Multiple Agency Fiscal Note Summary

Bill Number: 5414 SB	**Title:** Data centers/tax preference

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	(4,193,000)	(4,193,000)	(4,200,000)	(7,988,000)	(7,988,000)	(8,000,000)	(13,278,000)	(13,278,000)	(13,300,000)
Total $	**(4,193,000)**	**(4,193,000)**	**(4,200,000)**	**(7,988,000)**	**(7,988,000)**	**(8,000,000)**	**(13,278,000)**	**(13,278,000)**	**(13,300,000)**

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
Joint Legislative Audit and Review Committee	.1	20,300	20,300	20,300	.0	8,200	8,200	8,200	.0	8,200	8,200	8,200
Department of Revenue	.9	359,900	359,900	359,900	.0	0	0	0	.0	0	0	0
Total $	**1.0**	**380,200**	**380,200**	**380,200**	**0.0**	**8,200**	**8,200**	**8,200**	**0.0**	**8,200**	**8,200**	**8,200**

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Joint Legislative Audit and Review 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**

Estimated Capital Budget Breakout

NONE

Prepared by: Ramona Nabors, OFM	**Phone:** (360) 902-0547	**Date Published:** Final 2/ 8/2021

FNPID: 61836

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 5414 SB	Title: Data centers/tax preference	Agency: 014-Joint Legislative Audit and Review Committee

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.1	0.0	0.1	0.0	0.0
Account					
General Fund-State 001-1	16,200	4,100	20,300	8,200	8,200
Total $	16,200	4,100	20,300	8,200	8,200

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:	Kellee Gunn	Phone: 786-7429	Date: 02/03/2021
Agency Preparation:	Dana Lynn	Phone: 360-786-5177	Date: 02/03/2021
Agency Approval:	Keenan Konopaski	Phone: 360-786-5187	Date: 02/03/2021
OFM Review:	Gaius Horton	Phone: (360) 819-3112	Date: 02/05/2021

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.

This bill creates new sales and use tax preferences for purchases of and charges to install, construct, repair or alter eligible server equipment and eligible power infrastructure by data centers in counties that meet certain population criteria.

Section 1: States the Legislature's intent to encourage data center usage and investment in urban counties.

TAX PERFORMANCE STATEMENT DETAILS

Section 2: Provides a new tax preference performance statement that categorizes the preferences as intended to create or retain jobs as indicated in RCW 82.32.808(2)(c).

The Legislature's specific public policy objective is stated to improve industry competitiveness and increase, create, or retain jobs in data centers located in counties with a population between 900,000 and 1 million as of the April 1, 2020, Office of Financial Management estimates. The Legislature's intent is to provide sales and use tax exemptions to increase investment in data centers in certain counties, which will grow employment in the technology industry while adding real and personal property to the state and local property tax rolls.

The Legislature intends to extend the expiration date of the preferences and expand applicability to the entire state if a review finds that the county tax base increased as a result of the construction, leasing, and other investment of data centers eligible for the preferences.

To obtain data to perform the review, JLARC staff is directed to refer to data available from the Department of Revenue (DOR) county property tax assessments and DOR data collected on the annual tax performance report filed under RCW 82.32.534.

SALES AND USE TAX EXEMPTIONS

Sections 3 and 4: Create new sales and use tax exemptions under chapters 82.08 and 82.12 RCW for:

- Sales to qualifying businesses and tenants of eligible server equipment and for labor and services to install such equipment.
- Sales to qualifying businesses and tenants of eligible power infrastructure, including charges to construct, install, repair, alter, or improve the power infrastructure at an eligible computer data center.

No new exemption certificates may be issued on or after July 1, 2027, and the exemptions provided in the bill expire July 1, 2037.

Businesses qualifying for the exemptions must be located in a county with a population between 900,000 and 1 million, as determined by the April 1, 2020, Office of Financial Management estimates, and must apply to DOR for an exemption certificate. DOR must issue certificates to qualifying businesses and tenants. Qualifying businesses must submit records to demonstrate that they have a minimum of 1.5 megawatts of available power when they apply to DOR. Qualifying tenants must contract for a minimum electrical capacity of 150 kilowatts. Tenants that previously qualified under RCWs 82.08.986 or 82.12.986 must reapply if they intend to expand into a qualifying business.

The number of exemptions provided is limited to two qualifying business or tenant applications in the first year, and one each year in years three through six (six total). The exemption is available on a first-in-time basis, based on when DOR receives the application. The exemption certificate is effective on the date DOR receives the application, which is deemed the date of issuance. Exemption certificates expire two years after the date of issuance unless construction has started.

Within six years of when the exemption certificate was issued, the business or tenant must establish that net employment at the data center has increased by a minimum of three family wage employment positions for each incremental increase of 20,000 square feet of space that is newly dedicated to housing working servers. Criteria for determining the number of family wage employment positions is detailed in the bill.

Section 5: Creates a new section in chapter 82.08 RCW detailing that, in order to obtain the exemption provided in section 3, a qualifying business or tenant must certify to DOR that the computer data center receiving the exemption is developed in a way that includes community workforce agreements or project labor agreements, and payment of area standard prevailing wages and apprenticeship use requirements, with specific requirements for owners, prime, and subcontractors for bid selection detailed.

There are multiple expiration dates listed in the bill.

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.

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.

JLARC staff would contact and work with the Department of Revenue and other appropriate agencies immediately after passage of the bill to ensure project contacts are established and any other necessary data for JLARC staff's future evaluation needs are identified and collected.

While there are multiple expiration dates listed in the bill, JLARC staff assume the latest expiration date of 2037 will be used for scheduling a JLARC review. Thus, JLARC would likely review the tax preference in 2035, two years before the 2037 expiration date.

This tax preference review may require additional resources. The audit will be conducted and presented to JLARC consistent with the processes used for other tax preference reviews. Based on all tax preference legislation that is passed, JLARC may subsequently determine that it can absorb the costs for this proposed bill in its base budget, if the workload of other enacted tax preference legislation does not exceed current staffing. JLARC will assess all of the tax preference reviews mandated in the 2021 legislative session.

This audit will require an estimated 2 audit months.

JLARC Audit Months: JLARC calculates its staff resources in "Audit Months" to estimate the time and effort to undertake and complete its studies. An "Audit Month" reflects a JLARC analyst's time for a month, together with related administrative, support, and goods/services costs. JLARC's anticipated 2021-23 costs are calculated at approximately $20,300 per audit month.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	16,200	4,100	20,300	8,200	8,200
		Total $	16,200	4,100	20,300	8,200	8,200

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.1		0.1		
A-Salaries and Wages	10,200	2,500	12,700	5,000	5,000
B-Employee Benefits	3,200	800	4,000	1,600	1,600
C-Professional Service Contracts					
E-Goods and Other Services	2,600	700	3,300	1,400	1,400
G-Travel	200	100	300	200	200
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	16,200	4,100	20,300	8,200	8,200

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 2022	FY 2023	2021-23	2023-25	2025-27
Research Analyst	113,827	0.1		0.1		
Support staff	77,705					
Total FTEs		0.1		0.1		0.0

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

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

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Department of Revenue Fiscal Note

Bill Number: 5414 SB	Title: Data centers/tax preference	Agency: 140-Department of Revenue

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

Account	FY 2022	FY 2023	2021-23	2023-25	2025-27
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax	(1,897,000)	(2,296,000)	(4,193,000)	(7,988,000)	(13,278,000)
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax	(3,000)	(4,000)	(7,000)	(12,000)	(22,000)
Total $	(1,900,000)	(2,300,000)	(4,200,000)	(8,000,000)	(13,300,000)

Estimated Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	1.3	0.6	0.9		
Account					
GF-STATE-State 001-1	289,900	70,000	359,900		
Total $	289,900	70,000	359,900		

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:

☒ 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:	Kellee Gunn	Phone: 786-7429	Date: 02/03/2021
Agency Preparation:	Marianne McIntosh	Phone: 360-534-1505	Date: 02/08/2021
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 02/08/2021
OFM Review:	Ramona Nabors	Phone: (360) 902-0547	Date: 02/08/2021

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.

Note: This fiscal note reflects language in SB 5414, 2021 Legislative Session.

CURRENT LAW
Sales and use tax is assessed on server equipment and power infrastructure for data centers located in urban counties.

PROPOSED LAW
This bill adds a new section to RCW 82.08 creating a sales tax exemption for qualifying businesses operating data centers and qualifying tenants of these data centers. The data centers must be located in counties with a population between 900,000 to 1 million as determined by the April 1, 2020 Office of Financial Management population estimates.

The exemption includes purchases of eligible server equipment and power infrastructure. The exemption for server equipment includes labor and services for installing eligible server equipment. The exemption for power infrastructure includes purchases of material and equipment as well as labor and service for constructing, installing, repairing, altering, or improving eligible power infrastructure.

Qualifying businesses or tenants must submit an application to the Department of Revenue (Department). The application must include information necessary to determine the business or tenant qualifies for the exemption. Qualifying businesses must submit records indicating it has a minimum of 1.5 megawatts of available power for customers at the time of application. In order for a qualifying tenant to obtain the exemption, they must contract for a minimum electrical capacity of 150 kilowatts for server and computer equipment in a qualifying business.

Qualifying businesses or tenants must certify to the Department the data center receiving the exemption is developed in a way that meets community workforce agreements or project labor agreements.

The Department can approve two applications submitted by qualifying businesses in year one and one each year beginning in year three through year six. The exemption is available on a first-in-time basis based on the date the application is received by the Department. No new exemption certificates may be issued on or after July 1, 2027. Certificates expire two years after the date of issuance unless construction has commenced. There is no limit on the number of exemption certificates that can be issued to qualifying tenants.

An eligible computer data center must be comprised of one or more buildings with a combined square footage of at least 100,000 square feet and at least 20,000 square feet dedicated to housing working servers.

Eligible server equipment requirements for qualifying businesses:
- Original server equipment installed in an eligible data center on or after the effective date of the bill.
- Replacement servers replace existing server equipment if the original server equipment qualified for this exemption and is installed and put into regular use 10 years after the effective date of this bill. The retail sales tax exemption expires before this occurs, therefore replacement servers are not exempt.

Eligible server equipment requirements for qualifying tenants:
- Original server equipment installed within the space leased in an eligible data center on or after 10 years after the effective date of this bill. The retail sales tax exemption expires before this occurs, therefore original server equipment for qualifying tenants is not exempt.
- Replacement servers replace qualifying server equipment installed and put into regular use prior to July 1, 2027. For tenants, original server equipment does not qualify due to installation date occurring after the expiration date of this exemption,

therefore replacement servers replacing original servers do not qualify for the exemption.
- Replacement servers replace existing equipment in qualifying data center meeting the following requirements: has been refurbished and has a valid certificate; and is installed and put into regular use no later than 12 years after the date of the certificate of occupancy or completion of refurbishment of the data center.

The qualifying business or tenant claiming the retail sales tax exemption must complete an annual tax performance report.

The retail sales tax exemption expires July 1, 2037, however the entire section expires July 1, 2031 and ends the exemption 6 years earlier than expected.

Use tax exemption applies to those who qualified under the retail sales tax section. The use tax exemption expires July 1, 2027.

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.

ASSUMPTIONS
- The fiscal note is written to intent. If the bill is not changed in a substitute version then the Department will need to revise the fiscal note to reflect bill as written.
- The earliest an application can be submitted to the Department is July 27, 2021. The date the Department receives the application is the effective date of the approved certificate. Therefore, there are ten months of cash collections in Fiscal Year 2022.
- The exemption is limited to data centers located in Pierce County.
- Qualifying businesses and tenants will meet the power requirements prior to applying to the Department.
- The approved application limit will be met. Two applications approved within the first year and one application approved per year in year 3 through 6.
- Data centers with one or more buildings must have a combined square footage of at least 100,000 square feet. Currently, the Department is aware of one completed data center facility, SH2 under Centeris, in Pierce County that meets this criteria. Centeris notes they have up to 750,000 square feet available for purpose-built or shared data center facilities.
- No new exemption certificates may be issued on or after July 1, 2027.
- It takes approximately 18 to 24 months to complete a data center. Twenty-five percent of the dedicated server space will be filled each year and thereafter until full capacity is reached.
- The average size of a new data center is approximately 215,000 square feet with an estimated 100,000 square feet of dedicated server space.
- The average cost per square foot for equipment including power infrastructure is $1,000.
- Servers are refreshed every three years. This is due to cost savings and upgrading equipment.

DATA SOURCES
- Department of Revenue, Annual tax performance report
- United Sates Chamber of Commerce, Technology Engagement Center, Data Centers Report 2017, https://www.uschamber.com/sites/default/files/ctec_datacenterrpt_lowres.pdf
- The Engineering Projects, https://www.theengineeringprojects.com/2018/12/what-are-data-centers-and-how-much-do-they-cost.html
- Puget Sound Business Journal, https://www.bizjournals.com/seattle/news/2019/03/21/opinion-washington-must-compete-for-moredata.html
- Centeris.com/resources, SH2 Build-to-Suit Data Sheet

REVENUE ESTIMATES

This bill decreases state revenues by an estimated $1.9 million in the 10 months of impacted collections in Fiscal Year 2022, and by $2.3 million in Fiscal Year 2023, the first full year of impacted collections. This bill also decreases local revenues by an estimated $950,000 in the 10 months of impacted collections in Fiscal Year 2023, and by $1.1 million in Fiscal Year 2023, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, $000):
FY 2022 - ($ 1,900)
FY 2023 - ($ 2,300)
FY 2024 - ($ 4,000)
FY 2025 - ($ 4,000)
FY 2026 - ($ 5,800)
FY 2027 - ($ 7,500)

Local Government, if applicable (cash basis, $000):
FY 2022 - ($ 950)
FY 2023 - ($ 1,140)
FY 2024 - ($ 1,990)
FY 2025 - ($ 1,990)
FY 2026 - ($ 2,840)
FY 2027 - ($ 3,690)

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.

ASSUMPTIONS:
This bill affects 6 taxpayers.

FIRST YEAR COSTS:
The Department will incur total costs of $289,900 in Fiscal Year 2022. These costs include:

Labor Costs – Time and effort equates to 1.28 FTEs.
- Amend three excise tax advisories (ETA).
- Create a Special Notice and identify publications and information that need to be updated.
- Respond to email inquiries and more difficult call backs from the telephone information center.
- Set up, program, and test computer system changes.
- Review and process applications, monitor reports, quality check and work review, and assist in creating and writing procedures.
- System testing and maintenance indefinitely, updating the data center case and corresponding letters, and perform division training.
- Provide technical advice, interpretation and analysis during the implementation process.
- Assist with the rule making process.

Object Costs - $132,000.
- Contract computer system programming.

SECOND YEAR COSTS:
The Department will incur total costs of $70,000 in Fiscal Year 2023. These costs include:

Labor Costs – Time and effort equates to 0.6 FTEs.
- Review and process applications, monitor reports, quality check and work review.
- Provide technical advice, interpretation and analysis during the implementation process.
- Assist with the rule making process.

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	1.3	0.6	0.9		
A-Salaries and Wages	97,700	46,000	143,700		
B-Employee Benefits	35,300	16,600	51,900		
C-Professional Service Contracts	132,000		132,000		
E-Goods and Other Services	16,100	6,700	22,800		
J-Capital Outlays	8,800	700	9,500		
Total $	$289,900	$70,000	$359,900		

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		
EMS BAND 5	139,090	0.0		0.0		
EXCISE TAX EX 3	59,688	0.1	0.1	0.1		
IT SYS ADM-JOURNEY	89,916	0.3		0.2		
MGMT ANALYST4	70,956	0.2	0.1	0.2		
TAX INFO SPEC 4	64,332	0.2		0.1		
TAX POLICY SP 2	72,756	0.0		0.0		
TAX POLICY SP 3	82,344	0.4	0.4	0.4		
TAX POLICY SP 4	88,644	0.0		0.0		
WMS BAND 3	101,257	0.0		0.0		
Total FTEs		1.3	0.6	1.0		

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

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5414 SB	**Title:** Data centers/tax preference

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

Legislation Impacts:

[X] Cities: decreased sales and use tax revenue

[X] Counties: decreased sales and use tax revenue

[X] Special Districts: decreased sales and use tax revenue

[ ] Specific jurisdictions only:

[ ] Variance occurs due to:

Part II: Estimates

[ ] No fiscal impacts.

[ ] Expenditures represent one-time costs:

[ ] Legislation provides local option:

[ ] Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 02/08/2021
Leg. Committee Contact: Kellee Gunn	Phone: 786-7429	Date: 02/03/2021
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/08/2021
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 02/08/2021

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

Section 1 (new) establishes the intent of the bill: to extend a data center tax incentive to an urban county.

Section 2 (new) establishes a tax preference that will apply in Pierce County and will provide a sales and use tax exemption on eligible computer data centers, charges made for labor and services rendered in respect to installing eligible server equipment, and for construction, installation, repair, alteration, or improvement of eligible power infrastructures.
A review of the economic impacts of this tax preference will be completed by JLARC. The legislature may extend the expiration and expand the applicability of this tax preference state-wide if it increases the county tax base.

Section 3 (new) describes how eligible tax-exempt businesses and tenants must interact with the DOR in order to receive tax preference benefits. This section expires 1/1/2031.

Section 4 (new) establishes a use tax exemption that expires 1/1/2027.

Section 5 (new) requires an eligible business or tenant to certify their development includes community workforce agreements or project labor agreements and pays the area's standard prevailing wages and apprenticeship requirements.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

This bill will not impact local government expenditures.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

This bill decreases local government revenues by an estimated $950,000 in the 10 months of impacted collections in Fiscal Year 2022, and by $1,140,000 in Fiscal Year 2023, the first full year of impacted collections, according to the Dept. of Revenue.

COUNTIES
FY 2022 - ($ 331,165)
FY 2023 - ($ 397,397)
FY 2024 - ($ 693,703)
FY 2025 - ($ 693,703)
FY 2026 - ($ 990,008)
FY 2027 - ($1,286,313)

CITIES
FY 2022 - ($ 282,382)
FY 2023 - ($ 338,859)
FY 2024 - ($ 591,516)
FY 2025 - ($ 591,516)
FY 2026 - ($ 844,174)
FY 2027 - ($1,096,832)

SPECIAL DISTRICTS
FY 2022 - ($ 326,953)
FY 2023 - ($ 392,343)
FY 2024 - ($ 684,881)
FY 2025 - ($ 684,881)
FY 2026 - ($ 977,418)
FY 2027 - ($1,269,955)

METHODOLOGY:
The distributions in this note for cities, counties, and special districts are based on DOR data for local sales and use tax distributions from Calendar Year 2019. Mitigation payments and distributions to hospital benefit zones are not factored into this distribution. The result is a distribution of 35.21 percent to counties, 30.02 percent to cities, and 34.76 percent to special districts. The one percent DOR administrative fee has also been deducted.

SOURCES:
Department of Revenue Fiscal Note 5414-1 SB
LGFN Sales and Use Tax Distribution Model
Pierce County