

Multiple Agency Fiscal Note Summary

Bill Number: 2047 S HB	Title: Employee ownership program
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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	387,000	387,000	387,000	838,000	838,000	838,000	447,000	447,000	447,000
Total \$	387,000	387,000	387,000	838,000	838,000	838,000	447,000	447,000	447,000

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 Commerce	Fiscal note not available											
Department of Revenue	.1	55,900	55,900	55,900	.0	0	0	0	.0	0	0	0
Total \$	0.1	55,900	55,900	55,900	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 Commerce	Fiscal note not available								
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: Preliminary 4/22/2025
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Department of Revenue Fiscal Note

Bill Number: 2047 S HB	Title: Employee ownership program	Agency: 140-Department of Revenue
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2026	FY 2027	2025-27	2027-29	2029-31
GF-STATE-State 01 - Taxes 05 - Bus and Occup Tax		387,000	387,000	838,000	447,000
Total \$		387,000	387,000	838,000	447,000

Estimated Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.3		0.1		
Account					
GF-STATE-State 001-1	55,900		55,900		
Total \$	55,900		55,900		

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:

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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.

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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).

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Capital budget impact, complete Part IV.

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Requires new rule making, complete Part V.

Legislative Contact: Jessica Van Horne	Phone: 603-786-7288	Date: 04/17/2025
Agency Preparation: Victor Crosetti	Phone: 603-534-1554	Date: 04/18/2025
Agency Approval: Valerie Torres	Phone: 603-534-1521	Date: 04/18/2025
OFM Review: Megan Tudor	Phone: (603) 890-1722	Date: 04/21/2025

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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:

Qualifying businesses converting to employee ownership structures may apply for a business and occupation (B&O) tax credit. The total amount of credits authorized may not exceed an annual statewide limit of \$2 million.

The credit equals up to 50% of the conversion costs:

- For each business converting to an employee stock ownership plan, not to exceed \$100,000.
- For each business converting to a worker-owned cooperative or employee ownership trust, not to exceed \$25,000.

Each business may carry over unused credit to subsequent tax periods, as long as it uses the credit within 12 months of conversion.

Businesses can earn these B&O credits through June 30, 2029, and use them against tax periods starting before July 1, 2030.

PROPOSAL:

This bill eliminates the Washington Employee Ownership Program.

Businesses cannot earn the B&O credits after June 30, 2025, and must use them against tax periods starting before July 1, 2026.

EFFECTIVE DATE:

This bill takes effect on June 30, 2025.

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 B&O credit is based on Colorado's data for a similar incentive.
- The annual growth rate reflects the Economic and Revenue Forecast Council's November 2024 business and occupation taxable forecast.
- Under current law, businesses could use the B&O credit on tax periods through June 30, 2030, impacting one month of cash collections in fiscal year 2031.
- Businesses will use credits on tax periods through June 30, 2026, impacting 11 months of cash collections in fiscal year 2027.

DATA SOURCES:

- Colorado, Incentive credit firm data
- Economic Revenue Forecast Council, November 2024

REVENUE ESTIMATES:

This bill increases state revenues by an estimated \$387,000 in the 11 months of impacted collections in fiscal year 2027, and by \$419,000 in fiscal year 2028, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

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State Government (cash basis, \$000):

FY 2026 - \$ 0
FY 2027 - \$ 387
FY 2028 - \$ 419
FY 2029 - \$ 419
FY 2030 - \$ 419
FY 2031 - \$ 28

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 15 taxpayers.

FIRST YEAR COSTS:

The department will incur total costs of \$55,900 in fiscal year 2026. These costs include:

Labor Costs – Time and effort equate to 0.27 FTE.

- Gathering requirements, attending implementation meetings, and documenting and testing system changes.
- Create a special notice and update relevant information on the department's website.

Object Costs - \$18,700.

- Computer system changes, including contract programming.

SECOND YEAR COSTS:

The department will not incur any costs in fiscal year 2027.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.3		0.1		
A-Salaries and Wages	23,800		23,800		
B-Employee Benefits	8,600		8,600		
C-Professional Service Contracts	18,700		18,700		
E-Goods and Other Services	3,800		3,800		
J-Capital Outlays	1,000		1,000		
Total \$	\$55,900		\$55,900		

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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
IT B A-JOURNEY	94,728	0.2		0.1		
TAX POLICY SP 2	80,460	0.0		0.0		
TAX POLICY SP 3	91,068	0.0		0.0		
WMS BAND 2	101,410	0.0		0.0		
Total FTEs		0.3		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