

Multiple Agency Fiscal Note Summary

Bill Number: 5158 SB	Title: State & local taxation
-----------------------------	--------------------------------------

Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Legislative Evaluation and Accountability Program Committee	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Revenue	10.1	3,008,200	3,008,200	3,008,200	7.5	1,651,700	1,651,700	1,651,700	6.8	1,483,700	1,483,700	1,483,700
Total \$	10.1	3,008,200	3,008,200	3,008,200	7.5	1,651,700	1,651,700	1,651,700	6.8	1,483,700	1,483,700	1,483,700

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Legislative Evaluation and Accountability Program Committee	.0	0	0	.0	0	0	.0	0	0
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

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Final
---------------------------------------	---------------------------------	---------------------------------

Individual State Agency Fiscal Note

Bill Number: 5158 SB	Title: State & local taxation	Agency: 020-Legislative Evaluation and Accountability Program Committee
-----------------------------	--------------------------------------	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost 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: Alia Kennedy	Phone: 360-786-7405	Date: 01/09/2023
Agency Preparation: Jeff Naas	Phone: (360) 786-6131	Date: 01/12/2023
Agency Approval: Michael Mann	Phone: 360-786-6112	Date: 01/12/2023
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 01/25/2023

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.

By January 1, 2024, the Department of Revenue (DOR) must make publicly available an online searchable database of all taxes and tax rates in the state for each taxing district. The fiscal.wa.gov website maintained by LEAP must be able to be accessed by and accessed from the database created by DOR.

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.

LEAP assumes that DOR will create the database and website containing the taxes and tax rates in the state for each taxing district. LEAP will create a link to the DOR website on the fiscal.wa.gov website. Costs are indeterminate, but nominal for LEAP.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

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.

Department of Revenue Fiscal Note

Bill Number: 5158 SB	Title: State & local taxation	Agency: 140-Department of Revenue
-----------------------------	--------------------------------------	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	9.9	10.2	10.1	7.5	6.8
Account					
GF-STATE-State 001-1	1,401,200	1,607,000	3,008,200	1,651,700	1,483,700
Total \$	1,401,200	1,607,000	3,008,200	1,651,700	1,483,700

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: Alia Kennedy	Phone: 60-786-7405	Date: 01/09/2023
Agency Preparation: Erin Valz	Phone: 60-534-1522	Date: 01/16/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/16/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/16/2023

Request # 5158-1-1

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 Office of the Legislative Evaluation and Accountability Program Committee (LEAP) has established a public searchable state expenditure information website.

PROPOSAL:

By January 1, 2024, the Department of Revenue (department) must make publicly available an online searchable database of all taxes and tax rates in the state for each taxing district and provide tax rate calculators to allow taxpayers to calculate their potential taxes by location. The database is required to be searchable by either entering in a physical address, or by navigating a map down to the local taxing district level.

The database must include tax rate calculators that allow taxpayers to calculate their potential property tax, sales and use tax, business and occupation (B&O) tax, vehicle taxes, and other business taxes, specific to the rate for the taxing district where the taxpayer resides. The proposal is clear that these calculators are for educational purposes only and have no legal effect.

In addition to providing information or links to information on other selective sales taxes, business taxes, and in-lieu of property taxes, the database is required to include, at a minimum, the following taxes broken down to the jurisdictional level

- state and local sales and use taxes
- state and local regular and excess property taxes
- state and local business taxes including but not limited to B&O tax, public utility taxes, unemployment compensation taxes, and industrial insurance premiums
- state and local real estate excise tax
- state and local motor vehicle taxes and fees

Taxing districts are required to report their tax rates to the department by September 30, 2023, and report any changes to tax rates within 30 days of enactment.

The database must be accessible by and from the LEAP web site.

EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session in which it is enacted. Although the proposal requires the department to make the online searchable database publicly available by January 1, 2024, the department will require a minimum of 18 months for development and implementation of an initial database. We anticipate the first phase of the database, which will be limited to information that the department can display geographically, will be publicly available by January 1, 2025. The timing of any expansions of the database to include additional state and local tax data will be dependent upon our ability to successfully partner with other state agencies and local jurisdictions to obtain their data.

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.

This legislation results in no revenue impact to taxes administered by the department.

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:

- The bill requires the website be publicly available by January 1, 2024. However, the department will only be able to provide a timeline for those taxes administered by the department that can be geographically based. The department believes this information can be published by January 1, 2025.
- The timeline for including taxes administered by other state agencies or local governments will be dependent upon those entities providing their tax information to the department.
- Expenditures shown in this fiscal note are only for the department's cost for collecting tax information, setting up the new searchable database, publishing the database on the department's website, enhancing the database as new information is made available, and maintaining the database. This estimate does not include costs incurred by other state agencies and local taxing jurisdictions to supply their tax information to the department.

FIRST YEAR COSTS:

The department will incur total costs of \$1,401,200 in fiscal year 2024. These costs include:

Labor Costs - Time and effort equate to 9.9 FTEs.

- Plan, design, and manage project.
- Program and test computer systems.
- Create taxing district maps for each tax code area using geographic information systems.
- Respond to questions, compile, and manage data.

Object Costs - \$121,400.

- Computer system changes, including contract programming.
- Purchase software applications and licenses.
- Training and travel cost.

SECOND YEAR COSTS:

The department will incur total costs of \$1,607,000 in fiscal year 2025. These costs include:

Labor Costs - Time and effort equate to 10.2 FTEs.

- Plan, design, and manage project.
- Program and test computer systems.
- Create taxing district maps for each tax code area using geographic information systems.
- Compile and manage data.
- Respond to telephone questions, emails, and written correspondence.

Object Costs - \$388,400.

- Computer system changes, including contract programming.
- Purchase software applications and licenses.
- Hardware to run applications and store data.
- Training and travel cost.

ONGOING COSTS:

Ongoing costs for the 2025-27 biennium equal \$1,651,700 and include similar activities described in the second-year costs. Time and effort equate to 7.5 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	9.9	10.2	10.1	7.5	6.8
A-Salaries and Wages	793,200	806,600	1,599,800	1,064,400	961,300
B-Employee Benefits	261,800	266,200	528,000	351,200	317,200
C-Professional Service Contracts	108,300	79,700	188,000		
E-Goods and Other Services	164,000	117,600	281,600	178,900	157,300
G-Travel	4,100	4,100	8,200	6,000	6,000
J-Capital Outlays	69,800	332,800	402,600	51,200	41,900
Total \$	\$1,401,200	\$1,607,000	\$3,008,200	\$1,651,700	\$1,483,700

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 2024	FY 2025	2023-25	2025-27	2027-29
EXCISE TAX EX 3	61,632	1.3	1.3	1.3	2.0	2.0
IT APP DEV-JOURNEY	88,428	2.0	2.0	2.0	1.0	1.0
IT ARCH-SR/SPEC	107,484	0.5	0.5	0.5		
IT B A-JOURNEY	88,428	0.5	0.5	0.5		
IT PROJ MGT-SR IT MGR	118,500	0.3	0.3	0.3		
IT QA-JOURNEY	88,428	0.5	0.5	0.5		
IT SYS ADM-JOURNEY	92,844	0.1	0.1	0.1		
MGMT ANALYST4	73,260	1.0	1.0	1.0	0.8	0.5
MGMT ANALYST5	80,952	0.2	0.2	0.2		
TAX INFO SPEC 1	44,808		0.3	0.2	0.5	0.5
TAX INFO SPEC 4	66,420	1.5	1.5	1.5	1.3	0.8
TAX POLICY SP 2	75,120	1.0	1.0	1.0	1.0	1.0
TAX POLICY SP 3	85,020	1.0	1.0	1.0	1.0	1.0
Total FTEs		9.9	10.2	10.1	7.5	6.8

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

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5158 SB

Title: State & local taxation

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

Legislation Impacts:

- Cities: Increased costs to report data to the Dept. of Revenue
- Counties: Increased costs to report data to DOR, increased costs to county treasurers to provide technical assistance
- Special Districts: Increased costs to report data to the DOR
- Specific jurisdictions only: All taxing districts include all cities, counties, and a proportion of special districts
- Variance occurs due to: The varying capabilities of local governments to report their tax data

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs: Increased workload and staffing costs to county treasurers for providing technical assistance leading up to the reporting deadline of 9/30/23.
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: Scale of increased reporting costs per jurisdiction

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 01/17/2023
Leg. Committee Contact: Alia Kennedy	Phone: 360-786-7405	Date: 01/09/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/17/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/17/2023

Part IV: Analysis

A. SUMMARY OF BILL

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

This bill will indeterminately increase the expenditures of all cities, all counties, and a proportion of the 1,498 special purpose districts in the state.

Section 1 of this bill describes legislative intent.

Section 2 adds a section to RCW 82.02 [General Provisions] to require the Dept. of Revenue to make publicly available a database of all taxes and tax rates in the state for each taxing district. Each taxing district must report its tax rates to the DOR by September 30, 2023, and report any changes to tax rates within 30 days of the change.

At a minimum the following taxes and rates must be included in the database and broken down to the taxing district or jurisdiction level:

- State and local sales and use taxes;
- State and local regular and excess property taxes;
- State and local business taxes including, but not limited to, business and occupation taxes, public utility taxes, unemployment compensation taxes, and industrial insurance premiums;
- State and local real estate excise taxes; and
- State and local motor vehicle taxes and fees.
- links to information on additional selective sales taxes, selective business taxes, and in-lieu of property taxes.

Section 3 amends RCW 44.48.150 [State expenditure information website-Access to capital and transportation project data] to require the state expenditure website established by the Office of the Legislative Evaluation and Accountability Program Committee be able to be accessed by and accessed from the “taxes per taxing district database” described in section 2.

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 require each taxing district (all 281 cities, all 39 counties, and an unknown proportion of the 1,498 special purpose districts) to report their tax rates to the DOR by September 30, 2023 and to report any changes to those tax rates within 30 days of the change. The increased staff time and workload expenses due to this reporting requirement are expected to be significant and are indeterminate.

According to the Dept. of Revenue, currently, local jurisdictions report:

- Local sales/use tax rates annually, and report changes to rates three times a year (once in January, April, and July), rather than within 30 days of the change.
- Local property tax rates annually, and do not report changes to those rates more often than the annual reporting schedule.
- At this time there is uncertainty about how taxes that are not geographically imposed, like local B&O taxes and public utility taxes, will be reported. It is unknown what the reporting costs broken down by taxing district or jurisdiction level for these taxes will look like and it is unknown how much it will cost local taxing districts to report this information to the Dept. of Revenue.
- The Dept. of Revenue anticipates that they will rely upon state agencies to collect data for certain types of taxes: like unemployment compensation taxes and industrial insurance premiums. These reporting costs would not impact local governments.
- It is unknown how frequently local taxing districts report local real estate excise taxes to the Dept. of Revenue, currently.
- It is unknown how frequently local taxing districts report local motor vehicle taxes and fees to the Dept. of Revenue,

currently.

The additional reporting costs will be for local governments with taxing authority and is indeterminate.

According to the Washington Association of County Officials, the specific reporting deadline of September 30, 2023 will likely pose a challenge for small taxing districts and they are expected to rely upon their county treasurers for technical assistance, simultaneously. This is expected to create an increased, one-time cost for county treasurers for increased workload and staffing. However, these costs are unknown and indeterminate.

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.

This bill will not impact local government revenues.

SOURCES

Dept. of Revenue

Washington Association of County Officials