

Multiple Agency Fiscal Note Summary

Bill Number: 1042 HB	Title: County treasurer costs
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Estimated Cash Receipts

NONE

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Other		234,500,000		319,500,000		334,500,000
Local Gov. Other	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.					
Local Gov. Total		234,500,000		319,500,000		334,500,000

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	.0	3,900	3,900	3,900	.0	0	0	0	.0	0	0	0
Total \$	0.0	3,900	3,900	3,900	0.0	0	0	0	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	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

Estimated Capital Budget Breakout

Prepared by: Megan Tudor, OFM	Phone: (360) 890-1722	Date Published: Final 2/ 6/2025
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Department of Revenue Fiscal Note

Bill Number: 1042 HB	Title: County treasurer costs	Agency: 140-Department of Revenue
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.1		0.0		
Account					
GF-STATE-State 001-1	3,900		3,900		
Total \$	3,900		3,900		

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: Tracey Taylor	Phone: (360) 786-7152	Date: 01/14/2025
Agency Preparation: Mark Studer	Phone: (360) 534-1507	Date: 01/16/2025
Agency Approval: Valerie Torres	Phone: (360) 534-1521	Date: 01/16/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/06/2025

Request # 1042-1-1

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:

The county treasurer collects various taxes, including property taxes, for the benefit of local taxing districts and the state of Washington.

County treasurers can recover costs from taxing districts for the treasurer's direct costs associated with certain administrative duties, such as, but not limited to, issuing property tax refunds. However, the county treasurer cannot recover administrative costs associated with the billing, collection, or distribution of property taxes.

Local taxing districts can levy a refund levy for property taxes refunded by the county treasurer, along with the administrative fee charged by the county treasurer for issuing the refund and any applicable interest charged.

PROPOSAL:

This legislation allows county treasurers to charge local taxing districts a cost recovery fee to recover administrative costs (recoverable costs) associated with billing, collecting, and distributing property taxes.

The cost recovery fee may not exceed 1% of the district's tax roll for counties larger than 250,000 and 2% for counties smaller than 250,000.

The county treasurer must furnish the amount of the 'cost recovery fee' to the affected taxing districts no later than September 1st of the current year.

This legislation allows local taxing districts to issue a refund levy for the 'cost recovery fee' charged by the county treasurer.

DEFINITIONS

"Cost recovery fee" means the total recoverable costs divided by the total tax roll after the first \$50,000 of the district's aggregate collections are excluded for real and personal property for the year in which the cost recovery occurs.

"Recoverable costs" means all costs incurred by the county treasurer during a prior 12-month period for the billing, collection, and distribution of real and personal property taxes. Recoverable costs exclude real estate excise tax administration, local investment pool administration, foreclosure and distraint administration, and other existing recoverable costs.

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.

ASSUMPTIONS:

- This legislation does not affect either part of the state property tax levy, as Washington's Constitution requires state levy collections to fund common schools.
- The reference to counties larger or smaller than 250,000 refers to a population larger or smaller than 250,000.
- Each county treasurer will take the maximum percentage allowed under this legislation from all districts except the state.

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- All districts, except the state, will levy the funds provided to the county treasurer.
- This legislation passes effective beginning with property taxes due for calendar year 2026.

DATA SOURCES:

- Economic and Revenue Forecast Council, November 2024 forecast
- State Property Tax Model, November 2024
- County Assessors, Property tax data

REVENUE ESTIMATES:

This legislation does not impact part 1 or part 2 of the state property tax levy.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000): None.

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

FY 2026 -	\$ 80,200
FY 2027 -	\$ 154,300
FY 2028 -	\$ 157,900
FY 2029 -	\$ 161,600
FY 2030 -	\$ 165,300
FY 2031 -	\$ 169,200

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: None

Local Government, Impact on Revenues (\$000)

CY 2026 -	\$ 152,500
CY 2027 -	\$ 156,000
CY 2028 -	\$ 159,600
CY 2029 -	\$ 163,300
CY 2030 -	\$ 167,100
CY 2031 -	\$ 171,100

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:

This bill affects county treasurers and taxing districts.

FIRST YEAR COSTS:

The department will incur total costs of \$3,900 in fiscal year 2026. These costs include:

- Labor Costs – Time and effort equate to 0.07 FTE.
- Amend one administrative rule.

ONGOING COSTS:

There are no ongoing costs for the 2025-27 biennium.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.1		0.0		
A-Salaries and Wages	2,600		2,600		
B-Employee Benefits	900		900		
E-Goods and Other Services	300		300		
J-Capital Outlays	100		100		
Total \$	\$3,900		\$3,900		

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 2026	FY 2027	2025-27	2027-29	2029-31
EMS BAND 4	135,635	0.0		0.0		
MGMT ANALYST4	78,468	0.0		0.0		
TAX POLICY SP 2	80,460	0.0		0.0		
TAX POLICY SP 3	91,068	0.0		0.0		
TAX POLICY SP 4	98,040	0.0		0.0		
WMS BAND 3	115,352	0.0		0.0		
Total FTEs		0.1		0.1		

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 standard process to amend WAC 458-19-085, titled: "Refunds - Procedures - Applicable limits."

This rulemaking would affect county treasurers, county assessors, and taxing districts.

Request # 1042-1-1

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1042 HB

Title: County treasurer costs

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

Legislation Impacts:

- ☐ Cities:
- ☒ Counties: county treasurers revenue increase
- ☐ 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:

Estimated revenue impacts to:

Jurisdiction	FY 2026	FY 2027	2025-27	2027-29	2029-31
County	80,200,000	154,300,000	234,500,000	319,500,000	334,500,000
TOTAL \$	80,200,000	154,300,000	234,500,000	319,500,000	334,500,000
GRAND TOTAL \$	888,500,000				

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 01/17/2025
Leg. Committee Contact: Tracey Taylor	Phone: 360-786-7152	Date: 01/14/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/17/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/06/2025

Part IV: Analysis

A. SUMMARY OF BILL

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

This bill creates a new section in chapter 84.69 RCW [Property tax - Refunds] to allow county treasurers to set a cost recovery fee to recover prior year actual costs on a pro rata basis from each taxing district's tax roll.

The first \$50,000 of the district's aggregate collections must be excluded.

The cost recovery fee may not exceed 1% of the district's tax roll for counties larger than 250,000 and 2% for counties smaller than 250,000. Real estate excise tax administration, local investment pool administration, foreclosure and distraint administration, and other existing recoverable costs shall not be included.

Recovered costs must be credited to the county treasurer's cost recovery fund without regard to budget limitations and not subject to indirect costs or other charges, to fund ongoing billing, collection, and distribution operations.

The county treasurer shall furnish the amount of the cost recovery fee to the affected taxing districts no later than September 1st of the current year.

Recovery of capitalized expenditures may not be recovered over a period of time that exceeds the useful life of the asset.

Definitions for "cost recovery fee," and "recoverable costs," are provided.

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.

According to the Washington State Dept. of Revenue this bill will increase local government (specifically, county treasurers) revenue by:

FY 2026 -	\$ 80,200,000
FY 2027 -	\$ 154,300,000
FY 2028 -	\$ 157,900,000
FY 2029 -	\$ 161,600,000
FY 2030 -	\$ 165,300,000
FY 2031 -	\$ 169,200,000

This revenue will be divided amongst 39 counties. For illustrative purposes: \$154,300,000 (FY2027) divided by 39 (# of counties) = \$3,950,000.

Taxing districts will have the option to recover the fee they pay through their refund levy in the subsequent year, according to the Washington Association of County Officials. The Local Government Fiscal Note Program assumes local taxing districts will recover these funds, therefore there is no negative local impact beyond FY 2026 associated with this bill. The negative impact for FY 2026 is indeterminate.

SOURCES

Washington State Dept. of Revenue

Individual State Agency Fiscal Note

Bill Number: 1042 HB	Title: County treasurer costs	Agency: SDF-School District Fiscal Note - SPI
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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:

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: Tracey Taylor	Phone: 360-786-7152	Date: 01/14/2025
Agency Preparation: Mike Sando	Phone: 360-725-6292	Date: 01/24/2025
Agency Approval: Mike Woods	Phone: (360) 725-6283	Date: 01/24/2025
OFM Review: Brian Fechter	Phone: (360) 688-4225	Date: 01/24/2025

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 1 – New Section

This section describes the role and value of County Treasurers and describes that the majority of their workload is providing services to taxing districts other than the county. It allows County Treasurers to recover costs related to the billing, collection, and distribution of property taxes on behalf of these taxing districts.

Section 2 – New Section

Treasurers may set a cost recovery fee to recover the prior year’s actual costs from the taxing districts excluding the first \$50,000. The fee may not exceed 1% of the district’s tax roll for counties larger than 250,000 and 2% for counties smaller than 250,000. This would exclude existing recoverable costs.

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.

Indeterminate cash receipts impact to school districts statewide. The bill would allow, but not require county treasurers to recover costs related to the billing, collection, and distribution of property taxes on behalf of tax districts. It would require that school districts cover the amount of the fees and recover that cost through the recovery mechanism in the bill. If each County Treasurer imposed a fee of the full amount under the bill (2% for smaller and 1% for larger counties), the cost could reach as high as \$57.8 million.

OSPI has no way to determine how many Treasurers will take advantage of this provision or how much it would cost, but there would be some impact on school districts in the administrative costs and the annual delay of the amount of the fee in their revenue, especially in the first year of implementation.

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.

OSPI, based on the input from a County Treasurer, assumes that school districts can be reimbursed through the process similar to the current refund levy. This means the school district can add the cost of the fees onto their tax levy amount the following

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

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.