

# Multiple Agency Fiscal Note Summary

|                             |   |
|-----------------------------|---|
| <b>Bill Number:</b> 2470 HB | <b>Title:</b> Gender-based violence tax |
|-----------------------------|---|

## 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 | (189,700,000)        | (189,700,000)        | (189,700,000)        | (533,700,000)        | (533,700,000)        | (533,700,000)        | (569,400,000)        | (569,400,000)        | (569,400,000)        |
| <b>Total \$</b>       | <b>(189,700,000)</b> | <b>(189,700,000)</b> | <b>(189,700,000)</b> | <b>(533,700,000)</b> | <b>(533,700,000)</b> | <b>(533,700,000)</b> | <b>(569,400,000)</b> | <b>(569,400,000)</b> | <b>(569,400,000)</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    |           | 168,600,000 |           | 533,700,000 |           | 569,400,000 |
| Local Gov. Total    |           | 168,600,000 |           | 533,700,000 |           | 569,400,000 |

## 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         |
| Department of Revenue | .6         | 224,900        | 224,900        | 224,900        | .4         | 113,400        | 113,400        | 113,400        | .3         | 85,800        | 85,800        | 85,800        |
| <b>Total \$</b>       | <b>0.6</b> | <b>224,900</b> | <b>224,900</b> | <b>224,900</b> | <b>0.4</b> | <b>113,400</b> | <b>113,400</b> | <b>113,400</b> | <b>0.3</b> | <b>85,800</b> | <b>85,800</b> | <b>85,800</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    | Non-zero but indeterminate cost and/or savings. Please see discussion. |          |       |         |          |       |         |          |       |
| 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    | Non-zero but indeterminate cost and/or savings. Please see discussion. |          |       |         |          |       |         |          |       |
| Local Gov. Total    |  |          |       |         |          |       |         |          |       |

# Estimated Capital Budget Breakout

|                                       |                                 |   |
|---------------------------------------|---------------------------------|---|
| <b>Prepared by:</b> Amy Hatfield, OFM | <b>Phone:</b><br>(360) 280-7584 | <b>Date Published:</b><br>Final 1/30/2024 |
|---------------------------------------|---------------------------------|---|

# Department of Revenue Fiscal Note

|                             |   |  |
|-----------------------------|---|--|
| <b>Bill Number:</b> 2470 HB | <b>Title:</b> Gender-based violence tax | <b>Agency:</b> 140-Department of Revenue |
|-----------------------------|---|--|

## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

| Account  | FY 2024 | FY 2025       | 2023-25       | 2025-27       | 2027-29       |
|--|---------|---------------|---------------|---------------|---------------|
| GF-STATE-State<br>01 - Taxes 01 - Retail Sales Tax |         | (189,700,000) | (189,700,000) | (533,700,000) | (569,400,000) |
| <b>Total \$</b>                                    |         | (189,700,000) | (189,700,000) | (533,700,000) | (569,400,000) |

### Estimated Expenditures from:

|                      | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|----------------------|---------|---------|---------|---------|---------|
| FTE Staff Years      | 0.1     | 1.1     | 0.6     | 0.4     | 0.3     |
| <b>Account</b>       |         |         |         |         |         |
| GF-STATE-State 001-1 | 13,900  | 211,000 | 224,900 | 113,400 | 85,800  |
| <b>Total \$</b>      | 13,900  | 211,000 | 224,900 | 113,400 | 85,800  |

### 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: 01/29/2024 |
| Agency Approval: Valerie Torres    | Phone: 60-534-1521    | Date: 01/29/2024 |
| OFM Review: Amy Hatfield           | Phone: (360) 280-7584 | Date: 01/30/2024 |

Request # 2470-1-1

## 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:

Local governments may levy several local taxes designated for certain uses. The Department of Revenue (department) collects most local sales and use taxes and distributes them monthly to local jurisdictions.

#### PROPOSAL:

This bill authorizes counties to impose a new 0.10% sales and use taxes, credited against the state portion of the sales and use taxes, to address gender-based violence.

#### EFFECTIVE DATE:

The bill takes effect 90 days after the final adjournment of the session. However, due to the time it will take to program this bill's changes, the department cannot implement the bill until September 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:

- The state-shared tax credits the 0.10% local tax against the 6.5% state sales and use taxes.
- All local jurisdictions will impose this new state-shared tax.
- County populations represent unincorporated county residents.
- Annual growth mirrors the statewide retail sales and use taxes growth reflected in the Economic and Revenue Forecast November 2023 forecast.
- The Performance Audits of Government Account receives a 0.16% share of retail sales and use taxes collections. The new state-shared local tax amounts exclude the Performance Audits of Government Account amounts.
- Currently, tribes with compacts receive a share of state sales and use taxes and certain business and occupation taxes (RCW 43.06.523). Under this bill, the revenue shared with tribes does not change.
- The Department of Revenue (department) receives the taxes from monthly taxpayers the month after the business collects the sales tax from the consumer. Most local tax distributions occur the month after the department receives sales and use taxes that businesses collect. This leads to a one-month delay in revenues for the state and a two-month delay in revenues for local jurisdictions.
- The department will implement this bill on September 1, 2024, impacting nine months of state revenues in fiscal year 2025 and eight months of local revenues in fiscal year 2025.

#### DATA SOURCES:

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

#### REVENUE ESTIMATES:

This bill decreases state revenues by an estimated \$189.7 million in the nine months of impacted collections in fiscal year 2025, and by \$262 million in fiscal year 2026, the first full year of impacted collections.

This bill also increases local revenues by an estimated \$168.6 million in the eight months of impacted collections in fiscal year 2025, and by \$262 million in fiscal year 2026, the first full year of impacted collections.

#### TOTAL REVENUE IMPACT:

Request # 2470-1-1

State Government (cash basis, \$000):

FY 2024 - \$ 0  
FY 2025 - (\$ 189,700)  
FY 2026 - (\$ 262,000)  
FY 2027 - (\$ 271,700)  
FY 2028 - (\$ 280,300)  
FY 2029 - (\$ 289,100)

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

FY 2024 - \$ 0  
FY 2025 - \$ 168,600  
FY 2026 - \$ 262,000  
FY 2027 - \$ 271,700  
FY 2028 - \$ 280,300  
FY 2029 - \$ 289,100

## 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 all jurisdictions.

### FIRST YEAR COSTS:

The department will incur total costs of \$13,900 in fiscal year 2024. These costs include:

Labor Costs – Time and effort equate to 0.12 FTE.

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

### SECOND YEAR COSTS:

The department will incur total costs of \$211,000 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 1.1 FTEs.

- Gathering requirements; implementation meetings; documenting and testing of system changes.
- Work complex accounts, conduct audit case reviews, monitor reports, and make corrections as necessary.
- Assist with form development and other divisions on system changes.
- Support, assistance, and communications with participating jurisdictions.
- Oversee tax program; set program goals, performance measures, and priorities.

Object Costs - \$54,200.

- Computer system changes, including contract programming.

### ONGOING COSTS:

Ongoing costs for the 2025-27 biennium equal \$113,400 and include similar activities described in the second-year costs. Time and effort equate to 0.4 FTE.

## 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             | 1.1              | 0.6              | 0.4              | 0.3             |
| A-Salaries and Wages             | 8,700           | 99,400           | 108,100          | 76,800           | 58,400          |
| B-Employee Benefits              | 2,900           | 32,800           | 35,700           | 25,300           | 19,200          |
| C-Professional Service Contracts |                 | 54,200           | 54,200           |                  |                 |
| E-Goods and Other Services       | 1,600           | 16,900           | 18,500           | 8,800            | 6,400           |
| J-Capital Outlays                | 700             | 7,700            | 8,400            | 2,500            | 1,800           |
| <b>Total \$</b>                  | <b>\$13,900</b> | <b>\$211,000</b> | <b>\$224,900</b> | <b>\$113,400</b> | <b>\$85,800</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    |
|--------------------|---------|------------|------------|------------|------------|------------|
| EXCISE TAX EX 3    | 64,092  |            | 0.1        | 0.1        |            |            |
| EXCISE TAX EX 4    | 70,800  |            | 0.1        | 0.1        |            |            |
| IT B A-JOURNEY     | 91,968  |            | 0.5        | 0.3        | 0.2        | 0.1        |
| IT B A-SR/SPEC     | 101,376 |            | 0.2        | 0.1        | 0.1        | 0.1        |
| 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        | 0.2        | 0.1        | 0.1        | 0.1        |
| <b>Total FTEs</b>  |         | <b>0.1</b> | <b>1.1</b> | <b>0.6</b> | <b>0.4</b> | <b>0.3</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:** 2470 HB

**Title:** Gender-based violence tax

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

### Legislation Impacts:

- Cities:
- Counties: increase in sales tax revenue
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

## Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: counties can impose the additional .1 percent sales and use tax
- Key variables cannot be estimated with certainty at this time:

### Estimated revenue impacts to:

| Jurisdiction          | FY 2024 | FY 2025     | 2023-25     | 2025-27     | 2027-29       |
|-----------------------|---------|-------------|-------------|-------------|---------------|
| County                |         | 168,600,000 | 168,600,000 | 533,700,000 | 569,400,000   |
| <b>TOTAL \$</b>       |         | 168,600,000 | 168,600,000 | 533,700,000 | 569,400,000   |
| <b>GRAND TOTAL \$</b> |         |             |             |             | 1,271,700,000 |

### 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: 01/30/2024 |
| Leg. Committee Contact: Kellen Wright | Phone: 360-786-7134   | Date: 01/23/2024 |
| Agency Approval: Allan Johnson        | Phone: 360-725-5033   | Date: 01/30/2024 |
| OFM Review: Amy Hatfield              | Phone: (360) 280-7584 | Date: 01/30/2024 |

## **Part IV: Analysis**

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

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

This bill would allow counties to impose a 0.1 percent sales and use tax. This tax is a credit against the sales and uses taxes imposed by the state. The Department of Revenue must collect the tax at no cost to the county, and must remit the tax to the county on a monthly basis. Moneys collected must be used to address gender-based violence.

### **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 not impact local government expenditures because is a local option. Any county imposing this additional tax can do so without requiring voter approval.

Money received from the tax must be used to fund activities to address gender-based violence. If a county used the funds to create and administer a new program as described in the bill, there would be operational costs to do so. Since it is unknown how each county will use the money, the expenditure impact cannot be estimated in counties that choose to implement the local option.

### **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.*

By itself, the authority granted in this resolution has no fiscal impact because it is a local option.

However, it is assumed that every county will impose the additional .1 percent sales and use tax. According to the Department of Revenue (DOR) this bill would increase county tax revenue by an estimated \$168.6 million in the eight months of impacted collections in fiscal year 2025, and by \$262 million in fiscal year 2026, the first full year of impacted collections if every county imposed the tax. Please see the DOR fiscal note for a complete list of their data sources and assumptions.

#### **SOURCES:**

Department of Revenue fiscal note, HB 2470 (2024)

House Bill Analysis, HB 2470, Local Government Committee (01/30/2024)