

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5686 SB	<b>Title:</b> Senior citizens local tax
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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	(81,800,000)	(81,800,000)	(81,800,000)	(130,200,000)	(130,200,000)	(130,200,000)	(139,600,000)	(139,600,000)	(139,600,000)
<b>Total \$</b>	<b>(81,800,000)</b>	<b>(81,800,000)</b>	<b>(81,800,000)</b>	<b>(130,200,000)</b>	<b>(130,200,000)</b>	<b>(130,200,000)</b>	<b>(139,600,000)</b>	<b>(139,600,000)</b>	<b>(139,600,000)</b>

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Fiscal note not available					
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
Department of Revenue	.8	293,100	293,100	293,100	.3	62,000	62,000	62,000	.0	0	0	0
<b>Total \$</b>	<b>0.8</b>	<b>293,100</b>	<b>293,100</b>	<b>293,100</b>	<b>0.3</b>	<b>62,000</b>	<b>62,000</b>	<b>62,000</b>	<b>0.0</b>	<b>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									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
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									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

# Estimated Capital Budget Breakout

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# Department of Revenue Fiscal Note

<b>Bill Number:</b> 5686 SB	<b>Title:</b> Senior citizens local tax	<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 01 - Retail Sales Tax	(19,900,000)	(61,900,000)	(81,800,000)	(130,200,000)	(139,600,000)
<b>Total \$</b>	(19,900,000)	(61,900,000)	(81,800,000)	(130,200,000)	(139,600,000)

### Estimated Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.2	0.4	0.8	0.3	
GF-STATE-State 001-1	250,900	42,200	293,100	62,000	
<b>Total \$</b>	250,900	42,200	293,100	62,000	

### 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:

- 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:	Phone:	Date: 02/11/2023
Agency Preparation: Beth Leech	Phone: 60-534-1513	Date: 02/13/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/13/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/13/2023

Request # 5686-1-1

## 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:

Local governments may levy several local taxes designated for certain uses. The Department of Revenue (department) collects most local sales and use taxes and distributes them monthly to local jurisdictions.

#### PROPOSAL:

This legislation allows a rural county to levy a new 0.01% sales and use tax, credited against the state sales and use tax, to be used solely for administering senior citizens programs.

Rural county means a county with a population density of less than 100 persons per square mile or a county smaller than 225 square miles as determined by the Office of Financial Management.

#### EFFECTIVE DATE:

This bill takes effect on July 1, 2023; however, the department is unable to implement the bill until January 1, 2024, because of the programming required for system changes.

### 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:

- All designated rural counties will impose this state-shared local sales and use tax.
- Growth mirrors the Economic and Revenue Forecast Council's November 2022 forecast.
- The performance audits of government account receives a 0.16% share of retail sales and use tax collections. The state-shared local tax amounts exclude the amount the performance audits of government account receives.
- Currently, tribes with compacts receive a share of state sales and use tax and certain business and occupation taxes (RCW 43.06.523). Under this legislation the amount of revenue shared with tribes does not change.
- The department implements on January 1, 2024, impacting four months of collections in fiscal year 2024.

#### DATA SOURCES:

- Economic and Revenue Forecast Council, November 2022 forecast
- Department of Revenue, Excise tax data

#### REVENUE ESTIMATES:

This bill decreases state revenues by an estimated \$19.9 million in the four months of impacted collections in fiscal year 2024, and by \$61.9 million in fiscal year 2025, the first full year of impacted collections.

This bill also increases local revenues by an estimated \$19.9 million in the four months of impacted collections in fiscal year 2024, and by \$61.9 million in fiscal year 2025, the first full year of impacted collections.

#### TOTAL REVENUE IMPACT:

##### State Government (cash basis, \$000):

FY 2024 -	(\$ 19,900)
FY 2025 -	(\$ 61,900)
FY 2026 -	(\$ 64,000)

FY 2027 - (\$ 66,200)  
FY 2028 - (\$ 68,600)  
FY 2029 - (\$ 71,000)

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

FY 2024 - \$ 19,900  
FY 2025 - \$ 61,900  
FY 2026 - \$ 64,000  
FY 2027 - \$ 66,200  
FY 2028 - \$ 68,600  
FY 2029 - \$ 71,000

**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 102,000 taxpayers who reported sales in rural counties in fiscal year 2022.

**FIRST YEAR COSTS:**

The department will incur total costs of \$250,900 in fiscal year 2024. These costs include:

Labor Costs – Time and effort equate to 1.2 FTEs.

- Set up, program and test computer system changes for sales tax changes.
- Gathering requirements, implementation meetings, documentation, and testing of system changes.
- Process tax return work items, assist taxpayers with reporting questions and respond to inquiries via email and web message and paper correspondence.
- Examine accounts and make corrections as necessary.

Object Costs - \$105,600.

- Computer system changes, including contract programming.

**SECOND YEAR COSTS:**

The department will incur total costs of \$42,200 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 0.4 FTEs.

- Continued computer system testing, monitoring and maintenance.
- Review reports, scrutinize data, and examine accounts and make corrections as necessary.

**ONGOING COSTS:**

Ongoing costs for the 2025-27 biennium equal \$62,000 and include similar activities described in the second-year costs. Time and effort equate to 0.3 FTEs.

## Part III: Expenditure Detail

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.2	0.4	0.8	0.3	
A-Salaries and Wages	89,100	27,600	116,700	40,600	
B-Employee Benefits	29,400	9,100	38,500	13,400	
C-Professional Service Contracts	105,600		105,600		
E-Goods and Other Services	18,400	4,300	22,700	6,200	
J-Capital Outlays	8,400	1,200	9,600	1,800	
<b>Total \$</b>	<b>\$250,900</b>	<b>\$42,200</b>	<b>\$293,100</b>	<b>\$62,000</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 3	61,632	0.1	0.1	0.1	0.1	
EXCISE TAX EX 4	68,076	0.3	0.1	0.2	0.1	
IT SYS ADM-JOURNEY	92,844	0.2		0.1		
MGMT ANALYST4	73,260	0.6	0.2	0.4	0.1	
<b>Total FTEs</b>		<b>1.2</b>	<b>0.4</b>	<b>0.8</b>	<b>0.3</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