

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2428 HB	<b>Title:</b> Sales and use tax sharing
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## Estimated Cash Receipts

NONE

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
Department of Revenue	.0	10,900	10,900	10,900	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>10,900</b>	<b>10,900</b>	<b>10,900</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
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

<b>Prepared by:</b> Amy Hatfield, OFM	<b>Phone:</b> (360) 280-7584	<b>Date Published:</b> Final 1/29/2024
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# Department of Revenue Fiscal Note

<b>Bill Number:</b> 2428 HB	<b>Title:</b> Sales and use tax sharing	<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	0.1		0.1		
<b>Account</b>					
GF-STATE-State 001-1	10,900		10,900		
<b>Total \$</b>	10,900		10,900		

**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: 01/23/2024
Agency Preparation: Taylor Culp	Phone: 60-534-1511	Date: 01/26/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/26/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/29/2024

Request # 2428-1-1

## 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:

Counties and cities may impose a 0.5% sales and use taxes for general purposes. Counties must impose the full 0.5% rate; however, cities can levy a rate of up to 0.5%. If the county in which the city resides imposes the tax, the city's rate cannot exceed 0.425%.

Counties and cities may also impose an additional 0.5% sales and use taxes for general purposes. Distributions of the additional taxes to Counties and cities depend on who imposes the tax and whose tax rate is greater.

By agreement, the Department of Revenue (department) administers these taxes for the counties and cities and retains a 1% administration fee for the state as set in a contract.

The city's sales and use taxes rates may be altered as provided in certain government service agreements.

The percentage of a city's sales and use taxes a county receives may be altered by government services agreements.

#### PROPOSAL:

This bill allows cities to enter into agreements with each other to share a portion of general-purpose sales and use taxes.

The agreement must describe all of the following:

- When the cities will share revenue collection in certain areas. The areas must be specified.
- The amount or portion of sales and use taxes the cities will share.
- The precise mechanism or method used to share the revenues.

#### 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.*

This legislation results in no revenue impact on taxes administered by the department.

### 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:

-The interlocal revenue sharing will be calculated independently of current tribal revenue sharing and local tax distributions. If the department must adjust tribal sharing or local distribution amounts because of this legislation, our associated costs will be much higher and will require additional system enhancements and implementation time.

#### FIRST YEAR COSTS:

The department will incur total costs of \$10,900 in fiscal year 2024. These costs include:

Labor Costs – Time and effort equate to 0.09 FTE.

- Create a Special Notice and update information on the department’s website.

**SECOND YEAR COSTS:**

The department will not incur total costs in fiscal year 2025.

**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		
E-Goods and Other Services	1,300		1,300		
J-Capital Outlays	600		600		
<b>Total \$</b>	<b>\$10,900</b>		<b>\$10,900</b>		

**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>		<b>0.1</b>		<b>0.1</b>		

**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:** 2428 HB

**Title:** Sales and use tax sharing

## 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: allows towns and cities to share local sales and use tax revenue via an agreement
- 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: 01/29/2024
Leg. Committee Contact: Kellen Wright	Phone: 360-786-7134	Date: 01/23/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/29/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/29/2024

## **Part IV: Analysis**

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

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

This bill adds a new section to RCW 39.34 [Interlocal Cooperation Act] to allow cities to enter into agreements with each other to share a portion of general-purpose sales and use tax revenue. Certain information about the shared revenue must be specified.

### **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 does not impact local government revenue as it requires no action, but rather, provides a local option to cities and towns with sales and use taxes: to share tax revenue with other cities/towns collected under RCW 82.14.030 through an agreement.

#### **SOURCES**

Washington State Dept. of Revenue Fiscal Note