

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1913 HB	<b>Title:</b> International services/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	0	0	0	65,000	76,000	76,000	68,000	80,000	80,000
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>65,000</b>	<b>76,000</b>	<b>76,000</b>	<b>68,000</b>	<b>80,000</b>	<b>80,000</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	No fiscal impact					
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	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.0	15,400	15,400	15,400	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>15,400</b>	<b>15,400</b>	<b>15,400</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	No fiscal impact								
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	.0	0	0	.0	0	0	.0	0	0
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	No fiscal impact								
Local Gov. Total									

## Estimated Capital Budget Breakout

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<b>Prepared by:</b> Amy Hatfield, OFM	<b>Phone:</b> (360) 280-7584	<b>Date Published:</b> Final 1/15/2024
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1913 HB	<b>Title:</b> International services/tax	<b>Agency:</b> 014-Joint Legislative Audit and Review Committee
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**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: 360-786-7190	Date: 01/09/2024
Agency Preparation: Dana Lynn	Phone: 360-786-5177	Date: 01/10/2024
Agency Approval: Eric Thomas	Phone: 360 786-5182	Date: 01/10/2024
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 01/11/2024

## 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.*

This bill repeals the B&O tax credit provided in RCW 82.04.44525 for businesses creating new professional service jobs in community empowerment zones or international service districts the provide international services as defined in statute.

The repeal takes effect July 1, 2025.

### 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.*

### 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.*

JLARC staff estimate no fiscal impact from this bill. Once the repeal takes effect, there will be no further reviews.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

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

NONE

### III. D - 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

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1913 HB	<b>Title:</b> International services/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 05 - Bus and Occup Tax				65,000	68,000
Workforce Education Investment Account-State 01 - Taxes 05 - Bus and Occup Tax				11,000	12,000
<b>Total \$</b>				76,000	80,000

### Estimated Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.1	0.1		
GF-STATE-State 001-1		15,400	15,400		
<b>Total \$</b>		15,400	15,400		

### 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: 01/09/2024
Agency Preparation: Melissa Howes	Phone: 60-534-1518	Date: 01/13/2024
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 01/13/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/14/2024

Request # 1913-1-1

## 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:

A \$3,000 business and occupation (B&O) tax credit is available to international services businesses for each permanent, full-time professional service job created in a community empowerment zone (CEZ) or an international service district (ISD).

Businesses receive the credit for the year the job is created and for four more years if the job is retained. The maximum amount of the tax credit is \$15,000 per job.

#### PROPOSAL:

This bill ends this credit program on July 1, 2025. Credits can be earned until December 31, 2024, and used until July 1, 2025.

#### EFFECTIVE DATE:

The bill takes effect 90 days after the final adjournment of the session.

### 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

- This legislation passes effective June 4, 2024.
- The tax impact is \$40,000 per fiscal year with no growth as reflected in the Joint Legislative Audit and Review Committee 2023 Tax Preference Performance Review, International Services.
- Taxpayers taking this credit report tax under the service and other activities (\$1 million or greater in the prior year) B&O classification and pay tax at the 1.75% rate.

#### DATA SOURCES

- Joint Legislative Audit and Review Committee, 23-05 Final Report: 2023 Tax Preference Performance Review, International Services

#### REVENUE ESTIMATES

This bill increases state revenues by an estimated \$36,000 in the 11 months of impacted collections in fiscal year 2026 and by \$40,000 in fiscal year 2027, the first full year of impacted collections.

#### TOTAL REVENUE IMPACT:

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

FY 2024 -	\$ 0
FY 2025 -	\$ 0
FY 2026 -	\$ 36
FY 2027 -	\$ 40
FY 2028 -	\$ 40
FY 2029 -	\$ 40

Local Government, if applicable (cash basis, \$000): none.

Request # 1913-1-1

**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 legislation will affect less than 5 taxpayers.

**FIRST YEAR COSTS:**

The Department of Revenue (department) will not incur any costs in fiscal year 2024.

**SECOND YEAR COSTS:**

The department will incur total costs of \$15,400 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 0.09 FTE.

- Create a Special Notice to inform businesses of the expiration of this credit.
- Update the department’s website and other informational materials.

Object Costs - \$4,500.

- Contract computer system programming

**ONGOING COSTS:**

There are no ongoing 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		0.1	0.1		
A-Salaries and Wages		6,800	6,800		
B-Employee Benefits		2,200	2,200		
C-Professional Service Contracts		4,500	4,500		
E-Goods and Other Services		1,300	1,300		
J-Capital Outlays		600	600		
<b>Total \$</b>		\$15,400	\$15,400		

**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
TAX POLICY SP 2	78,120		0.1	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>			0.1	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:** 1913 HB

**Title:** International services/tax

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

### Legislation Impacts:

- Cities:
- 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:

### Estimated revenue impacts to:

None

### Estimated expenditure impacts to:

None

## Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 01/15/2024
Leg. Committee Contact: Kristina King	Phone: 360-786-7190	Date: 01/09/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/15/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/15/2024

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

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

This bill extends a B&O tax credit against taxes due for certain businesses and does not impact local governments.

This bill amends RCW 82.04.44525 [Credit—New employment for international service activities in eligible areas—Designation of census tracts for eligibility—Records—Tax due upon ineligibility—Interest assessment—Information from employment security department] to expire the tax credit on July 1, 2025.

### **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.*

This bill will not impact local government revenues.

#### **SOURCES**

Washington Dept. of Revenue Fiscal Note Draft



# Multiple Agency Ten-Year Analysis Summary

<b>Bill Number</b> 1913 HB	<b>Title</b> International services/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
Joint Legislative Audit and Review Committee	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	0	0	36,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	316,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>36,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>316,000</b>



# Ten-Year Analysis

<b>Bill Number</b> 1913 HB	<b>Title</b> International services/tax	<b>Agency</b> 014 Joint Legislative Audit and Review Committee
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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**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Dana Lynn	Phone: 360-786-5177	Date: 1/10/2024 4:14:58 pm
Agency Approval: Eric Thomas	Phone: 360 786-5182	Date: 1/10/2024 4:14:58 pm
OFM Review:	Phone:	Date:



# Ten-Year Analysis

<b>Bill Number</b> 1913 HB	<b>Title</b> International services/tax	<b>Agency</b> 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
Business and occupation tax	001			31,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	269,000
Business and occupation tax	24j			5,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	47,000
<b>Total</b>				<b>36,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>316,000</b>

**Biennial Totals**
76,000
80,000
80,000
80,000
316,000

## Narrative Explanation (Required for Indeterminate Cash Receipts)

Section 1 ends the new employment for international service activities business and occupation tax credit on July 1, 2025. Credits can be earned until December 31, 2024 and used until July 1, 2025.

The bill takes effect 90 days after the final adjournment of the session.

### ASSUMPTIONS

- This legislation passes effective June 4, 2024.
- The tax impact is \$40,000 per fiscal year with no growth as reflected in the Joint Legislative Audit and Review Committee 2023 Tax Preference Performance Review, International Services.
- Taxpayers taking this credit report tax under the service and other activities (\$1 million or greater in the prior year) B&O classification and pay tax at the 1.75% rate.

### DATA SOURCES

- Joint Legislative Audit and Review Committee, 23-05 Final Report: 2023 Tax Preference Performance Review, International Services



# Ten-Year Analysis

<b>Bill Number</b> 1913 HB	<b>Title</b> International services/tax	<b>Agency</b> 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)

<p><b>REVENUE ESTIMATES</b> This bill increases state revenues by an estimated \$36,000 in the 11 months of impacted collections in fiscal year 2026 and by \$40,000 in fiscal year 2027, the first full year of impacted collections.</p>
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Agency Preparation: Melissa Howes	Phone: 360-534-1518	Date: 1/13/2024 1:28:54 pm
Agency Approval: Marianne McIntosh	Phone: 360-534-1505	Date: 1/13/2024 1:28:54 pm
OFM Review:	Phone:	Date: