Multiple Agency Fiscal Note Summary

Bill Number: 1521 S HB	**Title:** Warehousing & manuf. jobs

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
Office of State Treasurer	(12,150,000)	(12,150,000)	0	(7,780,000)	(7,780,000)	0	(2,770,000)	(2,770,000)	0
Total $	**(12,150,000)**	**(12,150,000)**	**0**	**(7,780,000)**	**(7,780,000)**	**0**	**(2,770,000)**	**(2,770,000)**	**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		6,075,000		3,888,000		1,382,000
Local Gov. Total		6,075,000		3,888,000		1,382,000

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
Office of State Treasurer	.0	0	0	12,150,000	.0	0	0	7,780,000	.0	0	0	2,770,000
Department of Revenue	.1	11,600	11,600	11,600	.0	0	0	0	.0	0	0	0
Total $	**0.1**	**11,600**	**11,600**	**12,161,600**	**0.0**	**0**	**0**	**7,780,000**	**0.0**	**0**	**0**	**2,770,000**

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.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

FNPID: 62654

FNS029 Multi Agency rollup

Prepared by: Ramona Nabors, OFM	Phone: (360) 902-0547	Date Published: Final 3/ 4/2021

Individual State Agency Fiscal Note

Bill Number: 1521 S HB	Title: Warehousing & manuf. jobs	Agency: 090-Office of State Treasurer

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
General Fund-State 001-1	(6,750,000)	(5,400,000)	(12,150,000)	(7,780,000)	(2,770,000)
Manufacturing and Warehousing Job Centers Account-State New-1	6,750,000	5,400,000	12,150,000	7,780,000	2,770,000
Total $					

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
Account					
Manufacturing and Warehousing Job Centers Account-State New-1	6,750,000	5,400,000	12,150,000	7,780,000	2,770,000
Total $	6,750,000	5,400,000	12,150,000	7,780,000	2,770,000

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:	Nick Tucker	Phone: 360-786-7383	Date: 02/26/2021
Agency Preparation:	Dan Mason	Phone: (360) 902-8990	Date: 03/03/2021
Agency Approval:	Dan Mason	Phone: (360) 902-8990	Date: 03/03/2021
OFM Review:	Ramona Nabors	Phone: (360) 902-0547	Date: 03/04/2021

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.

SHB 1521 creates the manufacturing and warehousing job centers account, coupled with the general fund as the recipient of the earnings from investments under RCW 43.84.092(4).

The department of revenue (DOR) provided the section 2 transfers and distributions amounts.

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.

DOR provided the section 2 transfer amounts included in this fiscal note.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

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.

DOR provided the section 2 distribution amounts included in this fiscal note.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
New-1	Manufacturing and Warehousing Job Centers Account	State	6,750,000	5,400,000	12,150,000	7,780,000	2,770,000
		Total $	6,750,000	5,400,000	12,150,000	7,780,000	2,770,000

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	6,750,000	5,400,000	12,150,000	7,780,000	2,770,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	6,750,000	5,400,000	12,150,000	7,780,000	2,770,000

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*

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

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: 1521 S HB	Title: Warehousing & manuf. jobs	Agency: 140-Department of Revenue

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.1		0.1		
Account					
GF-STATE-State 001-1	11,600		11,600		
Total $	11,600		11,600		

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.

Legislative Contact:	Nick Tucker	Phone: 360-786-7383	Date: 02/26/2021
Agency Preparation:	Valerie Torres	Phone: 360-534-1521	Date: 03/01/2021
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 03/01/2021
OFM Review:	Ramona Nabors	Phone: (360) 902-0547	Date: 03/02/2021

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 SHB 1521, 2021 Legislative Session.

CURRENT LAW:
Streamline sales tax mitigation payments ended June 30, 2020, with the Governor's veto of Engrossed House Bill 1948 passed during the 2020 Legislative Session.

COMPARISON OF SUBSTITUTE BILL WITH THE ORIGINAL BILL:
The substitute bill removes the emergency clause and the doubling of the first payment.

PROPOSED LAW:
Qualified local taxing districts will receive a quarterly streamlined sales and use tax mitigation payment (SST mitigation payment) from the manufacturing and warehousing job center account.

At first, the payment amounts will equal the payments received June 30, 2020. Beginning July 1, 2022, the amount of the payment will be reduced by 20 percent from the previous year's payment for the same quarter.

The manufacturing and warehousing job center account is created in the state treasury. July 1, 2021, and each July 1 through July 1, 2026, the State Treasurer transfers from the general fund the sum required to mitigate actual net losses.

A qualified local taxing district is defined as having received more than $60,000 in the June 30, 2020, SST mitigation payment.

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

The payments expire July 1, 2026.

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 first payment after the transfer by the State Treasurer on July 1, 2021, will be made by September 30, 2021.
- This legislation passes effective July 23, 2021.

DATA SOURCES
- Department of Revenue, SST mitigation payment data

REVENUE ESTIMATES
Please see the Office of the State Treasurer's fiscal note for total payment amounts.

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 legislation will affect seven cities that will receive mitigation payments.

FIRST YEAR COSTS:
The Department of Revenue will incur total costs of $11,600 in Fiscal Year 2022. These costs include:

Labor Costs - Time and effort equates to 0.1 FTE.
- Administer mitigation program, calculate and review mitigation payments.
- Assist jurisdictions and respond to inquiries via phone call, web message, and paper correspondence.

SECOND YEAR COSTS:
The Department of Revenue will not incur any costs in Fiscal Year 2023.

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	0.1		0.1		
A-Salaries and Wages	7,100		7,100		
B-Employee Benefits	2,600		2,600		
E-Goods and Other Services	1,200		1,200		
J-Capital Outlays	700		700		
Total $	$11,600		$11,600		

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
MGMT ANALYST4	70,956	0.1		0.1		
Total FTEs		0.1		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

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: 1521 S HB	**Title:** Warehousing & manuf. jobs

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

Legislation Impacts:

[X] Cities: Revenue increase for 7 cities receiving SST mitigation payments

[ ] Counties:

[ ] Special Districts:

[X] Specific jurisdictions only: seven cities: Auburn, Fife, Issaquah, Kent, Sumner, Tukwila, and Woodinville

[ ] 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:

Jurisdiction	FY 2022	FY 2023	2021-23	2023-25	2025-27
City	3,375,000	2,700,000	6,075,000	3,888,000	1,382,000
TOTAL $	3,375,000	2,700,000	6,075,000	3,888,000	1,382,000
GRAND TOTAL $					11,345,000

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 03/02/2021
Leg. Committee Contact: Nick Tucker	Phone: 360-786-7383	Date: 02/26/2021
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 03/02/2021
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 03/04/2021

Part IV: Analysis

A. SUMMARY OF BILL

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

CHANGES FROM PREVIOUS BILL VERSION
This substitute bill removes the emergency clause and the doubling of the first payment.

SUMMARY OF CURRENT BILL
This bill creates a new account: the manufacturing and warehousing job centers account for a five-year period beginning July 1, 2021. The department will provide each qualified local taxing district a quarterly mitigation payment from the account equal to the streamlined sales tax mitigation payment that was provided to that qualified local taxing district on June 30, 2020. The amount of the quarterly mitigation payment shall be reduced by 20% from the previous year's payment.

A qualified local taxing district is defined as having received more than $60,000 in the June 30, 2020, SST mitigation payment.

This bill takes effect 90 days after final adjournment of the session in which it is enacted. The payments expire July 1, 2026.

BACKGROUND
According to the DOR, the mitigation timeline for local governments is as follows:

December 31, 2008 – Mitigation payments begin.
July 1, 2017 – Mitigation payments are limited to cities, counties and public facility districts.
January 1, 2018 – Marketplace Fairness law goes into effect. Marketplace facilitator/remote seller offset revenue begins to be collected.
June 30, 2018 – Mitigation payments are modified based on the offset of the prior quarter, which now includes increased revenue resulting from marketplace facilitator/remote seller revenue gains.
September 30, 2019 – Mitigation payments end, with an exception for: cities having more than $50,000 in SST Mitigation payments in Calendar Year 2018 will continue to receive SST Mitigation payments through June 30, 2020.

The following cities received a quarterly streamlined sales tax mitigation payment from the state on June 30, 2020, of:

AT LEAST $60,000
- Auburn
- Fife
- Issaquah
- Kent
- Sumner
- Tukwila
- Woodinville

GREATER THAN ZERO AND LESS THAN $60,000
- Burlington
- Milton
- Othello

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.

CHANGES FROM PRIOR BILL VERSION
Changes in this version do not alter the previous analysis of impacts.

SUMMARY OR CURRENT BILL
This bill would not impact local government expenditures because no action is required.

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.

CHANGES FROM PREVIOUS BILL VERSION
This substitute bill removes the doubling of the first payment.

SUMMARY OF CURRENT BILL REVENUE IMPACTS
This bill will increase the city revenues of Auburn, Fife, Issaquah, Kent, Sumner, Tukwila, and Woodinville by:

$3,375,000 in FY 2022
$2,700,000 in FY 2023
$2,160,000 in FY 2024
$1,728,000 in FY 2025
$1,382,000 in FY 2026

These mitigation payments expire July 1, 2026.

SOURCES
Association of Washington Cities
Office of State Treasurer, Fiscal Note HB 1521
Washington State Dept. of Revenue, Mitigation for local governments website