

Multiple Agency Fiscal Note Summary

Bill Number: 2231 HB	Title: Law enforcement funding
-----------------------------	---------------------------------------

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)
Criminal Justice Training Commission	0	0	(4,446,000)	0	0	0	0	0	0
Total \$	(189,700,000)	(189,700,000)	(194,146,000)	(533,700,000)	(533,700,000)	(533,700,000)	(569,400,000)	(569,400,000)	(569,400,000)

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		166,914,000		528,363,000		563,706,000
Local Gov. Total		166,914,000		528,363,000		563,706,000

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	1.0	328,800	328,800	328,800	.2	47,200	47,200	47,200	.2	47,200	47,200	47,200
Criminal Justice Training Commission	.0	4,446,000	4,446,000	0	.0	0	0	0	.0	0	0	0
Total \$	1.0	4,774,800	4,774,800	328,800	0.2	47,200	47,200	47,200	0.2	47,200	47,200	47,200

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
Criminal Justice Training Commission	.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	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Amy Hatfield, OFM	Phone: (360) 280-7584	Date Published: Final 1/31/2024
---------------------------------------	---------------------------------	---

Department of Revenue Fiscal Note

Bill Number: 2231 HB	Title: Law enforcement funding	Agency: 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 01 - Taxes 01 - Retail Sales Tax		(189,700,000)	(189,700,000)	(533,700,000)	(569,400,000)
Total \$		(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		1.9	1.0	0.2	0.2
Account					
GF-STATE-State 001-1		328,800	328,800	47,200	47,200
Total \$		328,800	328,800	47,200	47,200

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: Elizabeth Allison	Phone: 60-786-7129	Date: 01/12/2024
Agency Preparation: Diana Tibbetts	Phone: 60-534-1520	Date: 01/31/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/31/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/31/2024

Request # 2231-1-1

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

PROPOSAL:

This legislation allows local governments to levy new state-shared 0.10% local sales and use taxes to provide funding to attract and retain law enforcement officers. At least 50% of the money received from the new state-shared sales and use taxes must be used solely for attracting and retaining additional commissioned law enforcement officers. The remaining revenue may be used for criminal justice purposes.

Counties and cities may impose the sales and use taxes as follows:

- Counties and cities with a population of 50,000 or less may impose the sales and use taxes by January 1, 2025.
- Counties and cities with a population between 50,000 and 175,000 may impose the sales and use taxes by January 1, 2027.
- All remaining counties and cities may impose the sales and use taxes by January 1, 2029.

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.
- For this estimate, all counties and cities can and will impose the tax by September 1, 2024. While Section 3 allows some counties additional time, the longer counties and cities wait, the longer before they receive these funds.
- County populations refer to residents in the unincorporated parts of a county.
- Growth mirrors the statewide sales and use taxes growth reflected in the Economic and Revenue Forecast Council's November 2023, forecast.
- The Performance Audits of Government Account receives a 0.16% share of retail sales and use taxes. The new state-shared local tax amounts exclude the amount the Performance Audits of Government Account receives.
- 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 amount of revenue shared with tribes does not change.
- The 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 the state-shared tax beginning September 1, 2024, impacting nine months of state collections and eight months of impacted local distributions in fiscal year 2025.

DATA SOURCES:

- Department of Revenue, Excise tax data
- Office of Financial Management, 2023 population 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 distributions in fiscal year 2025, and by \$262 million in fiscal year 2026, the first full year of distributions.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ 0
FY 2025 -	(\$ 189,680)
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 not incur costs in fiscal year 2024.

SECOND YEAR COSTS:

The department will incur total costs of \$328,800 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 1.9 FTEs.

- Set up, program, and test computer system changes.
- Attend implementation meetings and assist other analyst and examiner staff.
- Work complex accounts, conduct audit case reviews, and monitor reports.
- Assist in form development.
- Conduct system testing and documentation; work with other divisions on system changes.
 - Oversee tax program, set program goals, performance measures, and priorities; create and publish rate change information.

Object Costs - \$72,300.

- Computer system changes, including contract programming.

ONGOING COSTS:

Ongoing costs for the 2025-27 biennium equal \$47,200 and include similar activities described in the second-year costs. Time and effort equate to 0.2 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		1.9	1.0	0.2	0.2
A-Salaries and Wages		160,800	160,800	31,200	31,200
B-Employee Benefits		53,100	53,100	10,200	10,200
C-Professional Service Contracts		72,300	72,300		
E-Goods and Other Services		29,300	29,300	4,600	4,600
J-Capital Outlays		13,300	13,300	1,200	1,200
Total \$		\$328,800	\$328,800	\$47,200	\$47,200

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		0.3	0.2	0.1	0.1
EXCISE TAX EX 4	70,800		0.4	0.2		
IT B A-JOURNEY	91,968		0.5	0.3	0.1	0.1
IT QA-JOURNEY	91,968		0.2	0.1		
IT SYS ADM-JOURNEY	96,552		0.2	0.1		
WMS BAND 2	98,456		0.3	0.2		
Total FTEs			1.9	1.0	0.2	0.2

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

Individual State Agency Fiscal Note

Bill Number: 2231 HB	Title: Law enforcement funding	Agency: 227-Criminal Justice Training Commission
-----------------------------	---------------------------------------	---

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-Private/Local 001-7		(4,446,000)	(4,446,000)		
Total \$		(4,446,000)	(4,446,000)		

Estimated Operating Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-State 001-1	0	4,446,000	4,446,000	0	0
General Fund-Private/Local 001-7	0	(4,446,000)	(4,446,000)	0	0
Total \$	0	0	0	0	0

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: Elizabeth Allison	Phone: 360-786-7129	Date: 01/12/2024
Agency Preparation: Brian Elliott	Phone: 206-835-7337	Date: 01/29/2024
Agency Approval: Brian Elliott	Phone: 206-835-7337	Date: 01/29/2024
OFM Review: Danya Clevenger	Phone: (360) 688-6413	Date: 01/29/2024

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.

Section 4(3) eliminates the requirement for local law enforcement agencies to reimburse the commission 25% of the cost of training its personnel in the 2023-2025 fiscal biennium.

The impact of this will be a reduction of funds collected by the commission from local law enforcement agencies and an increase in state funds that will need to be provided to cover the cost of training law enforcement personnel.

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 bill eliminates the requirement for local law enforcement to pay the commission for 25% of the cost of training its personnel. It is assumed the cost reimbursement will be effective starting fiscal year 2025.

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 commission will no longer collect 25% of the training cost for students to attend the Basic Law Enforcement Academy. This is assumed to be effective starting in fiscal year 2025.

The commission has private/local expenditure authority of \$4,446,000 in fiscal year 2025 to spend funds collected from agencies for training. This amount will no longer be collected and will be replaced with state funds.

Although fiscal impact is only noted for fiscal year 2025, the current base levels assume that the local cost share is on-going. If the intent of the bill is to eliminate local cost share going forward, the on-going budget amounts should also be adjusted.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	4,446,000	4,446,000	0	0
001-7	General Fund	Private/Local	0	(4,446,000)	(4,446,000)	0	0
Total \$			0	0	0	0	0

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2231 HB	Title: Law enforcement funding
-----------------------------	---------------------------------------

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

Legislation Impacts:

- Cities: increase in tax revenue and decrease in law enforcement personnel training costs
- Counties: increase in tax revenue and decrease in law enforcement personnel training costs
- 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 sales and use tax
- Key variables cannot be estimated with certainty at this time: how many recruits will be sent to the law enforcement training, how local governments would use the revenue

Estimated revenue impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
City		138,204,792	138,204,792	437,484,564	466,748,568
County		28,709,208	28,709,208	90,878,436	96,957,432
TOTAL \$		166,914,000	166,914,000	528,363,000	563,706,000
GRAND TOTAL \$					1,258,983,000

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: 01/31/2024
Leg. Committee Contact: Elizabeth Allison	Phone: 360-786-7129	Date: 01/12/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/31/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/31/2024

Part IV: Analysis

A. SUMMARY OF BILL

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

This bill authorizes cities and counties to impose a sales and use tax credited against the state sales and use tax for the purpose of attracting and retaining law enforcement officers.

Counties and cities are authorized to impose the sales and use tax as follows:

- counties and cities with a population of 50,000 or less may impose the sales and use tax beginning January 1, 2025
- counties and cities with a population between 50,000 and 175,000 may impose the sales and use tax beginning January 1, 2027
- remaining counties and cities may impose the sales and use tax beginning January 1, 2029

Under this bill, counties, cities, and state law enforcement agencies are no longer required to reimburse the Washington State Criminal Justice Training Commission for 25 percent of the cost of training law enforcement personnel.

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.

Under this bill, counties and cities are no longer required to reimburse the Washington State Criminal Justice Training Commission for 25 percent of the cost of training law enforcement personnel. Cities and counties are paying \$4,947 per recruit to attend the basic law enforcement training academy in fiscal year 2024 according to the Washington State Criminal Justice Training Commission. It is unknown how many recruits will be sent for training, but this bill would save cities and counties approximately \$4.4 million in total.

For jurisdictions imposing the new tax, at least 50 percent of the money received must be used solely for attracting and retaining additional commissioned law enforcement officers and the remaining amount in the current calendar year may be used for criminal justice purposes as defined in the bill. It is unknown how local governments would use this revenue, therefore those expenditures are indeterminate.

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.

Under this bill, cities and counties can impose a sales and use tax credit against the state sales and use tax for the purpose of attracting and retaining law enforcement officers.

Counties and cities may impose the sales and use taxes as follows:

- Counties and cities with a population of 50,000 or less may impose the sales and use taxes by January 1, 2025
- Counties and cities with a population between 50,000 and 175,000 may impose the sales and use taxes by January 1, 2027
- All remaining counties and cities may impose the sales and use taxes by January 1, 2029

According to the Department of Revenue (DOR) this bill would increase local revenues by an estimated \$168.6 million in the eight months of impacted distributions in fiscal year 2025, and by \$262 million in fiscal year 2026, the first full year of distributions.

The bill credits the city tax against the county, so based on taxable retail sales, and the assumption that all cities and counties impose the tax:

- 17.2 percent would go to the counties
- 82.8 percent would go to the cities

This estimate assumes all local jurisdictions will impose this new state-shared tax. Please see the DOR fiscal note for a complete list of their data sources and assumptions.

REVENUE INCREASE BREAKDOWN

COUNTIES:

FY 2024 - \$ 0
FY 2025 - \$ 28,709,208
FY 2026 - \$ 44,613,360
FY 2027 - \$ 46,265,076
FY 2028 - \$ 47,729,484
FY 2029 - \$ 49,227,948

CITIES:

FY 2024 - \$ 0
FY 2025 - \$ 138,204,792
FY 2026 - \$ 214,766,640
FY 2027 - \$ 222,717,924
FY 2028 - \$ 229,767,516
FY 2029 - \$ 236,981,052

These figures are the estimated amounts that would be distributed to the counties and cities after the one percent DOR administrative fee has been deducted.

SOURCES:

Association of Washington Cities
Department of Revenue fiscal note, HB 2231 (2024)
House Bill Analysis, HB 2231, Local Government Committee 1/16/2024
Washington State Association of Counties
Washington State Criminal Justice Training Commission