

Multiple Agency Fiscal Note Summary

Bill Number: 2428 S HB	Title: 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	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	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	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 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

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This preliminary package is incomplete and may not reflect the total fiscal impact. Other agencies' fiscal notes will be distributed as soon as possible.

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Phone:
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Department of Revenue Fiscal Note

Bill Number: 2428 S HB	Title: Sales and use tax sharing	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

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: Karen Epps	Phone: 60-786-7424	Date: 02/13/2024
Agency Preparation: Taylor Culp	Phone: 60-534-1511	Date: 02/14/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/14/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/15/2024

Request # 2428-2-1

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.

Note: This fiscal note reflects language in SHB 2428, 2024 Legislative Session.

COMPARISON OF THE SUBSTITUTE BILL WITH THE ORIGINAL:

This bill clarifies cities can enter into agreements with each other to share a portion of general-purpose sales and use taxes and describes what must be included in the agreement.

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.

Current law allows local governments to enter into agreements to share revenues.

PROPOSAL:

This bill clarifies cities can enter into agreements with each other to share a portion of general-purpose sales and use taxes and describes what must be included in the agreement, including the following:

- When the cities will share revenue collection in certain areas and how the parties to the agreement will calculate the revenue collected in those 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 by the parties to the agreement to share the revenue.

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.

The department will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

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