

Multiple Agency Fiscal Note Summary

Bill Number: 2211 HB	Title: Criminal justice 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	980,000	980,000	980,000	2,260,000	2,260,000	2,260,000	2,410,000	2,410,000	2,410,000
Total \$	980,000	980,000	980,000	2,260,000	2,260,000	2,260,000	2,410,000	2,410,000	2,410,000

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	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
Department of Revenue	.4	93,900	93,900	93,900	1.5	331,700	331,700	331,700	1.4	285,000	285,000	285,000
Total \$	0.4	93,900	93,900	93,900	1.5	331,700	331,700	331,700	1.4	285,000	285,000	285,000

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
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

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 package is incomplete. Other agency fiscal notes will be provided as soon as possible.

Prepared by: Amy Hatfield, OFM	Phone: (360) 280-7584	Date Published: Preliminary 1/15/2024
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Department of Revenue Fiscal Note

Bill Number: 2211 HB	Title: Criminal justice 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		980,000	980,000	2,260,000	2,410,000
Total \$		980,000	980,000	2,260,000	2,410,000

Estimated Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.8	0.4	1.5	1.4
GF-STATE-State 001-1		93,900	93,900	331,700	285,000
Total \$		93,900	93,900	331,700	285,000

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: Kellen Wright	Phone: 60-786-7134	Date: 01/09/2024
Agency Preparation: Diana Tibbetts	Phone: 60-534-1520	Date: 01/14/2024
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 01/14/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/15/2024

Request # 2211-1-1

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:

Cities and counties are authorized to levy local sales and use taxes for public safety purposes. Local jurisdictions must have voter approval to impose the taxes. The county can impose a tax rate of up to 0.3%, and cities may be able to impose a rate of up to 0.1% depending on whether the city or county imposes the tax first. If the city imposes the tax first and the combined city and county public safety tax rates would exceed 0.3%, then the county must allow all or a portion of the city tax to be credited against the county tax so the combined city and county tax rate does not exceed 0.3% on the retail sale or use in the case of use tax.

One-third of the public safety tax receipts must be devoted solely to criminal justice purposes, fire protection purposes, or both. The county retains 60% of the receipts from the county tax, and the remainder is shared with the cities in that county on a per capita basis. The city retains 85% of the receipts from the city tax, and 15% is distributed to the county. Sales of motor vehicles are exempt from the local tax. Similarly, motor vehicle leases for the first 36 months of the lease period are also exempt.

Counties may impose a separate local sales and use tax for criminal justice purposes without voter approval. The tax rate is 0.1%, and revenues from the tax must be used for criminal justice purposes. This county tax must also be shared with cities located within the county. The county retains 10% of the tax, and the remainder is distributed between the county and city on a per capita basis. The total population in the county's unincorporated areas is used for this purpose.

PROPOSAL:

This bill allows counties to impose public safety sales and use taxes by ordinance (without voter approval) until January 1, 2027. If a county does not impose the 0.3% rate of tax in part or in full by July 1, 2024, a city legislative authority has until January 1, 2027, to impose the tax without voter approval at a tax rate equal to the remainder of the 0.3% not imposed by the county, or the full 0.3% tax rate of tax if the county has not imposed any rate of public safety tax.

All receipts from the public safety taxes that are not voter-approved must be used for criminal justice purposes. The total amount of funding a county or city allocates to criminal justice purposes must be more than previously allocated for criminal justice purposes before the imposition of the public safety tax.

This bill also expands how criminal justice sales and use taxes revenues can be used to include co-responder and diversion treatment services.

EFFECTIVE DATE:

This bill contains an emergency clause and takes effect immediately upon the governor's approval.

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

- Two urban counties currently imposing the local public safety tax will increase their rate from 0.1% to 0.3%.
- All urban counties that have not imposed the local public safety tax will impose it countywide at the full 0.3% rate.
- Any city implementing the local public safety tax will increase their rate from 0.1% to 0.3%.
- This legislation results in no direct state revenue impact on taxes administered by the Department of Revenue (department), but the department would retain 1% of revenues for administrative costs of collecting the public safety tax.

Request # 2211-1-1

DATA SOURCES

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, November 2023 forecast

REVENUE ESTIMATES

This bill increases state revenues by an estimated \$980,000 in the 11 months of impacted collections in fiscal year 2025 and by \$1.1 million in fiscal year 2026, the first full year of impacted collections. These increases are due to the administrative fee.

This bill increases local revenues by an estimated \$88.4 million in the 10 months of impacted distributions in fiscal year 2025 and by \$109.9 million in fiscal year 2026, the first full year of impacted distributions.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ 0
FY 2025 -	\$ 980
FY 2026 -	\$ 1,110
FY 2027 -	\$ 1,150
FY 2028 -	\$ 1,190
FY 2029 -	\$ 1,220

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

FY 2024 -	\$ 0
FY 2025 -	\$ 88,380
FY 2026 -	\$ 109,880
FY 2027 -	\$ 113,950
FY 2028 -	\$ 117,540
FY 2029 -	\$ 121,250

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 not incur costs in fiscal year 2024.

SECOND YEAR COSTS:

The department will incur total costs of \$93,900 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 0.8 FTE.

- Test and verify computer systems for local tax rate changes.
 - Process tax return work items, assist taxpayers with reporting questions and respond to inquiries via email, web message, and paper correspondence.
 - Assist with local tax research, local tax distribution, and communication with local jurisdictions.

Object Costs - \$3,800.

- Print and mail local sales tax reporting information.

ONGOING COSTS:

Ongoing costs for the 2025-27 biennium equal \$331,700 and include similar activities described in the second-year costs. Time and effort equate to 1.5 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		0.8	0.4	1.5	1.4
A-Salaries and Wages		54,500	54,500	196,400	175,700
B-Employee Benefits		18,000	18,000	64,800	58,000
E-Goods and Other Services		15,800	15,800	57,700	41,100
J-Capital Outlays		5,600	5,600	12,800	10,200
Total \$		\$93,900	\$93,900	\$331,700	\$285,000

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 2	58,104		0.4	0.2	0.8	1.0
EXCISE TAX EX 3	64,092		0.2	0.1	0.5	0.3
IT B A-JOURNEY	91,968		0.2	0.1	0.2	0.1
TAX POLICY SP 3	88,416				0.1	0.1
Total FTEs			0.8	0.4	1.5	1.4

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