

Multiple Agency Fiscal Note Summary

Bill Number: 1879 HB	Title: Tribal & state taxing
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Estimated Cash Receipts

Agency Name	2003-05		2005-07		2007-09	
	GF- State	Total	GF- State	Total	GF- State	Total
Total \$						

Local Gov. Courts *						
Local Gov. Other **		(4,288,000)		(4,592,000)		(4,872,000)
Local Gov. Total		(4,288,000)		(4,592,000)		(4,872,000)

Estimated Expenditures

Agency Name	2003-05			2005-07			2007-09		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	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

Local Gov. Courts *									
Local Gov. Other **	Non-zero but indeterminate cost. Please see discussion.								
Local Gov. Total									

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Prepared by: Doug Jenkins, OFM	Phone: 360-902-0563	Date Published: Revised 3/14/2003
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Department of Revenue Fiscal Note

Bill Number: 1879 HB	Title: Tribal & state taxing	Agency: 140-Department of Revenue
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Part I: Estimates

☒ No Fiscal Impact

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: Bob Longman	Phone: 360-786-7139	Date: 02/19/2003
Agency Preparation: Diana Tibbetts	Phone: 360-570-6085	Date: 03/12/2003
Agency Approval: Don Taylor	Phone: 360-570-6083	Date: 03/12/2003
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 03/14/2003

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

NOTE: this revision in the fiscal note presents the estimated local revenue impact.

This bill allows a certain tribal municipality to contract with the Department of Revenue for distribution of local sales/use tax in the same manner as other cities and towns within the State of Washington.

Section 2 adds the Tulalip Tribes of Washington to the description of "city" in Chapter 82.14 RCW.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS/DATA SOURCES

This bill authorized the Tulalip Tribe in Snohomish County to receive local tax revenues as if it were a city. This means that the Tulalip Tribe would receive local funds that would otherwise go to Snohomish County, assuming the sales take place outside of an existing city.

It is assumed that all sales occurring within the boundaries of the entire Tulalip reservation would be impacted by this bill.

GIS technology was used to generate a list of businesses that are physically located on the Tulalip reservation. Out of this list, 36 businesses were identified as having taxable transactions somewhere in unincorporated Snohomish County. For this estimate it is assumed that these transactions took place at the business location on the Tulalip reservation. Taxable retail sales/use data for businesses known to have more than one physical location in unincorporated Snohomish County were averaged, in order to provide an approximation of the impact for sales occurring on the reservation.

AUDIT ASSESSMENTS (Impact resulting from recent audit activity)

This bill did not result from any audit activity conducted by the Department.

CURRENTLY REPORTING TAXPAYERS (Impact for taxpayers who are known or estimated to be currently paying the tax in question)

It is assumed all taxpayers affected are registered and reporting the local sales/use tax. The local impact would be a shift in local sales/use tax revenues from Snohomish County to the Tulalip Tribe of about \$2.1 million in the first fiscal year.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000): None

Local Government, if applicable (cash basis, \$000): Shift of local sales/use tax revenues from the county to the Tulalip Tribe.

	Snohomish County	Tulalip Tribe
FY 2004	- \$(2,092)	\$2,092
FY 2005	- (2,196)	2,196
FY 2006	- (2,262)	2,262
FY 2007	- (2,330)	2,330
FY 2008	- (2,400)	2,400
FY 2009	- (2,472)	2,472

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

(Contact: Miki Gearhart, 570-6127)

The Department does not anticipate incurring any costs associated with the implementation of this legislation. The Department will absorb any incidental costs incurred.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 1879 HB	Title: Tribal & state taxing
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☐ Cities:
- ☒ Counties:
- ☐ Special Districts:
- ☒ Specific jurisdictions only:Snohomish County
- ☐ 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 2004	FY 2005	2003-05	2005-07	2007-09
City					
County	(2,092,000)	(2,196,000)	(4,288,000)	(4,592,000)	(4,872,000)
Special District					
TOTAL \$	(2,092,000)	(2,196,000)	(4,288,000)	(4,592,000)	(4,872,000)
GRAND TOTAL \$					(13,752,000)

Estimated expenditure impacts to:

Non-zero but indeterminate cost. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Linda Kercher	Phone: (360) 725-5038	Date: 03/13/2003
Leg. Committee Contact: Bob Longman	Phone: 360-786-7139	Date: 02/19/2003
Agency Approval: Louise Deng Davis	Phone: (360) 725-5034	Date: 03/14/2003
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 03/14/2003

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This bill provides that incorporated political subdivisions of the Tulalip Tribes of Washington be considered a city for the purpose of administering a local sales and use tax.

Section 2 adds a new section to the local sales and use tax statutes.

Section 2(1) broadens the meaning of the word “city,” for the sole purpose of tax administration, to include an incorporated political subdivision of the Tulalip Tribes of Washington when such a subdivision has defined boundaries within a reservation and has received federal approval to be treated as a political subdivision.

Section 2(2) provides that the Department of Revenue may enter into an agreement to administer and collect local sales and use tax with any Indian tribe that has a city, as described above. This section also requires that tribal sales and use tax definitions be uniform with state and local definitions, that the rate be no greater than that allowed cities, and that the tribe must agree to provide the county with a percentage of its revenue, as required under RCW 82.14.030.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

Snohomish County is expected to experience a negative expenditure impact (savings) under this bill. The county reports that the tribe, as a result of the revenue it would gain from this bill, is to begin providing services that the county currently provides.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

By including in the meaning of “city” an incorporated political subdivision of the Tulalip Tribes, this bill brings the tribal subdivision under the local sales and use tax statute that authorizes counties and cities to impose a sales and use tax on taxable activity that occurs within the city or county. Therefore, the Tulalip Tribe would be able to levy sales and use tax on taxable activity that occurs within its “city,” located in Snohomish County, pending federal approval of such a political subdivision.

According to the Department of Revenue, the bill would result in a shift of sales tax revenue away from Snohomish County to the tribe because the tribe would tax activity that the county is currently taxing. DOR estimates the shift would be approximately \$2.1 million in the FY04, \$2.2 million in FY05, \$2.3 million in FY06, \$2.3 million in FY07, \$2.4 million in FY08 and \$2.5 million in FY09. These figures account for the revenue that Snohomish County would receive from the tribe due to the percentage of sales and use tax revenue that cities are required to share with counties under RCW 82.14.030. This statute requires that cities earmark 15 percent of their revenue to counties.

SOURCES

Association of Washington Cities
Department of Revenue