

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 6249 SB	<b>Title:</b> Homeowner property tax ex.
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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
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	0	0	0	0	0	0	0	0	0

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						19,250,000
<b>Local Gov. Total</b>						19,250,000

## 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
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	19,250,000
Department of Revenue	6.1	1,964,000	1,964,000	1,964,000	66.6	24,348,300	24,348,300	24,348,300	60.9	20,021,400	20,021,400	20,021,400
<b>Total \$</b>	6.1	1,964,000	1,964,000	1,964,000	66.6	24,348,300	24,348,300	24,348,300	60.9	20,021,400	20,021,400	39,271,400

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									
Local Gov. Courts									
Loc School dist-SPI									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	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. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									
Local Gov. Courts									
Loc School dist-SPI									

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Amy Hatfield, OFM	<b>Phone:</b> (360) 280-7584	<b>Date Published:</b> Final 1/25/2024
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6249 SB	<b>Title:</b> Homeowner property tax ex.	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
<b>Account</b>					
Homeowner Relief Property Tax Exemption Administration Account-State New-1	0	0	0	0	19,250,000
<b>Total \$</b>	0	0	0	0	19,250,000

### 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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 01/17/2024
Agency Preparation: Mandy Kaplan	Phone: (360) 902-8977	Date: 01/24/2024
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/24/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/24/2024

## 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.

SB 6249 provides housing safety, security and protection by creating the homeowner relief property tax exemption.

### 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.

The Homeowner relief property tax exemption administration account is created, coupled with the general fund as the recipient of the earnings from investments under RCW 43.84.092(4).

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Changes to the earnings credited to the general fund impacts, by an equal amount, general state revenues.

### 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.

The following assumptions were provided by the department of revenue:

- This proposal affects 1.8 million taxpayers qualifying for a property tax exemption on their principal place of residence.
- Claimants will only have to apply once for the exemption unless there is a change of status with their principal place of residence. There will be 1.8 million applicants for the first year of the exemption and 250,000 new applicants for each following fiscal year.
- This estimate assumes voters approve the constitutional amendment in November 2024, and the effective date to start work is January 1, 2025.
- August 1, 2027, the office of the state treasurer (OST) will make the first distribution to counties equal to \$10 multiplied by the estimated number of applications that will be received and processed in each county in 2028.
- August 1, 2028, and each year thereafter, the OST will distribute to counties an amount equal to \$5 multiplied by the estimated number of new applications that will be received and processed in each county the following year.

Under section 3 (3)(a) the department of revenue must calculate the distributions and notify the state treasurer by July 25th of each year. Distributions must be made by the state treasurer beginning August 1, 2025 and by August 1 each year thereafter.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
New-1	Homeowner Relief Property Tax Exemption Administration Account	State	0	0	0	0	19,250,000
<b>Total \$</b>			0	0	0	0	19,250,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					19,250,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	0	0	0	19,250,000

**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> 6249 SB	<b>Title:</b> Homeowner property tax ex.	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Expenditures from:**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		12.2	6.1	66.6	60.9
<b>Account</b>					
GF-STATE-State 001-1		1,964,000	1,964,000	24,348,300	20,021,400
<b>Total \$</b>		1,964,000	1,964,000	24,348,300	20,021,400

**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: Jeffrey Mitchell	Phone: 60-786-7438	Date: 01/17/2024
Agency Preparation: Mark Studer	Phone: 60-534-1507	Date: 01/22/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/22/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/24/2024

Request # 6249-1-1

## 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 homeowner relief property tax exemption exempts a portion of the value of a principal place of residence from property taxes. Current Washington law does not provide for a homeowner relief property tax exemption.

#### PROPOSAL:

This proposal provides a homeowner relief property tax exemption administered in part by the Department of Revenue (department) and local county assessors. The department will process applications for the exemption and provide the county assessors with a list of all claimants, parcels, and other information necessary for the assessor to determine eligibility. The county assessors will make the final determination on whether the applicant's property qualifies for the exemption and will apply the exemption to the applicant's qualifying property.

The exemption amount is the greater of \$100,000 or 60% of the county median home value as of the most recent data published by the department, rounded to the nearest \$1,000. The department must adjust the percent of the median value exempted downward if part 1 and part 2 of the state school levy are expected to exceed the combined statutory maximum rate of \$3.60 per \$1,000 market value.

The exemption cannot exceed the value of a parcel and does not apply to any local property tax levies.

The department must provide the exemption amounts to each county by August 1st of the year preceding the exemption.

The department must provide means for claimants to apply for the exemption online. The department and county assessors must also make paper application forms available upon request.

The homeowner relief property tax exemption is limited to only one residential parcel owned in fee or by contract purchase as the claimant's principal residence as defined and includes:

- Residential parcels consisting of less than five dwelling units, including single-family dwellings on government and tribal owned land, and mobile homes fixed in location.
- Residential units in a multiunit residential dwelling, provided each unit is owned and taxed separately.
- Residential floating homes.
- Residences in cooperative housing associations and mobile/manufactured home park cooperatives if the exemption passes through to the claimant.
- Life estates under certain criteria.

The homeowner relief property tax exemption:

- Requires a claimant to file a signed application with the department by April 1st of the year preceding the exemption, including an attestation that the property is the claimant's principal place of residence.
- The exemption remains in place until the property is sold, transferred, or the claimant no longer qualifies due to a change of use as a principal place of residence.
- Requires a claimant to immediately inform the county assessor, on forms created or approved by the department, of any change in status affecting the claimant's entitlement to a homeowner relief property tax exemption.
- Is in addition to the senior citizens and people with disabilities property tax exemptions.
- Provides an appeal process for claimants who are denied an exemption.
- Provides a mechanism to recover an exemption received in error by a claimant, including interest but not penalties.

The proposal requires an amendment to the state Constitution and voter approval of the amendment in November 2024.

This proposal creates a homeowner relief property tax exemption administration account. Funding for the account is through appropriation from the Legislature, and is distributed to counties to assist in the cost of administering the exemption. The funds paid to counties will be \$10.00 for the estimated initial year exemptions, and \$5.00 for each application in subsequent years.

If funds in the homeowner relief property tax exemption administration account are insufficient to make the full distributions under this subsection, the distributions to all counties must be reduced proportionately.

The new tax preference performance provisions do not apply to this bill.

**EFFECTIVE DATE:**

Legislation enacting this proposal takes effect January 1, 2025, subject to the passage of a constitutional amendment, and applies to taxes levied for collection in 2027. However, the department will not have a system ready to accept applications until January 1, 2028, with the first exemptions applied to taxes levied for collection in 2029.

**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:**

- Taxable value cannot fall below zero.
- This exemption applies to Part 1 and Part 2 of the state levy.
- This exemption does not apply to local levies.
- The total estimated value exempted is \$770 billion for property taxes due for calendar year 2029.
- Voters approve the constitutional amendment in November 2024.
- In January 2025, the department will start implementation.
- In January 2028, the department will start accepting applications.
- The first exemption is effective for property taxes levied for collection in 2029.

**DATA SOURCES:**

- Economic and Revenue Forecast Council, November 2023 forecast
- County assessor data
- Census Bureau, American Community Survey 2017-2021 5-year dataset
- State Property Tax Levy Model

**REVENUE ESTIMATES:**

The Economic and Revenue Forecast Council predicts the state property tax levy remains below the \$3.60 limit throughout the 2027-29 biennium. A new exemption results in a shift and no loss to the state levy.

**PROPERTY TAX SHIFTS:**

This legislation results in a state levy shift to other taxpayers of an estimated \$710 million for fiscal year 2029 and \$1.37 billion in fiscal year 2030, the first full fiscal year.

**DETAIL OF REVENUE IMPACT FOR PROPERTY TAX BILLS, Calendar Year Basis**

State Government, Impact on Revenues (\$000): None

State Government, (\$000), Shift of Tax Burden:

Request # 6249-1-1



CY 2024 -	\$	0
CY 2025 -	\$	0
CY 2026 -	\$	0
CY 2027 -	\$	0
CY 2028 -	\$	0
CY 2029 -	\$	1,352,000

Local Government, Impact on Revenues (\$000): None

Local Government, (\$000), Shift of Tax Burden: None

**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:**

- Distributions from the homeowner relief property tax exemption administration account to the counties will be shown on the Office of the State Treasurer (OST) fiscal note as follows:
- August 1, 2027, the OST will make the first distribution to counties equal to \$10 multiplied by the estimated number of applications that will be received and processed in each county in 2028.
- August 1, 2028, and each year thereafter, the OST will distribute to counties an amount equal to \$5 multiplied by the estimated number of new applications that will be received and processed in each county the following year.

The department will implement and administer the application process for the homeowner relief property tax exemption as follows:

- The new tax preference performance provisions do not apply to this bill.
- The department will annually publish the county median residential assessed value by August 1.
- The department will annually adjust the percentage of county median residential assessed value as required.
- The department will audit the administration of the property tax exemption by county assessors as authorized in section 2, subsection 8 of the bill proposal.
- This proposal affects 1.8 million taxpayers qualifying for a property tax exemption on their principal place of residence.
- Claimants will only have to apply once for the exemption unless there is a change of status with their principal place of residence. There will be 1.8 million applicants for the first year of the exemption and 250,000 new applicants for each following fiscal year.
- This estimate assumes voters approve the constitutional amendment in November 2024, and the effective date to start work is January 1, 2025.

**FIRST YEAR COSTS:**

The department will not incur costs in fiscal year 2024.

**SECOND YEAR COSTS:**

The department will incur total costs of \$1,964,000 in fiscal year 2025. These costs include:

- Labor Costs – Time and effort equate to 12.2 FTEs.
  - Provide technical advice, interpretation, and analysis for internal use during the implementation process.
    - Procure a project director and a quality assurance consultant to oversee the system/solution procurement and build process for the property tax exemption.
  - Provide administrative support.
  - Create and manage communication plan.
  - Create system design and workflows.

- Develop internal processes and forms for county reporting of the value of the exemption and changes to the levy calculation to incorporate the new exemption.

- Respond to email and written correspondence.

Object Costs - \$255,000.

- Personal service contracting.

### THIRD YEAR COSTS:

The department will incur total costs of \$11,007,600 in fiscal year 2026. These costs include:

Labor Costs – Time and effort equate to 64.4 FTEs.

- Provide technical advice, interpretation, and analysis for internal use during the implementation process.

- Procure a system/solution vendor.

- Provide administrative support.

- Work with contract staff and County Assessors to elicit and document the detailed system and business requirements needed for the system/solution and the information sharing portal with the counties.

- Design and develop forms and other materials to enable the processing of exemption applications.

- Create a web-based application as well as paper application for property owners to file.

- Create promotional printed materials, web information, and media advertising.

- Increase in payroll, human resources, and administrative functions to service new employees.

- Answer telephone questions concerning the qualifications and application process for the exemption.

- Respond to email and written correspondence.

Object Costs - \$3,300,000.

- Personal service contracting.

- Contract computer system programming.

- Computer software purchases.

### FOURTH YEAR COSTS:

The department will incur total costs of \$13,340,700 in fiscal year 2027. These costs include:

Labor Costs - Time and effort equate to 68.8 FTEs.

- Provide technical advice, interpretation, and analysis for internal use during the implementation process.

- Provide administrative support.

- Continue work with contract staff and counties, to include testing the portal to share information with the counties.

- Configure, program and test computer system changes to accept and process exemption applications.

- Continue design and development of forms and other materials to enable the processing of exemption applications.

- Continue development of printed materials, web information, and media advertising.

- Increase in payroll, human resources, and administrative functions to service new employees.

- Answer telephone questions concerning the qualifications and application process for the exemption.

- Respond to email and written correspondence.

- Respond to data requests and questions, compile statistics, create and maintain tax system models, and manage data.

- Respond to public records requests.

- Adopt two new administrative rules.

Object Costs - \$5,417,200.

- Personal service contracting.
- Contract computer system programming.
- Computer software and hardware purchases.
- Work with media vendor for outreach media materials and campaign.
- Translation services for various media uses.
- Acquire additional software licenses.
- Training and travel.

#### FIFTH YEAR COSTS:

The department will incur total costs of \$12,675,700 in fiscal year 2028. These costs include:

Labor Costs - Time and effort equate to 66.7 FTEs.

- Provide technical advice, interpretation, and analysis for internal use during the implementation process.
- Provide administrative support.
- Continue work with contract staff and counties, to include testing the portal to share information with the counties.
- Continue to program and test computer system changes to accept and process exemption applications.
- Continue development of printed materials, web information, and media advertising.
- Increase in payroll, human resources, and administrative functions to service new employees.
- Answer telephone questions concerning the qualifications and application process for the exemption.
- Process and verify claimants' online and paper applications for the property tax exemption.
- Scan and batch applications, key paper application forms.
- Respond to email and written correspondence.
- Provided oversight and training to county Boards of Equalization and oversee the administration of appeals.
- Respond to data requests and questions, compile statistics, create and maintain tax system models, and manage data.
- Respond to public records requests.
- Amend one administrative rule.

Object Costs - \$5,218,500.

- Personal service contracting.
- Contract computer system programming.
- Computer software and hardware purchases.
- Work with media vendor for outreach media materials and campaign.
- Translation services for various media uses.
- Mailing paper applications.
- Acquire additional software licenses.
- Training and travel.

#### SIXTH YEAR COSTS:

The department will incur total costs of \$7,345,700 in fiscal year 2029. These costs include:

Labor Costs - Time and effort equate to 55.0 FTEs.

- Provide administrative support.
- Continue work with contract staff and counties to ensure the portal to share information with the counties is functioning properly.

- Ongoing testing and maintenance of the application's computer systems.
- Continue development of printed materials, web information, and media advertising.
- Increase in payroll, human resources, and administrative functions to service new employees.
- Answer telephone questions concerning the qualifications and application process for the exemption.
- Process and verify claimants' applications for the property tax exemption.
- Scan and batch applications, key paper application forms.
- Respond to email and written correspondence.
- Respond to data requests and questions, compile statistics, create and maintain tax system models, and manage data.
- Respond to public records requests.
- Amend one administrative rule.

Object Costs - \$1,418,000.

- Personal service contracting.
- Contract computer system programming.
- Computer software and hardware purchases.
- Mailing paper applications.
- Acquire additional software licenses.
- Training and travel.

### Part III: Expenditure Detail

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		12.2	6.1	66.6	60.9
A-Salaries and Wages		1,067,700	1,067,700	9,804,500	8,580,600
B-Employee Benefits		352,200	352,200	3,235,400	2,831,400
C-Professional Service Contracts		255,000	255,000	5,570,000	3,100,000
E-Goods and Other Services		187,200	187,200	4,650,600	4,783,700
G-Travel		16,500	16,500	259,500	261,000
J-Capital Outlays		85,400	85,400	828,300	464,700
<b>Total \$</b>		\$1,964,000	\$1,964,000	\$24,348,300	\$20,021,400

**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
COMMUNICATIONS CNSLT 4	69,072		1.0	0.5	2.0	2.0
CONTRACTS SPECIALIST 3	74,376		1.0	0.5	1.5	
EMS BAND 4	131,684				0.0	0.0
EMS BAND 5	153,836		0.5	0.3	0.5	0.5
FISCAL ANALYST 1	46,596					1.1
FISCAL ANALYST 2	51,384				0.9	0.9
FORMS AND RECORDS ANALYST 1	42,444					0.7
HUM RES CNSLT 3	74,376				1.0	1.0
IT APP DEV-JOURNEY	91,968				2.0	1.5
IT ARCH-SR/SPEC	111,780		0.5	0.3	1.0	0.5
IT B A-JOURNEY	91,968		0.5	0.3	1.0	0.5
IT DATA MGT-JOURNEY	96,552				1.0	0.8
IT NTWK & TEL-JOURNEY	91,968				1.0	0.4
IT PROJ MGT-JOURNEY	96,552				1.0	0.5
IT QA-JOURNEY	91,968		0.5	0.3	1.5	0.5
IT SECURITY-SR/SPEC	106,464				2.0	1.5
IT SYS ADM-JOURNEY	96,552				1.0	0.8
MGMT ANALYST3	65,748		0.5	0.3	1.0	1.0
MGMT ANALYST4	76,188				0.0	0.0
MGMT ANALYST5	84,192		0.5	0.3	1.0	1.0
PROGRAM SPECIALIST 4	69,072				0.1	0.1
PROGRAM SPECIALIST 5	76,188				0.5	0.3
PROPERTY AND ACQUISITION SJ	58,104				30.0	30.0
PROPERTY AND ACQUISITION SJ	70,800				2.0	2.0
PROPERTY AND ACQUISITION SJ	76,188		2.5	1.3	5.0	5.0
PROPERTY AND ACQUISITION SJ	80,112		1.5	0.8	3.0	3.0
TAX POLICY SP 2	78,120				0.0	0.0
TAX POLICY SP 3	88,416		0.5	0.3	2.1	2.0
TAX POLICY SP 4	95,184		0.2	0.1	0.3	0.3
WMS BAND 1	79,995		0.2	0.1	0.2	
WMS BAND 2	98,456		1.7	0.9	3.4	3.2
WMS BAND 3	111,992		0.6	0.3	0.6	0.0
<b>Total FTEs</b>			12.2	6.1	66.6	60.9

**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**

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

Should this legislation become law, the department will:

- Use the expedited process to amend WAC 458-14-015, titled: "Jurisdiction of county boards of equalization."
- Use the complex rule-making process to adopt one new rule under chapter 458-16 WAC for the property tax exemption.
- Use the standard process to adopt one new rule under chapter 458-16 WAC for the property tax exemption administration.

Persons affected by this rulemaking would include qualifying property owners.

# LOCAL GOVERNMENT FISCAL NOTE

Revised

Department of Commerce

**Bill Number:** 6249 SB

**Title:** Homeowner property tax ex.

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

### Legislation Impacts:

- Cities:
- Counties: increase in funding to assist in the cost of administering the exemption
- 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: how many applications will be submitted or in which counties

### Estimated revenue impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
County					19,250,000
<b>TOTAL \$</b>					19,250,000
<b>GRAND TOTAL \$</b>					19,250,000

### Estimated expenditure impacts to:

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

## Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Alexander	Phone: 360-725-5038	Date: 01/25/2024
Leg. Committee Contact: Jeffrey Mitchell	Phone: 360-786-7438	Date: 01/17/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/25/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/25/2024

## Part IV: Analysis

### A. SUMMARY OF BILL

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

This bill would create a homeowner relief property tax exemption that would exempt a portion of the value of a principal place of residence from property taxes. The homeowner relief property tax exemption is to be administered in part by the Department of Revenue (DOR) and local county assessors. The department will process applications for the exemption and provide the county assessors with a list of all claimants, parcels, and other information necessary for the assessor to determine eligibility. The county assessors will make the final determination on whether the applicant's property qualifies for the exemption and will apply the exemption to the applicant's qualifying property.

The exemption cannot exceed the value of a parcel and does not apply to any local property tax levies.

It also creates a homeowner relief property tax exemption administration account. Funding for the account is through appropriation from the Legislature, and is distributed to counties to assist in the cost of administering the exemption. The funds paid to counties will be \$10.00 for the estimated initial year exemptions, and \$5.00 for each application in subsequent years.

This bill requires an amendment to the state Constitution and voter approval of the amendment in November 2024.

### 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 would require county auditors to work with the Department of Revenue to review applications and determine eligibility for the homeowner relief property tax exemption. The county assessors will make the final determination on whether the applicant's property qualifies for the exemption and will apply the exemption to the applicant's qualifying property. This results in an increase in county auditor staff and administrative costs. The funds dispersed from the homeowner relief property tax exemption administration account would help to offset these costs. It is unknown how many applications will be submitted in each county, therefore the increase in operational costs is indeterminate.

The Department of Revenue (DOR) assumes there will be 1.8 million applicants for the first year of the exemption and 250,000 new applicants for each following fiscal year. Revenue received is intended to offset the program implementation and application review costs.

### 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 would provide an increase in funding to counties to help offset the cost to county auditors administering the exemption. The funds paid to counties will be \$10.00 for the estimated initial year exemptions, and \$5.00 for each application in subsequent years, multiplied by the number of applications.

The Department of Revenue (DOR) assumes there will be 1.8 million applicants for the first year of the exemption and 250,000 new applicants for each following fiscal year. Based on those estimates, counties would receive the following amount to offset the program implementation and application review costs:

#### COUNTY REVENUE INCREASE

FY	Applications	Fee	Amount to counties
FY 28	1,800,000	\$10	\$18,000,000
FY 29	250,000	\$5	\$1,250,000



This bill would not impact local government tax revenues because the exemption does not apply to any local property tax levies.

Please see the DOR fiscal note for a complete list of their data sources and assumptions.

**SOURCE:**

Department of Revenue fiscal note, SB 6249 (2024)