Multiple Agency Fiscal Note Summary

Bill Number: 5211 SB	**Title:** Tax increment financing

Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total $	0	0	0	0	0	0	0	0	0

Agency Name	2021-23		2023-25		2025-27	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Fiscal note not available					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	.1	37,000	37,000	37,000	.0	0	0	0	.0	0	0	0
Total $	**0.1**	**37,000**	**37,000**	**37,000**	**0.0**	**0**	**0**	**0**	**0.0**	**0**	**0**	**0**

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
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	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

FNPID: 61181

FNS029 Multi Agency rollup

Estimated Capital Budget Breakout

NONE

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FNPID: 61181

FNS029 Multi Agency rollup

Department of Revenue Fiscal Note

Bill Number: 5211 SB	Title: Tax increment financing	Agency: 140-Department of Revenue

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

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

Estimated Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.3		0.1		
Account					
GF-STATE-State 001-1	37,000		37,000		
Total $	37,000		37,000		

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:	Clinton McCarthy	Phone: 360-786-7319	Date: 01/15/2021
Agency Preparation:	Frank Wilson	Phone: 360-534-1527	Date: 01/20/2021
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 01/20/2021
OFM Review:	Ramona Nabors	Phone: (360) 902-0547	Date: 01/20/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

PROPOSED LAW:
Authorizes local governments to finance public improvements using Tax Increment Financing (TIF).

Prior to establishing an increment area, local governments must complete a project analysis that includes a statement of objectives, the property the local government intends to obtain, the duration of the TIF area, and the estimated value of the project.

Public improvements that are financed with TIF may be funded by other revenue sources.

In the calendar year following the passing of the ordinance, the county treasurer shall distribute receipts from regular taxes imposed on real property in the increment area, with instruction.

Adds increase in assessed value within a TIF area to add-ons effecting levy limit.

EFFECTIVE DATE:
The bill takes effect 90 days after final adjournment of the session in which it is enacted.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

It is unknown which local jurisdictions would create Tax Infrastructure Financing (TIF) areas. Therefore, the revenue impact to state and local property taxes is indeterminate.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

FIRST YEAR COSTS:
The Department of Revenue (Department) will incur total costs of $37,000 in Fiscal Year 2022. These costs include:

Labor Costs – Time and effort equates to 0.28 FTEs.
- Amend ten administrative rules.

ONGOING COSTS:
There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.3		0.1		
A-Salaries and Wages	23,100		23,100		
B-Employee Benefits	8,300		8,300		
E-Goods and Other Services	3,600		3,600		
J-Capital Outlays	2,000		2,000		
Total $	$37,000		$37,000		

III. B - 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 2022	FY 2023	2021-23	2023-25	2025-27
EMS BAND 4	119,061	0.0		0.0		
MGMT ANALYST4	70,956	0.1		0.0		
TAX POLICY SP 2	72,756	0.0		0.0		
TAX POLICY SP 3	82,344	0.2		0.1		
TAX POLICY SP 4	88,644	0.0		0.0		
WMS BAND 3	101,257	0.0		0.0		
Total FTEs		0.3		0.2		

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

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and dexcribe potential financing methods

NONE

None.

Part V: New Rule Making Required

Identify provisions of the measure 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 458-19-050, titled: "Definitions", WAC 458-19-020, titled: "Levy limit - method of calculation", WAC 458-19-025, titled: "Restoration of regular levy", WAC 458-19-030, titled: "Levy limit - consolidation of districts", WAC 458-19-035, titled: "Levy limit - annexation", WAC 458-19-05001, titled: "Port district levies for industrial development district purposes", WAC 458-19-060, titled: "Emergency medical service levy", WAC 458-19-065, titled: Levy limit - protection of future levy capacity", WAC 458-19-085, titled: "Refunds - procedures - applicable limits", and WAC 458-19-550, titled: "State levy - apportionment between counties".

Persons affected by this rule-making would include local governments financing public improvements through the creation of increment areas, using increment financing.