

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1862 HB	<b>Title:</b> Disabled veteran assist./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	(18,000)	(18,000)	(18,000)	(57,000)	(57,000)	(57,000)	(58,000)	(58,000)	(58,000)
<b>Total \$</b>	<b>(18,000)</b>	<b>(18,000)</b>	<b>(18,000)</b>	<b>(57,000)</b>	<b>(57,000)</b>	<b>(57,000)</b>	<b>(58,000)</b>	<b>(58,000)</b>	<b>(58,000)</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
Joint Legislative Audit and Review Committee	Fiscal note not available											
Department of Revenue	.2	72,600	72,600	72,600	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.2</b>	<b>72,600</b>	<b>72,600</b>	<b>72,600</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</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
Joint Legislative Audit and Review Committee	Fiscal note not available								
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

This preliminary packet is incomplete and does not include fiscal notes from JLARC or Local Governments at this time.

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**Date Published:**

Preliminary 1/ 8/2024

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1862 HB	<b>Title:</b> Disabled veteran assist./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		(18,000)	(18,000)	(57,000)	(58,000)
<b>Total \$</b>		(18,000)	(18,000)	(57,000)	(58,000)

### Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.5	0.2		
<b>Account</b>					
GF-STATE-State 001-1	11,300	61,300	72,600		
<b>Total \$</b>	11,300	61,300	72,600		

### 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: Kristina King	Phone: 60-786-7190	Date: 01/03/2024
Agency Preparation: Van Huynh	Phone: 60-534-1512	Date: 01/08/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/08/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/08/2024

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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.*

#### CURRENT LAW:

There are no business and occupation (B&O) and retail sales tax exemptions for amounts received from sales on a federal military reservation by a nonprofit organization that operates an adaptive recreational and rehabilitation facility dedicated to the assistance of disabled veterans and members of the armed forces.

#### PROPOSAL:

This bill creates B&O and retail sales tax exemptions for amounts received as the result of sales on a federal military reservation by a nonprofit organization under Title 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code of 1986, as amended, that operates an adaptive recreational and rehabilitation facility dedicated to the assistance of disabled veterans and members of the armed forces of the United States.

An "adaptive recreational and rehabilitation facility" means a facility providing activity modifications, assistive technologies, or other services to allow people with disabilities to participate in recreational activities, sports, or physical rehabilitation efforts.

Both exemptions expire January 1, 2035.

#### EFFECTIVE DATE:

This bill is effective October 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

- Based on a public testimony for HB 2550 in the 2018 Legislative Session by the American Lake Veterans Golf Course, a similar bill would exempt \$274,000 of sales each year.
- The exemptions in this bill apply to all sales made on a federal military reservation by a nonprofit organization operating an adaptive recreational and rehabilitation facility.
- Consumers owe use tax for items exempted but used off the federal military reservation.
- Businesses owing B&O tax use the small business credit, so the impact from exempting the B&O tax is minimal.
- This proposal takes effect October 1, 2024, and impacts eight months of state collections in fiscal year 2025.

#### DATA SOURCES

- House Bill Report HB 2550, 2018 Legislative Session
- Economic and Revenue Forecast Council, November 2023 forecast

#### REVENUE ESTIMATES

This bill decreases state revenues by an estimated \$18,000 in the eight months of impacted collections in fiscal year 2025, and by \$28,000 in fiscal year 2026, the first full year of impacted collections. This bill also decreases local revenues by an estimated \$10,000 in the seven months of impacted collections in fiscal year 2025, and by \$15,000 in fiscal year 2026, the first full year of impacted collections.

#### TOTAL REVENUE IMPACT:

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State Government (cash basis, \$000):

FY 2024 - \$ 0  
 FY 2025 - (\$ 18)  
 FY 2026 - (\$ 28)  
 FY 2027 - (\$ 29)  
 FY 2028 - (\$ 29)  
 FY 2029 - (\$ 29)

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

FY 2024 - \$ 0  
 FY 2025 - (\$ 9)  
 FY 2026 - (\$ 15)  
 FY 2027 - (\$ 16)  
 FY 2028 - (\$ 16)  
 FY 2029 - (\$ 16)

**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 estimate affects approximately 5 taxpayers.

**FIRST YEAR COSTS:**

The department will incur total costs of \$11,300 in fiscal year 2024. These costs include:

Object Costs - \$11,300.

- Computer system changes, including contract programming.

**SECOND YEAR COSTS:**

The department will incur total costs of \$61,300 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 0.47 FTE.

- Gathering requirements, testing and implementation of system changes due to new exemption.

**ONGOING COSTS:**

Ongoing costs for the 2025-27 biennium are minimal of approximately \$10,880 and include similar activities described in the second-year costs.

**Part III: Expenditure Detail**

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.5	0.2		
A-Salaries and Wages		38,800	38,800		
B-Employee Benefits		12,800	12,800		
C-Professional Service Contracts	11,300		11,300		
E-Goods and Other Services		6,500	6,500		
J-Capital Outlays		3,200	3,200		
<b>Total \$</b>	<b>\$11,300</b>	<b>\$61,300</b>	<b>\$72,600</b>		

**III. B - Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

<b>Job Classification</b>	<b>Salary</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>2023-25</b>	<b>2025-27</b>	<b>2027-29</b>
EXCISE TAX EX 3	64,092		0.1	0.1		
IT B A-JOURNEY	91,968		0.3	0.2		
TAX POLICY SP 2	78,120		0.0	0.0		
TAX POLICY SP 3	88,416		0.0	0.0		
WMS BAND 2	98,456		0.0	0.0		
<b>Total FTEs</b>			0.5	0.2		

**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**