

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2049 HB	<b>Title:</b> K-12 education funding
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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	200,000,000	200,000,000	200,000,000	618,000,000	618,000,000	618,000,000	1,083,000,000	1,083,000,000	1,083,000,000
<b>Total \$</b>	<b>200,000,000</b>	<b>200,000,000</b>	<b>200,000,000</b>	<b>618,000,000</b>	<b>618,000,000</b>	<b>618,000,000</b>	<b>1,083,000,000</b>	<b>1,083,000,000</b>	<b>1,083,000,000</b>

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI	Fiscal note not available					
Local Gov. Other	Fiscal note not available					
Local Gov. Total						

## 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	1.9	468,600	468,600	468,600	1.5	364,600	364,600	364,600	1.5	364,600	364,600	364,600
Superintendent of Public Instruction	Fiscal note not available											
<b>Total \$</b>	<b>1.9</b>	<b>468,600</b>	<b>468,600</b>	<b>468,600</b>	<b>1.5</b>	<b>364,600</b>	<b>364,600</b>	<b>364,600</b>	<b>1.5</b>	<b>364,600</b>	<b>364,600</b>	<b>364,600</b>

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI	Fiscal note not available								
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

## 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
Superintendent of Public Instruction	Fiscal note not available								
<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>

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI	Fiscal note not available								
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Gwen Stamey, OFM	<b>Phone:</b> (360) 790-1166	<b>Date Published:</b> Preliminary 3/27/2025
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# Department of Revenue Fiscal Note

<b>Bill Number:</b> 2049 HB	<b>Title:</b> K-12 education funding	<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
GF-STATE-State 01 - Taxes 50 - Property Tax	50,000,000	150,000,000	200,000,000	618,000,000	1,083,000,000
<b>Total \$</b>	50,000,000	150,000,000	200,000,000	618,000,000	1,083,000,000

### Estimated Expenditures from:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.3	1.5	1.9	1.5	1.5
GF-STATE-State 001-1	286,300	182,300	468,600	364,600	364,600
<b>Total \$</b>	286,300	182,300	468,600	364,600	364,600

### 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.

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Agency Preparation: Mark Studer	Phone: 60-534-1507	Date: 03/25/2025
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 03/25/2025
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 03/27/2025

Request # 2049-1-1

## 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.*

This fiscal note only addresses sections 4 through 7 of the bill, which impact the Department of Revenue (department).

#### CURRENT LAW:

The regular property tax levy growth limit statutorily limits a taxing district's increase in its regular annual property tax levy or levies by the applicable limit factor, plus an additional amount based on the prior year's levy rate multiplied by the increase in assessed value in the district from:

- New construction.
- Construction of wind turbine, solar, biomass, and geothermal facilities.
- Improvements to property.
- State-assessed property.
- Real property within a local tax increment finance area designated by a local government (excluding both parts of the state school levy, port districts, and public utility district bond levies).

The limit factor is:

- For taxing districts with a population of less than 10,000, 101%.
- For all other districts, the lesser of 101% or 100% plus inflation. However, if inflation is less than 1%, then taxing districts, except the state, that adopt a substantial need resolution can have a limit factor up to 101%.

Inflation is the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent 12-month period by the Bureau of Economic Analysis of the federal Department of Commerce by September 25th of the year before the taxes are payable.

#### PROPOSAL:

This bill increases the regular property tax levy growth limit for both state and local property tax levies by revising the definition of inflation and limit factor.

This bill revises the definition of inflation for both state and local property levies to mean the annual percentage increase in the consumer price index for all urban consumers (CPI-U) in the western region for all items as provided for the most recent 12-month period by the Bureau of Labor Statistics of the United States Department of Labor by July 25 of the year before the year the taxes are paid.

This bill revises the definition of limit factor for both state and local property tax levies to mean 100% plus population change and inflation, but not to exceed 103%.

Population change means the annual percent increase in the population of a taxing district between the two most recent years, as provided in the official population estimates published by the Office of Financial Management for April 1 of the year before the taxes are paid. The definition of population change also:

- Provides that if a taxing district's population decreases, the population change is zero.
- Specifies how to calculate the population change for taxing districts located in more than one county, city, town, or any combination of counties, cities, and towns.

The department must provide county assessors with the limit factors by September 1 of the year before the year the taxes are paid. It also requires the county assessor to determine the limit factor applicable to each taxing district in the county and notify each taxing district of the applicable factor by October 1 of the year before the year the taxes are paid.

This bill repeals the substantial need provision (RCW 84.55.0101).

**EFFECTIVE DATE:**

This bill takes effect beginning with property taxes due for calendar year 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 department will use the change in the state's population published by OFM to calculate the limit factor for the state.
- Taxing districts taking less than the current 101% limit will not utilize the increased limit factor.
- Prorating occurs under the \$5.90 aggregate limit due to the increase in the limit factor in Columbia and Whitman counties.
- No prorating occurs under the \$10 constitutional aggregate limit due to the increase in the limit factor.
- Based on five years of state property tax collections, 52.62% of property tax collections occur in April and 47.38% occur in October. When converting from calendar year to fiscal year, this estimate assumes revenue gains and losses follow this trend.

**DATA SOURCES:**

- Economic and Revenue Forecast Council, November 2024 forecast
- Office of Financial Management, April 1, 2024, Population estimates
- Office of Financial Management, State population forecast
- Department of Revenue, State Property Tax Model
- Department of Revenue, State levy calculations for property taxes due for 2024
- County assessor, Property tax data

**REVENUE ESTIMATES:**

This bill increases state revenues by an estimated \$50 million in fiscal year 2026, and by \$150 million in fiscal year 2027, the first full year of impacted collections.

This bill also increases local revenues by an estimated \$59 million in fiscal year 2026, and by \$177 million in fiscal year 2027, the first full year of impacted collections.

**PROPERTY TAX SHIFTS:**

This legislation results in no state or local property tax levy shifts.

**TOTAL REVENUE IMPACT:**

State Government (cash basis, \$000):

FY 2026 -	\$ 50,000
FY 2027 -	\$ 150,000
FY 2028 -	\$ 255,000
FY 2029 -	\$ 363,000
FY 2030 -	\$ 478,000
FY 2031 -	\$ 605,000

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

FY 2026 -	\$ 59,000
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FY 2027 - \$ 177,000  
 FY 2028 - \$ 305,000  
 FY 2029 - \$ 436,000  
 FY 2030 - \$ 577,000  
 FY 2031 - \$ 731,000

DETAIL OF REVENUE IMPACT FOR PROPERTY TAX BILLS, Calendar Year Basis:

State Government, Impact on Revenues (\$000):

CY 2026 - \$ 96,000  
 CY 2027 - \$ 198,000  
 CY 2028 - \$ 307,000  
 CY 2029 - \$ 413,000  
 CY 2030 - \$ 536,000  
 CY 2031 - \$ 667,000

State Government, (\$000), Shift of Tax Burden: None

Local Government, Impact on Revenues (\$000):

CY 2026 - \$ 112,000  
 CY 2027 - \$ 236,000  
 CY 2028 - \$ 367,000  
 CY 2029 - \$ 498,000  
 CY 2030 - \$ 649,000  
 CY 2031 - \$ 805,000

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 assessors, property owners, and taxing districts.

**FIRST YEAR COSTS:**

The department will incur total costs of \$286,300 in fiscal year 2026. These costs include:

- Labor Costs – Time and effort equate to 2.28 FTEs.
- Revise property tax manuals, update forms and training materials, and work with county assessor's offices to implement this legislation.
- Calculate limit factors for all taxing districts.
- Increased number of required county levy audits due to levy limit changes.
- Amend five administrative rules.
- Amend one property tax advisory.

**SECOND YEAR COSTS:**

The department will incur total costs of \$182,300 in fiscal year 2027. These costs include:

Labor Costs – Time and effort equate to 1.5 FTEs.

- Calculate limit factors for all taxing districts.
- Continued county levy audits due to levy limit changes

**ONGOING COSTS:**

Ongoing costs for the 2027-29 biennium equal \$364,600 and include similar activities described in the second-year costs. Time and effort equate to 1.5 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	2.3	1.5	1.9	1.5	1.5
A-Salaries and Wages	175,100	113,400	288,500	226,800	226,800
B-Employee Benefits	63,100	40,900	104,000	81,800	81,800
E-Goods and Other Services	33,100	20,900	54,000	41,800	41,800
G-Travel	6,000	4,200	10,200	8,400	8,400
J-Capital Outlays	9,000	2,900	11,900	5,800	5,800
<b>Total \$</b>	<b>\$286,300</b>	<b>\$182,300</b>	<b>\$468,600</b>	<b>\$364,600</b>	<b>\$364,600</b>

**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		
EMS BAND 5	158,451	0.0		0.0		
MGMT ANALYST4	78,468	0.0		0.0		
PROPERTY AND ACQUISITION SI	72,924	1.0	1.0	1.0	1.0	1.0
PROPERTY AND ACQUISITION SI	78,468	1.0	0.4	0.7	0.4	0.4
TAX POLICY SP 2	80,460	0.0		0.0		
TAX POLICY SP 3	91,068	0.2	0.1	0.2	0.1	0.1
TAX POLICY SP 4	98,040	0.0		0.0		
WMS BAND 3	115,352	0.0		0.0		
<b>Total FTEs</b>		<b>2.3</b>	<b>1.5</b>	<b>1.9</b>	<b>1.5</b>	<b>1.5</b>

**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 five administrative rules affecting county assessors, property owners, and taxing districts.

- WAC 458-19-005, titled: "Definitions."
- WAC 458-19-010, titled: "Levy limit and levy rate calculations."
- WAC 458-19-020, titled: "Levy limit—Method of calculation."
- WAC 458-19-030, titled: "Levy limit—Consolidation of districts."
- WAC 458-19-035, titled: "Levy limit—Annexation."