

Multiple Agency Fiscal Note Summary

Bill Number: 1847 HB	Title: Community authority/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	(2,337,000)	(2,337,000)	(2,337,000)	(3,720,000)	(3,720,000)	(3,720,000)	(4,060,000)	(4,060,000)	(4,060,000)
Total \$	(2,337,000)	(2,337,000)	(2,337,000)	(3,720,000)	(3,720,000)	(3,720,000)	(4,060,000)	(4,060,000)	(4,060,000)

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		2,337,000		3,720,000		4,060,000
Local Gov. Total		2,337,000		3,720,000		4,060,000

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	.9	314,300	314,300	314,300	.1	20,900	20,900	20,900	.0	0	0	0
Total \$	0.9	314,300	314,300	314,300	0.1	20,900	20,900	20,900	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

Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Final 3/21/2023
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Department of Revenue Fiscal Note

Bill Number: 1847 HB	Title: Community authority/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	(567,000)	(1,770,000)	(2,337,000)	(3,720,000)	(4,060,000)
Total \$	(567,000)	(1,770,000)	(2,337,000)	(3,720,000)	(4,060,000)

Estimated Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.1	0.7	0.9	0.1	
GF-STATE-State 001-1	236,200	78,100	314,300	20,900	
Total \$	236,200	78,100	314,300	20,900	

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: Tracey Taylor	Phone: 60-786-7152	Date: 03/20/2023
Agency Preparation: Diana Tibbetts	Phone: 60-534-1520	Date: 03/21/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 03/21/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/21/2023

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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.

Note: This fiscal note reflects a revision to the revenue impact and replaces fiscal note number 1847-1.

CURRENT LAW:

The Legislature created Community Preservation and Development Authorities (CPDAs) to restore or enhance the health, safety, and economic well-being of communities adversely impacted by the construction of, or ongoing operation of, multiple major public facilities, public works, and capital projects with significant public funding or by other land use decisions.

PROPOSAL:

This legislation allows the legislative authority of a county with a population of 1,000,000 or more to impose a sales and use tax to fund a CPDA within the county. The tax is a state-shared sales and use tax on any taxable event inside a qualified facility. The tax rate cannot exceed 2%.

A "qualified facility" is a facility located in a county with a CPDA meeting one of these requirements:

- A seating capacity of at least 68,000 fixed seats in an open-air stadium with related event space of at least 300,000 square feet.
- A seating capacity of at least 47,000 seats and a retractable roof.

A CPDA created under RCW 43.167.060 receives all the proceeds of the tax.

Distributions cease each fiscal year when the county receives \$5 million for the CPDA.

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 of Revenue (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

- The performance audits of government account receives a 0.16% share of retail sales and use tax collections. The transfer to King County for the CPDA excludes these amounts.
- The Pioneer Square-International district CPDA (created under RCW 43.167.060) receives all the proceeds of the tax.
- Growth mirrors the Economic and Revenue Forecast Council's (ERFC) forecast for statewide taxable retail sales.
- The county imposes the tax effective January 1, 2024, at a rate of 2%.
- The department implements the tax by January 1, 2024, impacting four months of distributions in fiscal year 2024.

DATA SOURCES

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

REVENUE ESTIMATES

This bill redirects 2% of the 6.5% state sales tax generated from sales at qualified facilities from the state general fund to King County for the Pioneer Square-International district CPDA. This decreases state revenues by an estimated \$567,000 in the four months of impacted collections in fiscal year 2024, and by \$1.77 million in fiscal year 2025, the first full year of

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impacted collections. This also increases local revenues by an estimated \$567,000 in the four months of impacted collections in fiscal year 2024, and by \$1.77 million in fiscal year 2025, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

- FY 2024 - (\$ 567)
- FY 2025 - (\$ 1,770)
- FY 2026 - (\$ 1,830)
- FY 2027 - (\$ 1,890)
- FY 2028 - (\$ 1,980)
- FY 2029 - (\$ 2,080)

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

- FY 2024 - \$ 567
- FY 2025 - \$ 1,770
- FY 2026 - \$ 1,830
- FY 2027 - \$ 1,890
- FY 2028 - \$ 1,980
- FY 2029 - \$ 2,080

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 \$236,200 in fiscal year 2024. These costs include:

Labor Costs – Time and effort equate to 1.1 FTEs.

- Set up, program, and test computer system changes.
- Process returns, assist taxpayers with reporting questions, and respond to inquiries via email, web message, and paper correspondence.
- Review reports, scrutinize data, examine accounts, and make corrections as necessary.

Object Costs - \$79,200.

- Computer system changes, including contract programming.

SECOND YEAR COSTS:

The department will incur total costs of \$78,100 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 0.7 FTE.

- Continued computer system testing, monitoring, and maintenance.
- Process returns, assist taxpayers with reporting questions, and respond to inquiries via email, web message, and paper correspondence.
- Review reports, scrutinize data, examine accounts, and make corrections as necessary.

ONGOING COSTS:

Ongoing costs for the 2025-27 biennium equal \$20,900 and include similar activities described in the second-year costs. Time and effort equate to 0.1 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	1.1	0.7	0.9	0.1	
A-Salaries and Wages	99,500	49,000	148,500	13,500	
B-Employee Benefits	32,800	16,200	49,000	4,500	
C-Professional Service Contracts	79,200		79,200		
E-Goods and Other Services	17,000	9,200	26,200	2,300	
J-Capital Outlays	7,700	3,700	11,400	600	
Total \$	\$236,200	\$78,100	\$314,300	\$20,900	

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	0.2	0.2	0.1	
IT ARCH-SR/SPEC	107,484	0.3		0.2		
IT SYS ADM-JOURNEY	92,844	0.5		0.3		
MGMT ANALYST4	73,260	0.2	0.5	0.4	0.1	
Total FTEs		1.1	0.7	0.9	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

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1847 HB

Title: Community authority/tax

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

Legislation Impacts:

- Cities:
- Counties:
- Special Districts: revenue increase
- Specific jurisdictions only: The Pioneer Square-International District CPDA (a special district)
- 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:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
Special District	567,000	1,770,000	2,337,000	3,720,000	4,060,000
TOTAL \$	567,000	1,770,000	2,337,000	3,720,000	4,060,000
GRAND TOTAL \$					10,117,000

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 03/21/2023
Leg. Committee Contact: Tracey Taylor	Phone: 360-786-7152	Date: 03/20/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 03/21/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/21/2023

Part IV: Analysis

A. SUMMARY OF BILL

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

This bill allows a certain county with a population of 1,000,000 or more to impose a sales and use tax to fund the Pioneer Square-International District Community Preservation Development Authority (CPDA). The tax rate cannot exceed 2% and is credited against the state. Distributions cease each fiscal year when the county receives \$5 million for the CPDA.

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.

The Dept. of Revenue fiscal analysis assumes:

- The performance audits of government account receives a 0.16% share of retail sales and use tax collections. The transfer to the CPDA account excludes these amounts.
- The Pioneer Square-International district CPDA (created under RCW 43.167.060) receives all the proceeds of the tax.
- The county imposes the tax effective January 1, 2024, at a rate of 2%.

The Dept. of Revenue fiscal note states: "this bill redirects 2% of the 6.5% state sales tax.. resulting in a net zero state impact." However, the Local Government Fiscal Note Program considers the Pioneer Square-International District CPDA to be a special district (a type of local government). Therefore, the LGFN Program considers this tax revenue a loss to the state and a gain to a special district.

SPECIAL DISTRICT REVENUE INCREASE

FY 2024 - \$ 567,000

FY 2025 - \$1,770,000

FY 2026 - \$1,830,000

FY 2027 - \$1,890,000

FY 2028 - \$1,980,000

FY 2029 - \$2,080,000

According to the Municipal Research Services Center Public Development Authorities are special purpose quasi-municipal corporations that allow local governments to create or contract with "public corporations, commissions, or authorities."

SOURCES

Washington State Dept. of Revenue

Municipal Research Services Center