Individual State Agency Fiscal Note

Bill Number: HB 1703	Bill Title: AN ACT Relating to the modernization of the statewide 911 emergency communications system	Agency: 140 Department of Revenue

Part I: Estimates

[ ] No Fiscal Impact

Estimated Cash Receipts to:

Fund	Fiscal Year 2022	Fiscal Year 2023	2021-2023 Total	2023-25 Biennium	2025-27 Biennium
Total					

Estimated Expenditures from:

	Fiscal Year 2022	Fiscal Year 2023	2021-2023 Total	2023-25 Biennium	2025-27 Biennium
FTE Staff Years		.17	.09		
Fund					
GF-State 001		13,500	13,500		
Total		13,500	13,500		

The revenue and expenditures 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.

[X] 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.

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Agency Approval	**DONALD GUTMANN**	**Phone:**	**(360) 534-1510**	**Date:**	**1/11/2022**
OFM Review:		**Phone:**		**Date:**	

Part II: Narrative Explanation

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

CURRENT LAW:
The enhanced 911 (E911) tax is a monthly excise tax on switched access (wireline) lines; radio access (wireless) lines, including prepaid wireless telecommunications service; and voice over internet protocol (VoIP) service. The tax is collected from the consumer and reported by the business on their excise tax return.

The state rate is $0.25 per month for each switched access (wireline) line, radio access (wireless) line, and voice over internet protocol (VoIP) line. The county E911 rate is $0.70 for all counties (resulting in a statewide combined state and county E911 tax rate of $0.95). Prepaid wireless telecommunications service is taxed on each retail transaction.

PROPOSAL:
The purpose of this legislation is to reflect the ongoing modernization of the statewide 911 emergency communications system.

The Department of Revenue (Department) administers the laws which define and authorize the current E911 taxes and describe the use of the tax proceeds. This bill impacts the Department's administration of the E911 tax as follows:
- Where appropriate, the word "enhanced" is removed from a number of statutes referring to 911, including the existing definition of "911 emergency communications system."
- An additional definition is added for "next generation 911 emergency communications system."
- Where appropriate, statutes are amended by adding clarifying language and removing outdated or obsolete language.
- The bill expands the purposes for which the proceeds from the tax may be used by the state or county for the 911 emergency communications system and its administrative and operational costs.
- The bill requires taxpayers to file electronically using the Department's online tax filing service or another method of electronic reporting as the Department may authorize.

II. B - Revenue Impact

This legislation results in no revenue impact to taxes administered by the Department. The legislation clarifies current law and does not make any changes to the current E911 tax rates.

II. C - Expenditure Impact

ASSUMPTIONS:
- This proposal will affect 5,600 service providers who will collect and remit the E911 tax.
- Paper and electronic tax returns will not need E911 line codes to be updated to reflect the new terminology introduced by this bill.

FIRST YEAR COSTS:
There are no first-year costs.

SECOND YEAR COSTS:
The Department will incur total costs of $13,500 in Fiscal Year 2023. These costs include:

Labor Costs - Time and effort equates to 0.17 FTEs.
- Create taxpayer outreach, update procedures, and update the website.
- Amend one administrative rule.

ONGOING COSTS:
There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose:

	Fiscal Year 2022	Fiscal Year 2023	2021-2023 Total	2023-25 Biennium	2025-27 Biennium
Salaries and Wages		8,300	8,300		
Benefits		2,900	2,900		
Supplies & Material		1,400	1,400		
Office Equipment		900	900		
Total		13,500	13,500		

III. B - FTE Detail:

Job Classification	Salary	FY 2022 FTEs	FY 2023 FTEs	2021 - 2023 Total	2023 - 2025	2025 - 2027
EMS BAND 4	122,633		.01	.01		
EXCISE TAX EX 3	59,688		.1	.05		
MGMT ANALYST4	70,956		.01	.01		
TAX POLICY SP 2	72,756		.01	.01		
TAX POLICY SP 3	82,344		.02	.01		
TAX POLICY SP 4	88,644		.01	.01		
WMS BAND 3	104,295		.01	.01		
Total			.17	.11		

III. C - Expenditures by Program (optional):

	Fiscal Year 2022	Fiscal Year 2023	2021-2023 Total	2023-25 Biennium	2025-27 Biennium
Total					

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Should this legislation become law, the Department will use the expedited process to amend WAC 458-20-195, titled: "Taxes, deductibility."

Persons affected by this rulemaking would include taxpayers who collect the E911 tax.

Revenue Impact Detail

			First Biennium		Second Biennium		Third Biennium	
FUND	SOURCE	CODE	1st YEAR	2nd YEAR	3rd YEAR	4th YEAR	5th YEAR	6th YEAR
Total								
OTHER								
Total								
Net								

Revenue Impact - by Biennium

FUND	SOURCE	CODE	1st Biennium	2nd Biennium	3rd Biennium
Total					
OTHER					
Total					
Net					