A-Salaries and Wages	14,300		14,300		5,700
B-Employee Benefits	4,500		4,500		1,800
C-Professional Service Contracts					
E-Goods and Other Services	3,000		3,000		1,200
G-Travel	300		300		100
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	22,100	0	22,100	0	8,800

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Research Analyst	126,694	0.1		0.1		
Support staff	89,671					
<b>Total FTEs</b>		0.1		0.1		0.0

**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.*

# Judicial Impact Fiscal Note

<b>Bill Number:</b> 5260 SB	<b>Title:</b> Reprod. health/employers	<b>Agency:</b> 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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 01/14/2023
Agency Preparation: Angie Wirkkala	Phone: 360-704-5528	Date: 01/24/2023
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 01/24/2023
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 01/25/2023

179,205.00

Request # 074-1

Form FN (Rev 1/00)

1

Bill # 5260 SB

## Part II: Narrative Explanation

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

The bill allows Washington employers that provide access to, or benefits for, reproductive health care services (RHCS) to recover damages, fees, and costs from a person seeking judgement against them for providing RHCS .

### II. B - Cash Receipts Impact

None

### II. C - Expenditures

No fiscal impact expected to the Administrative Office of the Courts. There would be minimal impact on the courts from additional court filings to the extent suits would be filed against judgment creditors, enforcers, and retaliators.

## 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

179,205.00

Form FN (Rev 1/00)



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5260 SB	<b>Title:</b> Reprod. health/employers	<b>Agency:</b> 100-Office of Attorney General
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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.*

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- 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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 01/14/2023
Agency Preparation: Amy Flanigan	Phone: 509-456-3123	Date: 01/19/2023
Agency Approval: Merdan Bazarov	Phone: 360-586-9346	Date: 01/19/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/19/2023

## 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.*

The Attorney General's Office (AGO) Government Compliance & Enforcement (GCE) Division has reviewed this bill and determined it will not significantly increase or decrease the division's workload. GCE provides legal advice to the Joint Legislative Audit and Review Committee (JLARC) and the Citizen Commission for Performance Measurement of Tax Preferences (Tax Preferences Board), staffed by JLARC. Sections 4-6 of this bill would establish a new tax preference via a tax credit to businesses that make charitable contributions to certain reproductive health services organizations. JLARC and the Tax Preferences Board regularly review tax preferences. GCE assumes that any legal advice resulting from the review of the new tax preference by either client would be minimal and could be handled with existing resources. New legal services are nominal and costs are not included in this request.

The AGO Solicitor General's Office has reviewed this bill and determined it will not significantly increase or decrease the division's workload. New legal services are nominal and costs are not included in this request.

The AGO Revenue and Finance (REV) Division has reviewed this bill and determined it will not significantly increase or decrease the division's workload. REV assumes the enactment of this bill will not impact the provision of legal services to the Department of Revenue because any advice requests likely will be nominal and litigation, if any, will be handled as part of the 50-70 refund cases the division annually handles. New legal services are nominal and costs are not included in this request.

The enactment of this bill will not impact the provision of legal services by the AGO Agriculture and Health (AHD) Division to the Department of Commerce (Commerce). Commerce was assigned this fiscal note request for its role in estimating the impact of bills on local governments. Commerce itself would not be given any new authorities or responsibilities under this bill. Therefore, this bill will not generate any legal work for AHD.

### 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

<b>Bill Number:</b> 5260 SB	<b>Title:</b> Reprod. health/employers	<b>Agency:</b> 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 05 - Bus and Occup Tax	(6,400,000)	(15,300,000)	(21,700,000)	(30,600,000)	(30,600,000)
GF-STATE-State 01 - Taxes 35 - Public Utilities Tax	(600,000)	(1,400,000)	(2,000,000)	(2,800,000)	(2,800,000)
<b>Total \$</b>	(7,000,000)	(16,700,000)	(23,700,000)	(33,400,000)	(33,400,000)

### Estimated Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.7	2.7	2.7	1.7	1.6
GF-STATE-State 001-1	395,400	265,300	660,700	323,400	306,000
<b>Total \$</b>	395,400	265,300	660,700	323,400	306,000

### 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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- 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: Matthew Shepard-Koningsor	Phone: 60-786-7627	Date: 01/14/2023
Agency Preparation: Van Huynh	Phone: 60-534-1512	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

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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.*

#### CURRENT LAW:

There are no business and occupation (B&O) tax or public utilities (PU) tax credits for charitable contributions made to providers of reproductive health care services.

#### PROPOSAL:

This bill creates B&O tax and PU tax credits for charitable contributions made to providers of reproductive health care services. The credit is equal to the amount of charitable contributions made to a domestic nonprofit corporation or charitable corporation each calendar year.

The B&O tax credit works as follows:

- The credit is earned, and claimed against B&O taxes due, for the tax reporting period in which the contribution was made, or subsequent tax reporting periods as described below.
- The credit must not exceed the B&O tax otherwise due for the tax reporting period.
- Unused credit may be carried over and used in subsequent tax reporting periods, except that no credit may be claimed more than 12 months from the end of the tax reporting period in which the credit was earned.
- No refunds may be granted for credits.

All the B&O tax credit provisions above apply equally to the PU tax credit. A person can use either the B&O tax or PU tax credit, but not both.

The Washington Nonprofit Corporation Act defines:

- charitable corporation.
- domestic nonprofit corporation.

"Reproductive health care services" is any medical services or treatments, including pharmaceutical and preventive care service or treatments, directly involved in the reproductive system and its processes, functions, and organs involved in reproduction, in all stages of life. The term does not include infertility treatment.

Taxpayers cannot claim these credits on returns filed for tax periods starting on or after January 1, 2033.

#### EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session. However, due to the time it will take to program this bill's changes, the department is unable to implement the bill until January 1, 2024.

### 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

- This fiscal note reflects current level of charitable contributions. The fiscal note does not consider any future impact resulting from the U.S. Supreme Court's overturn of Roe v. Wade. As such, the actual revenue impact of this bill could be substantially larger than what is shown.
- Of the total charitable giving in Washington, 13% goes to human services.
- Of the total going to human services, 4.2% goes to nonprofits providing reproductive health care services.
- Of the total charitable dollars, 72% is from individuals and 20% is from corporations.

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- PUT credits will be 8.2% of the total annual credits taken.
- This legislation passes effective July 21, 2023; however, the department will implement the bill by January 1, 2024, which results in 5-months of impacted cash collections in fiscal year 2024.

#### DATA SOURCES

- Department of Revenue excise tax data
- Office of Financial Management, Washington population
- U.S. Census, U.S. population
- Various sources on charitable contributions

#### REVENUE ESTIMATES

This bill decreases state revenues by an estimated \$7.0 million in the 5 months of impacted collections in fiscal year 2024, and by \$16.7 million in fiscal year 2025, the first full year of impacted collections.

#### TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ ( 7,000)
FY 2025 -	\$ (16,700)
FY 2026 -	\$ (16,700)
FY 2027 -	\$ (16,700)
FY 2028 -	\$ (16,700)
FY 2029 -	\$ (16,700)

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 legislation will affect 3,000 taxpayers that will claim a tax credit.
- Expenditures assume an effective date of January 1, 2024, providing the department with six months to implement the required changes. The department will incur additional costs if required to use a different implementation date.
- Expenditures assume the department will require an application to establish credits claimed.

#### FIRST YEAR COSTS:

The department will incur total costs of \$395,400 in fiscal year 2024. These costs include:

Labor Costs - Time and effort equate to 2.7 FTEs.

- Set up, program, and test computer system changes for a new B&O and PUT credit that provides for carryover of credits claimed and prevents duplicate claims under both taxes.
- Create a new application and credit addendum for electronic and paper filers.
- Create a Special Notice to inform affected taxpayers of the reporting change.
- Update or create publications in print and information on the department's website.
- Respond to tax ruling requests and email inquiries.
- Receive and process applications provided with credits claimed.
  - Process returns, payments and all associated work items, including issuing assessments for return errors and underpayments.
- Assist taxpayers with reporting questions and respond to inquiries via email, web message, and paper correspondence.

- Examine accounts and make corrections as necessary.
- 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.

Object Costs - \$88,400.

- Contract computer system programming.
- Print and mail a special notice to taxpayers who do not file returns electronically.
- Print and mail additional addendums, applications and correspondence to taxpayers who do not file returns electronically

**SECOND YEAR COSTS:**

The department will incur total costs of \$265,300 in fiscal year 2025. These costs include:

Labor Costs - Time and effort equate to 2.7 FTEs.

- Receive and process applications provided with credits claimed.
  - Process returns, payments and all associated work items, including issuing assessments for return errors and underpayments.
- Assist taxpayers with reporting questions and respond to inquiries via email, web message, and paper correspondence.
- Examine accounts and make corrections as necessary.
- Hear additional administrative reviews of disputed actions by the department.

Object Costs - \$300.

- Print and mail additional addendums, applications and correspondence to taxpayers who do not file returns electronically

**ONGOING COSTS:**

Ongoing costs for the 2025-27 biennium equal \$323,400 and include similar activities described in the second-year costs. Time and effort equate to 1.8 FTEs in fiscal year 2026 and 1.6 FTEs in fiscal year 2027.

**Part III: Expenditure Detail**

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.7	2.7	2.7	1.7	1.6
A-Salaries and Wages	185,500	163,000	348,500	207,300	196,200
B-Employee Benefits	61,200	53,800	115,000	68,400	64,800
C-Professional Service Contracts	88,000		88,000		
E-Goods and Other Services	41,800	35,100	76,900	37,100	35,000
J-Capital Outlays	18,900	13,400	32,300	10,600	10,000
<b>Total \$</b>	<b>\$395,400</b>	<b>\$265,300</b>	<b>\$660,700</b>	<b>\$323,400</b>	<b>\$306,000</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
EXCISE TAX EX 2	55,872	0.5	1.0	0.8	0.6	0.5
EXCISE TAX EX 3	61,632	0.8	1.6	1.2	1.0	1.0
IT SYS ADM-JOURNEY	92,844	0.3		0.2		
MGMT ANALYST4	73,260	0.8		0.4		
TAX INFO SPEC 4	66,420	0.2		0.1		
TAX POLICY SP 3	85,020	0.1	0.1	0.1	0.1	0.1
<b>Total FTEs</b>		<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>1.7</b>	<b>1.6</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**



# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5260 SB

Title: Reprod. health/employers

## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- Cities: Possible utility tax credit benefit
- Counties:
- Special Districts: Possible utility tax credit benefit
- 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: Whether local governments providing utility services will be eligible due to the prohibition of gifting of public funds

### Estimated revenue impacts to:

None

### Estimated expenditure impacts to:

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

## Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 01/23/2023
Leg. Committee Contact: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 01/14/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/23/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/23/2023

## **Part IV: Analysis**

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

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

Section 1 provides definitions for "Charitable corporation," "Domestic nonprofit corporation," "Employee," "Employer," "Person," "Reproductive health care services," and "Retaliate."

Section 2 allows Washington employers that provide access to, or benefits for, reproductive health care services (RHCS) to recover damages, fees, and costs from a person seeking judgement against them for providing RHCS.

Section 3 makes retaliation against an employer for providing RHCS or for contributing to a nonprofit providing RHCS illegal and allows employers to file a civil action to recover retaliatory damages.

Section 4 requires a tax preference performance statement for the tax preference in sections 5 and 6.

Section 5 amends chapter 82.04 RCW [Business and Occupation Tax] to create a state tax credit for charitable contributions made to a nonprofit providing RHCS. Credits can be earned for tax reporting periods starting on or before December 31, 2032 only.

Section 6 amends chapter 82.16 RCW [Public Utility Tax] to create a state tax credit for charitable contributions made to a nonprofit providing RHCS. Credits can be earned for tax reporting periods starting on or before December 31, 2032 only.

Section 7 states if any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

Sections 1 – 3 will create a new chapter in Title 49 RCW [Labor Regulations].

### **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 may decrease expenditures (taxes due) for local governments paying public utility taxes as described in sections 6 of this bill. A public utility tax is a tax on public service businesses, including businesses that engage in transportation, communications, and the supply of energy, natural gas, and water (which may include cities and special purpose districts).

However, it is unknown if local governments will be eligible for these tax credits due to prohibitions against gifting of public funds (making charitable contributions to nonprofit organizations).

According to the Municipal Services Research Center website, "an exception to gifting public funds is for providing "necessary support for the poor and infirm." It is particularly worth noting that the courts and the attorney general's office have interpreted this exception as being disjunctive, allowing for the support of individuals who are poor or who are infirm."

It is possible that only private-sector businesses will be eligible for the tax credits described in this legislation.

### **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 will not impact local government revenues.

SOURCES

Dept. of Revenue

Municipal Research Services Center, Gift of Public Funds