

Multiple Agency Fiscal Note Summary

Bill Number: 5686 SB	Title: 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	(8,180,000)	(8,180,000)	(8,180,000)	(13,020,000)	(13,020,000)	(13,020,000)	(13,960,000)	(13,960,000)	(13,960,000)
Total \$	(8,180,000)	(8,180,000)	(8,180,000)	(13,020,000)	(13,020,000)	(13,020,000)	(13,960,000)	(13,960,000)	(13,960,000)

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		8,180,000		13,020,000		13,960,000
Local Gov. Total		8,180,000		13,020,000		13,960,000

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
Total \$	0.8	293,100	293,100	293,100	0.3	62,000	62,000	62,000	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
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

Estimated Capital Budget Breakout

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Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Final 2/16/2023
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Department of Revenue Fiscal Note

Bill Number: 5686 SB	Title: Senior citizens local tax	Agency: 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	(1,990,000)	(6,190,000)	(8,180,000)	(13,020,000)	(13,960,000)
Total \$	(1,990,000)	(6,190,000)	(8,180,000)	(13,020,000)	(13,960,000)

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	
Total \$	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: 02/15/2023
Agency Approval: Valerie Torres	Phone: (60) 534-1521	Date: 02/15/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/15/2023

Request # 5686-2-3

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.

Note: This fiscal note reflects a revision to the revenue impact, and replaces fiscal note number 5686-1.

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 \$2.0 million in the four months of impacted collections in fiscal year 2024, and by \$6.2 million in fiscal year 2025, the first full year of impacted collections.

This bill also increases local revenues by an estimated \$2.0 million in the four months of impacted collections in fiscal year 2024, and by \$6.2 million in fiscal year 2025, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

Request # 5686-2-3

State Government (cash basis, \$000):

FY 2024 - (\$ 1,990)
FY 2025 - (\$ 6,190)
FY 2026 - (\$ 6,400)
FY 2027 - (\$ 6,620)
FY 2028 - (\$ 6,860)
FY 2029 - (\$ 7,100)

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

FY 2024 - \$ 1,990
FY 2025 - \$ 6,190
FY 2026 - \$ 6,400
FY 2027 - \$ 6,620
FY 2028 - \$ 6,860
FY 2029 - \$ 7,100

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 FTE.

- 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 FTE.

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	
Total \$	\$250,900	\$42,200	\$293,100	\$62,000	

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	
Total FTEs		1.2	0.4	0.8	0.3	

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

Revised

Department of Commerce

Bill Number: 5686 SB

Title: Senior citizens local tax

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

Legislation Impacts:

- Cities:
- Counties: Significant revenue increase for rural 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: It is unknown which rural counties will impose this new tax.

Estimated revenue impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
County	1,990,000	6,190,000	8,180,000	13,020,000	13,960,000
TOTAL \$	1,990,000	6,190,000	8,180,000	13,020,000	13,960,000
GRAND TOTAL \$					35,160,000

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 02/16/2023
Leg. Committee Contact:	Phone:	Date: 02/11/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/16/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/16/2023

Part IV: Analysis

A. SUMMARY OF BILL

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

This bill authorizes rural counties to impose a local sales and use tax at a rate of 0.01 percent against the state sales tax. The Dept. of Revenue must perform collection of the taxes on behalf of the county at no cost to the county. Moneys collected must be used solely for the purpose of administering senior citizens programs.

This bill takes effect July 1, 2023.

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 rural county revenues by an estimated \$1.99 million in the four months of impacted collections in fiscal year 2024, and by \$6.19 million in fiscal year 2025, the first full year of impacted collections.

RURAL COUNTIES

FY 2024 -	\$ 1,990,000
FY 2025 -	\$ 6,190,000
FY 2026 -	\$ 6,400,000
FY 2027 -	\$ 6,620,000
FY 2028 -	\$ 6,860,000
FY 2029 -	\$ 7,100,000

SOURCES

Department of Revenue Fiscal Note
Department of Revenue Local Tax Distributions



Multiple Agency Ten-Year Analysis Summary

Bill Number 5686 SB	Title Senior citizens local tax
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Department of Revenue	-1,990,000	-6,190,000	-6,400,000	-6,620,000	-6,860,000	-7,100,000	-7,360,000	-7,620,000	-7,890,000	-8,180,000	-66,210,000



Ten-Year Analysis

Bill Number 5686 SB	Title Senior citizens local tax	Agency 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Retail sales tax	001	(1,990,000)	(6,190,000)	(6,400,000)	(6,620,000)	(6,860,000)	(7,100,000)	(7,360,000)	(7,620,000)	(7,890,000)	(8,180,000)	(66,210,000)
Total		(1,990,000)	(6,190,000)	(6,400,000)	(6,620,000)	(6,860,000)	(7,100,000)	(7,360,000)	(7,620,000)	(7,890,000)	(8,180,000)	(66,210,000)
Biennial Totals		(8,180,000)		(13,020,000)		(13,960,000)		(14,980,000)		(16,070,000)		(66,210,000)

Narrative Explanation (Required for Indeterminate Cash Receipts)

Note: This fiscal note reflects a revision to the revenue impact, and replaces fiscal note number 5686-1.

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 citizen 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.



Ten-Year Analysis

Bill Number	Title	Agency
5686 SB	Senior citizens local tax	140 Department of Revenue

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

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 t 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 amou 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 \$2.0 million in the four months of impacted collections in fiscal year 2024, and by \$6.2 million in fiscal year 2025, the fi full year of impacted collections.

This bill also increases local revenues by an estimated \$2.0 million in the four months of impacted collections in fiscal year 2024, and by \$6.2 million in fiscal year 2025, tl first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

- FY 2024 - (\$ 1,990)
- FY 2025 - (\$ 6,190)
- FY 2026 - (\$ 6,400)
- FY 2027 - (\$ 6,620)
- FY 2028 - (\$ 6,860)



Ten-Year Analysis

Bill Number 5686 SB	Title Senior citizens local tax	Agency 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

FY 2029 - (\$ 7,100)
Local Government, if applicable (cash basis, \$000):
FY 2024 - \$ 1,990
FY 2025 - \$ 6,190
FY 2026 - \$ 6,400
FY 2027 - \$ 6,620
FY 2028 - \$ 6,860
FY 2029 - \$ 7,100

Agency Preparation: Beth Leech	Phone: 360-534-1513	Date: 2/15/2023 1:25:45 pm
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 2/15/2023 1:25:45 pm
OFM Review:	Phone:	Date: