

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1839 HB	<b>Title:</b> Advanced computing surcharge
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## Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	0	231,300,000	231,300,000	0	404,500,000	404,500,000	0	445,500,000	445,500,000
<b>Total \$</b>	<b>0</b>	<b>231,300,000</b>	<b>231,300,000</b>	<b>0</b>	<b>404,500,000</b>	<b>404,500,000</b>	<b>0</b>	<b>445,500,000</b>	<b>445,500,000</b>

## 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	.5	133,500	133,500	133,500	.1	21,000	21,000	21,000	.1	21,000	21,000	21,000
Student Achievement Council	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.5</b>	<b>133,500</b>	<b>133,500</b>	<b>133,500</b>	<b>0.1</b>	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>	<b>0.1</b>	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>

## 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
Student Achievement Council	.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>

## Estimated Capital Budget Breakout

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<b>Prepared by:</b> Megan Tudor, OFM	<b>Phone:</b> (360) 890-1722	<b>Date Published:</b> Final 2/18/2025
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# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1839 HB	<b>Title:</b> Advanced computing surcharge	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
Workforce Education Investment Account-State 01 - Taxes 05 - Bus and Occup Tax	44,300,000	187,000,000	231,300,000	404,500,000	445,500,000
<b>Total \$</b>	44,300,000	187,000,000	231,300,000	404,500,000	445,500,000

### Estimated Expenditures from:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.8	0.2	0.5	0.1	0.1
GF-STATE-State 001-1	108,800	24,700	133,500	21,000	21,000
<b>Total \$</b>	108,800	24,700	133,500	21,000	21,000

### 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: 60-786-7152	Date: 02/10/2025
Agency Preparation: Melissa Howes	Phone: 60-534-1518	Date: 02/13/2025
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/13/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/18/2025

Request # 1839-1-1

## 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:

Select advanced computing businesses pay the workforce education investment surcharge of 1.22%. This surcharge applies to the amounts subject to the service and other activities business and occupation (B&O) tax.

The surcharge is in addition to the service and other activities B&O tax.

The amount of workforce education investment advanced computing surcharge (ACS) paid by all members of an affiliated group is capped at \$9 million per calendar year.

Hospitals and provider clinics are exempt from the ACS.

The Workforce Education Investment Account (WEIA) receives the revenues from the ACS.

#### PROPOSAL:

This bill removes the \$9 million tax cap.

#### EFFECTIVE DATE:

This bill takes effect on October 1, 2025. However, due to the time it will take to program this bill's changes, the Department of Revenue (department) cannot implement the bill until January 1, 2026.

### 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 annual growth rate reflects the Economic and Revenue Forecast Council's November 2024 B&O tax forecast.
- Taxpayers file the ACS return quarterly on one return on behalf of all entities in an affiliated group.
- This proposal takes effect January 1, 2026, and impacts one quarter's ACS collections in fiscal year 2026.
- Revenues, as estimated, assume passage of the proposal by April 27, 2025, allowing a full eight months to implement.

#### DATA SOURCES:

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, November 2024 forecast

#### REVENUE ESTIMATES:

This bill increases state revenues by an estimated \$44.3 million in the one quarter of impacted collections in fiscal year 2026, and by \$187.0 million in fiscal year 2027, the first full year of impacted collections.

#### TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2026 -	\$ 44,300
FY 2027 -	\$ 187,000
FY 2028 -	\$ 197,300
FY 2029 -	\$ 207,200

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FY 2030 - \$ 217,400  
 FY 2031 - \$ 228,100

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

**FIRST YEAR COSTS:**

The department will incur total costs of \$108,800 in fiscal year 2026. These costs include:

Labor Costs – Time and effort equate to 0.81 FTE.

- Amend one administrative rule.
- Create a special notice and update relevant information on the department’s website.
- Respond to data requests and questions, compile statistics, and manage data.
  - Process tax return work items, assist taxpayers with reporting questions, and respond to inquiries via email, web message, and paper correspondence.
- Examine accounts and make corrections as necessary.
- Gathering requirements, attending implementation meetings, and documenting and testing system changes.

Object Costs - \$4,700.

- Computer system changes, including contract programming.

**SECOND YEAR COSTS:**

The department will incur total costs of \$24,700 in fiscal year 2027. These costs include:

Labor Costs – Time and effort equate to 0.2 FTE.

- Respond to data requests and questions, compile statistics, and manage data.
  - Process tax return work items, assist taxpayers with reporting questions, and respond to inquiries via email, web message, and paper correspondence.
- Examine accounts and make corrections as necessary.

**ONGOING COSTS:**

Ongoing costs for the 2027-29 biennium equal \$21,000 and include similar activities described in the second-year costs. Time and effort equate to 0.1 FTE.

**Part III: Expenditure Detail**

**III. A - Expenditures by Object Or Purpose**

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.8	0.2	0.5	0.1	0.1
A-Salaries and Wages	65,600	15,700	81,300	13,200	13,200
B-Employee Benefits	23,600	5,700	29,300	4,800	4,800
C-Professional Service Contracts	4,700		4,700		
E-Goods and Other Services	11,800	2,900	14,700	2,600	2,600
J-Capital Outlays	3,100	400	3,500	400	400
<b>Total \$</b>	<b>\$108,800</b>	<b>\$24,700</b>	<b>\$133,500</b>	<b>\$21,000</b>	<b>\$21,000</b>

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

<b>Job Classification</b>	<b>Salary</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>2025-27</b>	<b>2027-29</b>	<b>2029-31</b>
EMS BAND 4	135,635	0.0		0.0		
EXCISE TAX EX 2	59,844	0.1		0.1		
EXCISE TAX EX 3	66,012	0.1	0.1	0.1	0.1	0.1
EXCISE TAX EX 4	72,924	0.1		0.1		
IT B A-JOURNEY	94,728	0.2		0.1		
MGMT ANALYST4	78,468	0.0		0.0		
TAX POLICY SP 2	80,460	0.0		0.0		
TAX POLICY SP 3	91,068	0.1	0.1	0.1		
TAX POLICY SP 4	98,040	0.0		0.0		
WMS BAND 2	101,410	0.1		0.1		
WMS BAND 3	115,352	0.0		0.0		
<b>Total FTEs</b>		0.8	0.2	0.5	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 expedited process to amend WAC 458-50-290, titled: "Workforce education investment surcharge—Select advanced computing businesses."

This rulemaking would affect advanced computing businesses and affiliates.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1839 HB	<b>Title:</b> Advanced computing surcharge	<b>Agency:</b> 340-Student Achievement Council
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**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: 02/10/2025
Agency Preparation: Brian Richardson	Phone: 360-485-1124	Date: 02/10/2025
Agency Approval: Brian Richardson	Phone: 360-485-1124	Date: 02/10/2025
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 02/18/2025

## 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.*

This bill would modify the workforce education investment surcharge described in RCW 82.04.299 by eliminating the \$9 million annual cap on the combined surcharge amount imposed on members of an affiliated group subject to the surcharge. This change would take effect on October 1, 2025.

WSAC would have no fiscal impact from this legislative change.

### 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.*

### 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.*

## 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.*





# Multiple Agency Ten-Year Analysis Summary

<b>Bill Number</b> 1839 HB	<b>Title</b> Advanced computing surcharge
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

## Estimated Cash Receipts

	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	Fiscal Year 2034	Fiscal Year 2035	2026-35 TOTAL
Department of Revenue	44,300,000	187,000,000	197,300,000	207,200,000	217,400,000	228,100,000	239,200,000	250,800,000	262,900,000	275,700,000	2,109,900,000
Student Achievement Council	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>44,300,000</b>	<b>187,000,000</b>	<b>197,300,000</b>	<b>207,200,000</b>	<b>217,400,000</b>	<b>228,100,000</b>	<b>239,200,000</b>	<b>250,800,000</b>	<b>262,900,000</b>	<b>275,700,000</b>	<b>2,109,900,000</b>



# Ten-Year Analysis

<b>Bill Number</b> 1839 HB	<b>Title</b> Advanced computing surcharge	<b>Agency</b> 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                 
  **Partially Indeterminate Cash Receipts**
                 
  **Indeterminate Cash Receipts**

## Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	Fiscal Year 2034	Fiscal Year 2035	2026-35 TOTAL
Business and occupation tax	24J	44,300,000	187,000,000	197,300,000	207,200,000	217,400,000	228,100,000	239,200,000	250,800,000	262,900,000	275,700,000	2,109,900,000
<b>Total</b>		<b>44,300,000</b>	<b>187,000,000</b>	<b>197,300,000</b>	<b>207,200,000</b>	<b>217,400,000</b>	<b>228,100,000</b>	<b>239,200,000</b>	<b>250,800,000</b>	<b>262,900,000</b>	<b>275,700,000</b>	<b>2,109,900,000</b>
<b>Biennial Totals</b>		<b>231,300,000</b>	<b>404,500,000</b>	<b>445,500,000</b>	<b>490,000,000</b>	<b>538,600,000</b>	<b>2,109,900,000</b>					

## Narrative Explanation (Required for Indeterminate Cash Receipts)

**CURRENT LAW:**  
 Select advanced computing businesses pay the workforce education investment surcharge of 1.22%. This surcharge applies to the amounts subject to the service and of activities business and occupation (B&O) tax.

The surcharge is in addition to the service and other activities B&O tax.

The amount of workforce education investment advanced computing surcharge (ACS) paid by all members of an affiliated group is capped at \$9 million per calendar year. Hospitals and provider clinics are exempt from the ACS.

The Workforce Education Investment Account (WEIA) receives the revenues from the ACS.

**PROPOSAL:**  
 This bill removes the \$9 million tax cap.

**EFFECTIVE DATE:**



# Ten-Year Analysis

Bill Number	Title	Agency
1839 HB	Advanced computing surcharge	140 Department of Revenue

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Narrative Explanation (Required for Indeterminate Cash Receipts)

This bill takes effect on October 1, 2025. However, due to the time it will take to program this bill's changes, the Department of Revenue (department) cannot implement the bill until January 1, 2026.

### ASSUMPTIONS:

- The annual growth rate reflects the Economic and Revenue Forecast Council's November 2024 B&O tax forecast.
- Taxpayers file the ACS return quarterly on one return on behalf of all entities in an affiliated group.
- This proposal takes effect January 1, 2026, and impacts one quarter's ACS collections in fiscal year 2026.
- Revenues, as estimated, assume passage of the proposal by April 27, 2025, allowing a full eight months to implement.

### DATA SOURCES:

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, November 2024 forecast

### REVENUE ESTIMATES:

This bill increases state revenues by an estimated \$44.3 million in the one quarter of impacted collections in fiscal year 2026, and by \$187.0 million in fiscal year 2027, the first full year of impacted collections.

### TOTAL REVENUE IMPACT:

#### State Government (cash basis, \$000):

FY 2026 -	\$ 44,300
FY 2027 -	\$ 187,000
FY 2028 -	\$ 197,300
FY 2029 -	\$ 207,200
FY 2030 -	\$ 217,400
FY 2031 -	\$ 228,100

Local Government, if applicable (cash basis, \$000): None.



# Ten-Year Analysis

<b>Bill Number</b> 1839 HB	<b>Title</b> Advanced computing surcharge	<b>Agency</b> 140 Department of Revenue
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Agency Preparation: Melissa Howes	Phone: 360-534-1518	Date: 2/13/2025 4:02:36 pm
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 2/13/2025 4:02:36 pm
OFM Review:	Phone:	Date:



# Ten-Year Analysis

<b>Bill Number</b> 1839 HB	<b>Title</b> Advanced computing surcharge	<b>Agency</b> 340 Student Achievement Council
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                         
  **Partially Indeterminate Cash Receipts**
                         
  **Indeterminate Cash Receipts**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Brian Richardson	Phone: 360-485-1124	Date: 2/10/2025 11:05:25 an
Agency Approval: Brian Richardson	Phone: 360-485-1124	Date: 2/10/2025 11:05:25 an
OFM Review:	Phone:	Date: