

Multiple Agency Fiscal Note Summary

Bill Number: 5400 S SB	Title: Local news journalism
-------------------------------	-------------------------------------

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
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Revenue	0	0	24,200,000	0	0	50,000,000	0	0	52,200,000
Total \$	0	0	24,200,000	0	0	50,000,000	0	0	52,200,000

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
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Commerce	2.6	0	0	884,769	5.2	0	0	1,721,538	5.2	0	0	1,745,538
Department of Commerce	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Department of Revenue	3.1	921,300	921,300	921,300	1.4	311,500	311,500	311,500	1.3	299,000	299,000	299,000
Employment Security Department	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	5.7	921,300	921,300	1,806,069	6.6	311,500	311,500	2,033,038	6.5	299,000	299,000	2,044,538

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	.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: Marie Davis, OFM	Phone: (360) 890-1163	Date Published: Final 3/11/2025
--------------------------------------	---------------------------------	---

Individual State Agency Fiscal Note

Bill Number: 5400 S SB	Title: Local news journalism	Agency: 090-Office of State Treasurer
-------------------------------	-------------------------------------	--

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: Jarrett Sacks	Phone: 360-786-7448	Date: 02/18/2025
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 02/18/2025
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/18/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/28/2025

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.

SSB 5400 creates the local journalism investment account, coupled with the general fund as the recipient of the earnings from investments under RCW 43.84.092(4).

There will be some de-minimis work for OST which can be completed within current practices and resources.

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.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Changes to the earnings credited to the general fund impacts, by an equal amount, general state revenues.

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.

Individual State Agency Fiscal Note

Bill Number: 5400 S SB	Title: Local news journalism	Agency: 103-Department of Commerce
-------------------------------	-------------------------------------	---

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:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	5.2	2.6	5.2	5.2
Account					
Local Journalism Investment Account-State NEW-1	0	884,769	884,769	1,721,538	1,745,538
Total \$	0	884,769	884,769	1,721,538	1,745,538

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

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: Jarrett Sacks	Phone: 360-786-7448	Date: 02/18/2025
Agency Preparation: Jessica Wilson	Phone: 360-725-2911	Date: 02/24/2025
Agency Approval: Kate Labelle	Phone: 3607252753	Date: 02/24/2025
OFM Review: Marie Davis	Phone: (360) 890-1163	Date: 02/24/2025

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.

SSB 5400 introduces modifications to the SB 5400 bill that impact the Department of Commerce (Department). Key differences include:

SSB 5400 removes the program's \$20 million per year limit, which is included in the original bill.

Section 2 (1) changes the program's name to Washington local news sustainability program.

Section 2 (3) changes eligibility requirements so that certain newspapers do not have to employ at least three journalists.

Section 2 (3)(c) adds that an eligible publisher of a newspaper covered under Section 5 (5) (a) may qualify for grants without meeting the requirements of a (ii) and (b).

Section 2 (6) removes the requirement for applicants to provide information on news coverage supported by the grant to the Department at least once per biennium and changes providing progress and final reports as requested by the Department.

Section 5 (5) (a) broadens the definition of a newspaper to include monthly publications

Section 6 is a new section that creates a new local journalist investment account in the state treasury. Money in the account may be spent only after appropriation.

Section 7 is a new section that adds a local investment surcharge to covered platforms starting April 1, 2026, and sets the maximum surcharge imposed at \$6 million annually. The business and occupation tax surcharge is 1.22%. Covered platforms include social media platforms or search engines with a gross income subject to a tax of greater than \$5 million.

In its entirety, SSB 5400 includes the following provisions:

Section 2 (1-2) establishes the Washington local news sustainability program and directs the Department to provide grants to support the employment of new journalists.

Section 2 (5) requires the dollar amount of each grant to be proportional to hours worked and reported to the Employment Security Department (ESD), requiring coordination and collaboration between the two agencies.

Section 2 (7) requires data and information to be submitted to the Department as requested.

Section 2 (8) includes community engagement for program development.

Section 3 allows for data sharing between the Department, ESD, and the Department of Revenue (DOR), which may require coordination meetings and data-sharing agreements.

Section 4 authorizes the Department to adopt rules to implement sections 2 and 5.

Section 6 creates the local journalism investment account in the state treasury. All revenues from the local journalism investment surcharges must be deposited directly into the account and money in the account may be spent only after appropriation.

Section 7 adds a local investment surcharge to covered platforms starting April 1, 2026, and sets the maximum surcharge

imposed at \$6 million annually. The business and occupation tax surcharge is 1.22%. Covered platforms include social media platforms or search engines with a gross income subject to tax of greater than \$5 million.

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.

Cash receipts are indeterminate and based on the taxes collected by the Department of Revenue as outlined in Section 7.

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.

Section 2 establishes the Washington local news sustainability program and directs the Department to provide grants to support the employment of new journalists. The dollar amount of each grant must be proportional to hours worked and reported to the ESD, requiring coordination and collaboration between the two agencies.

Section 3 allows for data sharing between the Department, ESD, and DOR, which may require coordination meetings and data-sharing agreements.

Section 4 authorizes the Department to adopt rules to implement sections 2 and 5.

Section 6 creates the local journalism investment account in the state treasury. All revenues from the local journalism investment surcharges must be deposited directly into the account and money in the account may be spent only after appropriation.

Section 7 adds a local investment surcharge to covered platforms starting April 1, 2026, and sets the maximum surcharge imposed at \$6 million annually. The business and occupation tax surcharge is 1.22%. Covered platforms include social media platforms or search engines with a gross income subject to a tax of greater than \$5 million.

The Department anticipates that DOR will begin collecting this tax effective April 1, 2026. Subject to appropriation in session 2026, the Department will use this funding to hire staff outlined to start as early as July 1, 2026. With these staff in place, the Department will conduct the RFQQ for contracts, work with Revenue and ESD on data-sharing agreements, and engage partners on the program design. Subject to appropriation in session 2027, the Department anticipates grants will begin being issued effective July 1, 2027. Pass-through costs are indeterminate estimates as there is no longer a cap of \$20 million annually. Estimates are included below under pass-through impacts.

Administrative Impacts:

The Department estimates that 5.2 new FTEs, effective July 1, 2026, will be required to implement this bill. The cost associated with these new FTEs is \$884,769 in FY 2027 and \$860,769 in FY 2028.

Commerce Specialist 3, 1.0 FTE – Grant Manager for Ethnic Media:

- Manage ethnic media grants
- Provide technical assistance and capacity-building support
- Collaborate with ESD and Revenue on data sharing

Commerce Specialist 3, 1.0 FTE – Grant Manager for Local Media:

- Manage local media grants
- Provide technical assistance and capacity-building support
- Collaborate with ESD and Revenue on data sharing

Communications Consultant 4, 1.0 FTE:

Design culturally and linguistically appropriate outreach and communications plan to advertise grant opportunities
Support communication needs of the program including website, media, announcements, and compile reporting from grantees

Management Analyst 5, 1.0 FTE:

Lead rulemaking activities
Conduct community engagement to inform program development
Develop and maintain data-sharing agreements with ESD and DOR
Develop and maintain a grant award methodology
Facilitate cross-agency collaboration and coordination

Commerce Specialist 5, 1.0 FTE:

Supervise program staff
Oversee grant application development and management
Manage grantees
Oversee outreach to potential grantees

WMS 3, 0.2 FTE:

Provide inter-agency leadership and policy oversight.
Supervise program team leader.

Contracts:

There is an indeterminate number of potentially eligible outlets for this grant program, but the program estimates that 30-120 ethnic media outlets and up to 127 local newspapers may be eligible.

Given the number of potentially eligible outlets, the Department estimates it may be more cost-effective to have the grant payments issued by an external contractor rather than managed within the Department. The Department anticipates issuing a Request for Quotes and Qualifications (RFQQ) to identify an organization that can process grant payments, process invoices, and collect backup documentation. Cost is indeterminate and will be determined by the competitive RFQQ process and number of outlets eligible for this program.

The Department holds a current contract with an organization to provide logistical support and stipend payments to participants in a workgroup. This work is billed at \$452 per participant per payment occurrence. The responsibilities of the apparent successful bidder may also include data collection, reporting, and regular coordination with the Department. Based on this current contract as an example, and taking these additional responsibilities into account, the Department estimates the cost of this contract could range from:

\$450 per grant payment

150 grants = \$67,500
200 grants = \$90,000
250 grants = \$112,500

\$1000 per grant payment

150 grants = \$150,000
200 grants = \$200,000
250 grants = \$250,000

Pass-through impacts

SSB 5400 does not specify an annual appropriation, so pass-through funding is indeterminant. However, based on previous versions of this bill that included the same revenue model (a business and occupation tax surcharge of 1.22 percent on specific social media platforms and search engines), the Department anticipates up to \$20 million minus staffing and contracting costs. Grant values will vary based on Section 2 (5) criteria. The number of grants will be determined by the number of eligible applicants who meet the criteria, and applicants will receive funding split proportionally to how many eligible people applied. Final grant award levels will reflect the difference between the revenue collected and the necessary administrative costs for this program.

The Department estimates that 150 - 250 outlets may be eligible for funding.

The information below illustrates possible award amounts depending on the amount of revenue received and the number of qualified grantees (total revenue - administrative expenses/number of grants = average grant award)

\$10 million in revenue

150 grants: \$10 million - \$884,769 / 150 = \$60,768
 200 grants: \$10 million - \$884,769 / 200 = \$45,576
 250 grants: \$10 million - \$884,769 / 250 = \$36,460

\$15 million in revenue

150 grants: \$15 million - \$884,769 / 150 = \$94,101
 200 grants: \$15 million - \$884,769 / 200 = \$70,576
 250 grants: \$15 million - \$884,769 / 250 = \$56,460

\$20 million in revenue

150 grants: \$20 million - \$884,769 / 150 = \$127,434
 200 grants: \$20 million - \$884,769 / 200 = \$95,576
 250 grants: \$20 million - \$884,769 / 250 = \$76,460

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
NEW-1	Local Journalism Investment Account	State	0	884,769	884,769	1,721,538	1,745,538
Total \$			0	884,769	884,769	1,721,538	1,745,538

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

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years		5.2	2.6	5.2	5.2
A-Salaries and Wages		474,082	474,082	948,164	948,164
B-Employee Benefits		156,745	156,745	313,490	313,490
C-Professional Service Contracts					
E-Goods and Other Services		17,200	17,200	34,400	34,400
G-Travel		5,200	5,200	10,400	10,400
J-Capital Outlays		24,000	24,000		24,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		207,542	207,542	415,084	415,084
9-					
Total \$	0	884,769	884,769	1,721,538	1,745,538

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

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Commerce Specialist 3	84,518		2.0	1.0	2.0	2.0
Commerce Specialist 5	98,040		1.0	0.5	1.0	1.0
Communications Consultant 4	80,464		1.0	0.5	1.0	1.0
Management Analyst 5	98,040		1.0	0.5	1.0	1.0
WMS Band 3	142,511		0.2	0.1	0.2	0.2
Total FTEs			5.2	2.6	5.2	5.2

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Community Services Division (300)		884,769	884,769	1,721,538	1,745,538
Total \$		884,769	884,769	1,721,538	1,745,538

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.

Department of Revenue Fiscal Note

Bill Number: 5400 S SB	Title: Local news journalism	Agency: 140-Department of Revenue
-------------------------------	-------------------------------------	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
NEW-State 01 - Taxes 05 - Bus and Occup Tax		24,200,000	24,200,000	50,000,000	52,200,000
Total \$		24,200,000	24,200,000	50,000,000	52,200,000

Estimated Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	4.5	1.6	3.1	1.4	1.3
Account					
GF-STATE-State 001-1	731,000	190,300	921,300	311,500	299,000
Total \$	731,000	190,300	921,300	311,500	299,000

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: Jarrett Sacks	Phone: 60-786-7448	Date: 02/18/2025
Agency Preparation: Melissa Howes	Phone: 60-534-1518	Date: 02/21/2025
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/21/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 03/03/2025

Request # 5400-2-1

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 SSB 5400, 2025 Legislative Session.

COMPARISON OF SUBSTITUTE BILL WITH ORIGINAL BILL:

- Changes the program name from Local News Journalism Corps Program to Local News Sustainability Program.
- Removes the Workforce Education Investment Surcharge as the program's funding source.
- Creates a new local journalism investment surcharge of 1.22% to fund the program.

This fiscal note only addresses sections 3 and 7 of the bill, which impact the Department of Revenue (department).

CURRENT LAW:

Certain business and occupation (B&O) surcharges exist and are in addition to the standard B&O tax paid on a business activity. The workforce education investment surcharge of 1.22% and additional tax on specified institutions of 1.2% apply 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.

PROPOSAL:

This bill creates the Washington Local News Sustainability (WLNS) program within the Department of Commerce (Commerce). The program provides grants to support the employment of news journalists in Washington.

This bill creates a local journalism investment (LJI) surcharge of 1.22% for business activity reported on or after April 1, 2026. The surcharge applies to the service and other activities B&O income of a covered platform.

A covered platform is a business:

- With service and other activities gross income greater than or equal to \$5 million in the immediately preceding calendar year.
- That is a social media platform or search engine.

The amount of surcharge paid by a covered platform is capped at \$6 million per year.

The surcharge must be paid quarterly.

The Local Journalism Investment Account receives the LJI surcharge receipts.

Commerce, the Employment Security Department, and the department may establish a data-sharing agreement to operate the WLNS program.

EFFECTIVE DATE:

The LJI surcharge takes effect on 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.

Request # 5400-2-1

Form FN (Rev 1/00) 203,540.00

2

Bill # 5400 S SB

- Revenues, as estimated, assume passage of the proposal by April 27, 2025, allowing a full fourteen months to implement.
- This proposal takes effect January 1, 2026, but applies to amounts reported beginning April 1, 2026, resulting in 12 months of impact in fiscal year 2027.

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 \$24.2 million in the twelve months of collections in fiscal year 2027 and by \$24.7 million in fiscal year 2027.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2026 -	\$ 0
FY 2027 -	\$ 24,200
FY 2028 -	\$ 24,700
FY 2029 -	\$ 25,300
FY 2030 -	\$ 25,800
FY 2031 -	\$ 26,400

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.

ASSUMPTIONS:

This bill affects 100 taxpayers operating a covered platform.

FIRST YEAR COSTS:

The department will incur total costs of \$731,000 in fiscal year 2026. These costs include:

Labor Costs – Time and effort equate to 4.5 FTEs.

- Set up, program and test computer system changes.
- Gathering requirements, attending implementation meetings, and documenting and testing system changes.
- Create special notice and update relevant information on the department’s website.
- Respond to data requests and questions, compile statistics, and manage data.
- Answer additional phone calls and counter inquiries from businesses, individuals, and accountants regarding tax questions and tax return preparation.

Object Costs - \$149,400.

- Computer system changes, including contract programming.

SECOND YEAR COSTS:

The department will incur total costs of \$190,300 in fiscal year 2027. These costs include:

Labor Costs – Time and effort equate to 1.6 FTEs.

- Continued computer system testing, monitoring, and maintenance.

- 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.
- Respond to data requests and questions, compile statistics, and manage data.
- Hear additional administrative reviews that provide taxpayers with an informal, non-adversarial dispute resolution process for the review of a disputed action by the department, such as an assessment of taxes, notice of taxes due, denial of a refund request, or tax ruling.

ONGOING COSTS:

Ongoing costs for the 2027-29 biennium equal \$311,500 and include similar activities described in the second-year costs. Time and effort equate to 1.35 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	4.5	1.6	3.1	1.4	1.3
A-Salaries and Wages	365,200	120,900	486,100	197,500	189,600
B-Employee Benefits	131,500	43,600	175,100	71,200	68,400
C-Professional Service Contracts	149,400		149,400		
E-Goods and Other Services	66,500	22,700	89,200	37,600	36,000
G-Travel	400		400		
J-Capital Outlays	18,000	3,100	21,100	5,200	5,000
Total \$	\$731,000	\$190,300	\$921,300	\$311,500	\$299,000

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
EXCISE TAX EX 2	59,844	0.5	0.3	0.4	0.3	0.3
EXCISE TAX EX 3	66,012	1.0	0.5	0.8	0.5	0.5
EXCISE TAX EX 4	72,924	0.2	0.1	0.2	0.1	0.1
IT B A-JOURNEY	94,728	1.2	0.1	0.7	0.1	0.1
IT QA-SR/SPEC	104,412	0.2		0.1		
IT SYS ADM-JOURNEY	99,444	0.2		0.1		
MGMT ANALYST4	78,468	0.5	0.2	0.4	0.2	0.1
TAX INFO SPEC 1	47,988	0.1		0.1		
TAX POLICY SP 2	80,460	0.1		0.0		
TAX POLICY SP 3	91,068	0.3	0.3	0.3	0.1	0.1
WMS BAND 2	101,410	0.2	0.1	0.2	0.1	0.1
Total FTEs		4.5	1.6	3.1	1.4	1.3

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: 5400 S SB	Title: Local news journalism	Agency: 540-Employment Security Department
-------------------------------	-------------------------------------	---

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: Jarrett Sacks	Phone: 360-786-7448	Date: 02/18/2025
Agency Preparation: Montse Walker My	Phone: 360 890 3500	Date: 02/21/2025
Agency Approval: Sophal Espiritu	Phone: (360) 902-9254	Date: 02/21/2025
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/21/2025

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 Legislation creates a Local News Journalism grant program in the Department of Commerce to support employment of local news journalists covering civic affairs; Employment Security Department (ESD) and Department of Revenue (DOR) may share data to assist Commerce in its implementation.

Changes from the original to the substitute include:

- Removes funding for the Local News Journalism Corps Program from the Workforce Education Investment Account and surcharge.
- Introduces a 1.22% local journalism investment surcharge on for-profit social network sites and internet search portals with an annual gross income exceeding \$5 million, effective January 1, 2026.
- Caps the total surcharge an entity may pay at \$6 million.
- Creates a Local Journalism Investment Account funded by the surcharge revenues, designated for the Local News Journalism Corps Program.
- Renames the program to the Washington Local News Sustainability Program.
- Removes the biennium reporting requirement for funded applicants, replacing it with progress and final reports as requested by the Department of Commerce.
- Requires eligible broadcasters to update their content weekly, rather than updating 25% of their content weekly.
- Updates the definition of "qualifying publication" to remove references to legal newspapers, aligning with the business and occupation tax code, and includes publications issued at least once per month.
- Allows eligible newspaper publishers to qualify for grants without meeting journalist employment requirements.
- Modifies the definition of covered platform for the surcharge, replacing references to industry codes with specific references to search engines and social media platforms, and provides definitions for these terms.

These changes do not substantially impact ESD's assumptions, and ESD anticipates the workload to implement would be small and absorbed into existing resources.

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

Bill Number 5400 S SB	Title Local news journalism
---------------------------------	---------------------------------------

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
Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Department of Commerce Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	0	24,200,000	24,700,000	25,300,000	25,800,000	26,400,000	27,000,000	27,700,000	28,300,000	29,000,000	238,400,000
Employment Security Department	0	0	0	0	0	0	0	0	0	0	0
Total	0	24,200,000	24,700,000	25,300,000	25,800,000	26,400,000	27,000,000	27,700,000	28,300,000	29,000,000	238,400,000



Ten-Year Analysis

Bill Number 5400 S SB	Title Local news journalism	Agency 090 Office of State Treasurer
---------------------------------	---------------------------------------	--

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

Name of Tax or Fee	Acct Code												
---------------------------	------------------	--	--	--	--	--	--	--	--	--	--	--	--

Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 2/18/2025 3:40:26 pm
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 2/18/2025 3:40:26 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5400 S SB	Title Local news journalism	Agency 103 Department of Commerce
---------------------------------	---------------------------------------	---

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											
Total												

Biennial Totals

Narrative Explanation (Required for Indeterminate Cash Receipts)

Cash receipts are indeterminate and based on the taxes collected by the Department of Revenue as outlined in Section 7.

Agency Preparation: Jessica Wilson	Phone: 360-725-2911	Date: 2/24/2025 2:02:41 pm
Agency Approval: Kate Labelle	Phone: 3607252753	Date: 2/24/2025 2:02:41 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5400 S SB	Title Local news journalism	Agency 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>.

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	NEW		24,200,000	24,700,000	25,300,000	25,800,000	26,400,000	27,000,000	27,700,000	28,300,000	29,000,000	238,400,000
Total			24,200,000	24,700,000	25,300,000	25,800,000	26,400,000	27,000,000	27,700,000	28,300,000	29,000,000	238,400,000
Biennial Totals		24,200,000	50,000,000	52,200,000	54,700,000	57,300,000	238,400,000					

Narrative Explanation (Required for Indeterminate Cash Receipts)

Note: This fiscal note reflects language in SSB 5400, 2025 Legislative Session.

COMPARISON OF SUBSTITUTE BILL WITH ORIGINAL BILL:

- Changes the program name from Local News Journalism Corps Program to Local News Sustainability Program.
- Removes the Workforce Education Investment Surcharge as the program's funding source.
- Creates a new local journalism investment surcharge of 1.22% to fund the program.

This fiscal note only addresses sections 3 and 7 of the bill, which impact the Department of Revenue (department).

CURRENT LAW:
 Certain business and occupation (B&O) surcharges exist and are in addition to the standard B&O tax paid on a business activity. The workforce education investment surcharge of 1.22% and additional tax on specified institutions of 1.2% apply 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.

PROPOSAL:
 This bill creates the Washington Local News Sustainability (WLNS) program within the Department of Commerce (Commerce). The program provides grants to support th



Ten-Year Analysis

Bill Number	Title	Agency
5400 S SB	Local news journalism	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)

employment of news journalists in Washington.

This bill creates a local journalism investment (LJI) surcharge of 1.22% for business activity reported on or after April 1, 2026. The surcharge applies to the service and of activities B&O income of a covered platform.

A covered platform is a business:

- With service and other activities gross income greater than or equal to \$5 million in the immediately preceding calendar year.
- That is a social media platform or search engine.

The amount of surcharge paid by a covered platform is capped at \$6 million per year.

The surcharge must be paid quarterly.

The Local Journalism Investment Account receives the LJI surcharge receipts.

Commerce, the Employment Security Department, and the department may establish a data-sharing agreement to operate the WLNS program.

EFFECTIVE DATE:

The LJI surcharge takes effect on January 1, 2026.

ASSUMPTIONS:

- The annual growth rate reflects the Economic and Revenue Forecast Council's November 2024 B&O tax forecast.
- Revenues, as estimated, assume passage of the proposal by April 27, 2025, allowing a full fourteen months to implement.
- This proposal takes effect January 1, 2026, but applies to amounts reported beginning April 1, 2026, resulting in 12 months of impact in fiscal year 2027.

DATA SOURCES:

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

REVENUE ESTIMATES:



Ten-Year Analysis

Bill Number 5400 S SB	Title Local news journalism	Agency 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)

<p>This bill increases state revenues by an estimated \$24.2 million in the twelve months of collections in fiscal year 2027 and by \$24.7 million in fiscal year 2027.</p> <p>TOTAL REVENUE IMPACT:</p> <p>State Government (cash basis, \$000):</p> <table> <tr><td>FY 2026 -</td><td>\$ 0</td></tr> <tr><td>FY 2027 -</td><td>\$ 24,200</td></tr> <tr><td>FY 2028 -</td><td>\$ 24,700</td></tr> <tr><td>FY 2029 -</td><td>\$ 25,300</td></tr> <tr><td>FY 2030 -</td><td>\$ 25,800</td></tr> <tr><td>FY 2031 -</td><td>\$ 26,400</td></tr> </table> <p>Local Government, if applicable (cash basis, \$000): None.</p>	FY 2026 -	\$ 0	FY 2027 -	\$ 24,200	FY 2028 -	\$ 24,700	FY 2029 -	\$ 25,300	FY 2030 -	\$ 25,800	FY 2031 -	\$ 26,400
FY 2026 -	\$ 0											
FY 2027 -	\$ 24,200											
FY 2028 -	\$ 24,700											
FY 2029 -	\$ 25,300											
FY 2030 -	\$ 25,800											
FY 2031 -	\$ 26,400											

Agency Preparation: Melissa Howes	Phone: 360-534-1518	Date: 2/21/2025 6:38:42 pm
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 2/21/2025 6:38:42 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5400 S SB	Title Local news journalism	Agency 540 Employment Security Department
---------------------------------	---------------------------------------	---

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

Name of Tax or Fee	Acct Code												
---------------------------	------------------	--	--	--	--	--	--	--	--	--	--	--	--

Agency Preparation: Montse Walker My	Phone: 360 890 3500	Date: 2/21/2025 1:58:45 pm
Agency Approval: Sophal Espiritu	Phone: (360) 902-9254	Date: 2/21/2025 1:58:45 pm
OFM Review:	Phone:	Date: