### Estimated Cash Receipts

**NONE**

<table>
<thead>
<tr>
<th>Agency Name</th>
<th>2023-25</th>
<th></th>
<th></th>
<th>2025-27</th>
<th></th>
<th></th>
<th>2027-29</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GF-State</td>
<td>Total</td>
<td></td>
<td>GF-State</td>
<td>Total</td>
<td></td>
<td>GF-State</td>
<td>Total</td>
</tr>
<tr>
<td>Local Gov. Courts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loc School dist-SPI</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Local Gov. Other</td>
<td>258,000</td>
<td>445,000</td>
<td></td>
<td>630,000</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Local Gov. Total</td>
<td>258,000</td>
<td>445,000</td>
<td></td>
<td>630,000</td>
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### Estimated Operating Expenditures

<table>
<thead>
<tr>
<th>Agency Name</th>
<th>2023-25</th>
<th></th>
<th></th>
<th>2025-27</th>
<th></th>
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<th>2027-29</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>FTEs</td>
<td>GF-State</td>
<td>NGF-Outlook</td>
<td>Total</td>
<td>FTEs</td>
<td>GF-State</td>
<td>NGF-Outlook</td>
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<tr>
<td>Department of Commerce</td>
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<td>132,300</td>
<td>132,300</td>
<td>132,300</td>
<td>0</td>
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<td>29,400</td>
<td>29,400</td>
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<tr>
<td>Total $</td>
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<td>132,300</td>
<td>132,300</td>
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</table>

### Estimated Capital Budget Expenditures

<table>
<thead>
<tr>
<th>Agency Name</th>
<th>2023-25</th>
<th></th>
<th></th>
<th>2025-27</th>
<th></th>
<th></th>
<th>2027-29</th>
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<td>.0</td>
<td>0</td>
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<td>.0</td>
<td>0</td>
</tr>
<tr>
<td>Department of Revenue</td>
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<td>0</td>
<td>.0</td>
<td>0</td>
<td>0</td>
<td>.0</td>
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<td>0</td>
<td>0.0</td>
<td>0</td>
<td>0</td>
<td>0.0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Estimated Capital Budget Breakout

**Prepared by:** Cheri Keller, OFM

**Phone:** (360) 584-2207

**Date Published:** Preliminary 2/13/2023
Department of Revenue Fiscal Note

Bill Number: 5395 SB  Title: Real estate technology fee  Agency: 140-Department of Revenue

Part I: Estimates

☑ No Fiscal Impact

Estimated Cash Receipts to:
NONE

Estimated Expenditures from:

<table>
<thead>
<tr>
<th></th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>2023-25</th>
<th>2025-27</th>
<th>2027-29</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE Staff Years</td>
<td>1.1</td>
<td></td>
<td>0.5</td>
<td></td>
<td>0.1</td>
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<tr>
<td>Account</td>
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<td></td>
</tr>
<tr>
<td>GF-STATE-State 001-1</td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>132,300</td>
<td>132,300</td>
<td>29,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total $</td>
<td>132,300</td>
<td>132,300</td>
<td>29,400</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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: Beth Leech  Phone: 360-534-1513  Date: 01/22/2023
Agency Approval: Valerie Torres  Phone: 360-534-1521  Date: 01/22/2023
OFM Review: Cheri Keller  Phone:(360) 584-2207  Date: 01/23/2023

Request # 5395-1-1

Form FN (Rev 1/00) 179,416.00  1  Bill # 5395 SB
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 is a $5 technology fee on all real estate excise tax (REET) transactions, regardless of whether the transaction requires the payment of tax.

PROPOSAL:
Starting January 1, 2024, the REET technology fee increases to $7.05. In fiscal year 2027 and every fourth year thereafter, the Department of Revenue (department) must adjust the fee to reflect the growth of the consumer price index. The department must publish the updated fee by September 1, 2026, and September 1st of every fourth year thereafter. The updated fee amount applies beginning January 1, 2027, and January 1st every fourth year thereafter.

The adjusted fee amount must be rounded to the nearest five cents. The most recent fee amount becomes the base for subsequent fee adjustments.

Consumer price index means the most current seasonally adjusted index for the shelter expenditure category of the consumer price index for all urban consumers as published by July 31st by the Bureau of Labor Statistics of the U.S. Department of Labor.

EFFECTIVE DATE:
The 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
- Growth mirrors the growth of REET in the Economic and Revenue Forecast Council's November 2022 forecast.
- The percent change in the CPI-U for shelter between July 2023 and July 2026 is 7.3%.
- The fee rate will be $7.55 starting January 1, 2027.
- This legislation passes effective July 21, 2023.

DATA SOURCES
- Non-General Fund Forecast, November 2022.
- Economic and Revenue Forecast Council, November 2022 forecast.
- IHS Markit Forecast, November 2022.

REVENUE ESTIMATES
This bill results in no revenue impact to taxes administered by the department.

This bill increases local revenues by an estimated $68,000 in the 5 months of impacted collections in fiscal year 2024, and by $190,000 in fiscal year 2025, the first full year of impacted collections.

TOTAL REVENUE IMPACT:
State Government (cash basis, $000): None
Local Government, if applicable (cash basis, $000):

FY 2024 - $ 68
FY 2025 - $ 190
FY 2026 - $ 199
FY 2027 - $ 246
FY 2028 - $ 302
FY 2029 - $ 328

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 $132,300 in fiscal year 2024. These costs include:

- Labor Costs - Time and effort equate to 1.08 FTEs.
  - Amend two administrative rules.
  - Set up, program, and test computer system changes.
  - Reconfigure the REET affidavit and test forms.
- Object Costs - $4,400.
  - Contract computer system programming.

SECOND YEAR COSTS:
The department will not incur any costs in fiscal year 2025.

ONGOING COSTS:
The department will not incur any costs for the 2025-27 biennium. Ongoing costs for the 2027-29 biennium equal $29,400 and include similar activities described in the first-year costs. Time and effort equate to 0.13 FTE.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

<table>
<thead>
<tr>
<th></th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>2023-25</th>
<th>2025-27</th>
<th>2027-29</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE Staff Years</td>
<td>1.1</td>
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<td>0.1</td>
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<tr>
<td>A-Salaries and Wages</td>
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<td>15,400</td>
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<td>B-Employee Benefits</td>
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<td>C-Professional Service Contracts</td>
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<tr>
<td>E-Goods and Other Services</td>
<td>16,800</td>
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<td>2,800</td>
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<td>G-Travel</td>
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<td>900</td>
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<td>J-Capital Outlays</td>
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<tr>
<td><strong>Total $</strong></td>
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<td><strong>$132,300</strong></td>
<td></td>
<td><strong>$29,400</strong></td>
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</table>
III. B - Detail:  
*FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

<table>
<thead>
<tr>
<th>Job Classification</th>
<th>Salary</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>2023-25</th>
<th>2025-27</th>
<th>2027-29</th>
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<td>0.3</td>
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Total FTEs: 1.1 0.6 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 458-61A-1001, titled: "Graduated real estate excise tax rates - Exceptions to graduated rates - Tax avoidance" and WAC 458-61A-102, titled: "Definitions." Persons affected by this rulemaking would include payer and filers of real estate excise tax and counties administering the tax.
Part I: Jurisdiction - Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities:
- Counties: Increased county assessor revenue due to increased real estate excise tax transaction fees
- 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:

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<thead>
<tr>
<th>Jurisdiction</th>
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<th>FY 2025</th>
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<td>County</td>
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<td>630,000</td>
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<tr>
<td>TOTAL $</td>
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<td>190,000</td>
<td>258,000</td>
<td>445,000</td>
<td>630,000</td>
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<td>GRAND TOTAL $</td>
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</table>

Estimated expenditure impacts to:

- None

Part III: Preparation and Approval

<table>
<thead>
<tr>
<th>Fiscal Note Analyst: Angie Hong</th>
<th>Phone: 360-725-5041</th>
<th>Date: 01/23/2023</th>
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<tbody>
<tr>
<td>Leg. Committee Contact: Jeffrey Mitchell</td>
<td>Phone: 360-786-7438</td>
<td>Date: 01/17/2023</td>
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<tr>
<td>Agency Approval: Allan Johnson</td>
<td>Phone: 360-725-5033</td>
<td>Date: 01/23/2023</td>
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<tr>
<td>OFM Review: Cheri Keller</td>
<td>Phone: (360) 584-2207</td>
<td>Date: 01/23/2023</td>
</tr>
</tbody>
</table>
Part IV: Analysis

A. SUMMARY OF BILL

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

This bill will increase the $5 technology fee on real estate excise tax (REET) transactions to $7.05 starting January 1, 2024. The fee must be adjusted by the Dept. of Revenue every four years to reflect the consumer price index. The consumer price index is defined.

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 will not impact local government expenditures.

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.

According to the Dept. of Revenue fiscal note, this bill will increase local government (county assessor) revenue by an estimated $68,000 in the 5 months of impacted collections in fiscal year 2024, and by $190,000 in fiscal year 2025, the first full year of impacted collections.


FY 2024 - $  68,000
FY 2025 - $ 190,000
FY 2026 - $ 199,000
FY 2027 - $ 246,000
FY 2028 - $ 302,000
FY 2029 - $ 328,000

SOURCES
Dept. of Revenue Fiscal Note