Individual State Agency Fiscal Note

Bill Number: HB 1258	Bill Title: AN ACT Relating to increasing tourism to Washington state through enhancement of the statewide tourism marketing account and changing necessary match requirements.	Agency: 140 Department of Revenue

Part I: Estimates

[ ] No Fiscal Impact

Estimated Cash Receipts to:

Fund	Fiscal Year 2024	Fiscal Year 2025	2023-2025 Total	2025-27 Biennium	2027-29 Biennium
GF-State Retail Sales Tax		(2,700,000)	(2,700,000)	(3,100,000)	(3,500,000)
Tourism Marketing Acctt Retail Sales Tax		2,700,000	2,700,000	3,100,000	3,500,000
Total					

Estimated Expenditures from:

	Fiscal Year 2024	Fiscal Year 2025	2023-2025 Total	2025-27 Biennium	2027-29 Biennium
FTE Staff Years					
Fund					
GF-State 001	13,200		13,200		
Total	13,200		13,200		

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:

[X] 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:	**CASSIE JONES**	**Phone:**	**360-786-7303**	**Date:**	**1/12/2023**
Agency Preparation:	**DIANA TIBBETTS**	**Phone:**	**(360) 534-1520**	**Date:**	**1/13/2023**
Agency Approval	**Valerie Torres**	**Phone:**	**(360) 534-1521**	**Date:**	**1/16/2023**
OFM Review:		**Phone:**		**Date:**	

Part II: Narrative Explanation

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

CURRENT LAW:
Since 2018, 0.2% of state retail sales tax revenues generated from sales from lodging, car rentals and restaurants fund the Tourism Marketing Authority. The Department of Revenue transfers up to $3 million of these revenues to the tourism marketing account per biennium.

A two-to-one match of non-state or non-general fund state fund must be provided for the tourism marketing account expenditures.

PROPOSAL:
This legislation decreases the matching funds from two-to-one to one-to-one.

This legislation increases the $3 million per biennium cap to $26 million.

EFFECTIVE DATE:
The bill takes effect 90 days after final adjournment of the session.

II. B - Revenue Impact

ASSUMPTIONS
-Taxable sales growth mirrors the Economic and Revenue Forecast Council's November 2022 forecast of taxable retail sales growth.
- Matching funds will be met.

DATA SOURCES
- Department of Revenue excise tax return data - lodging tax, rental car, and restaurant data
- Economic and Revenue Forecast Council, November 2022 forecast

REVENUE ESTIMATES
This bill decreases state revenues by an estimated $2.7 million in fiscal year 2025 since the cap is based on a biennium.

TOTAL REVENUE IMPACT:

State Government (cash basis, $000):
FY 2024 - $ 0
FY 2025 - $ 0
FY 2026 - $ 0
FY 2027 - $ 0
FY 2028 - $ 0
FY 2029 - $ 0

Local Government, if applicable (cash basis, $000): None.

II. C - Expenditure Impact

ASSUMPTIONS:
This legislation will affect 17,000 taxpayers subject to allocation of taxes to the statewide tourism marketing account.

FIRST YEAR COSTS:
The department will incur total costs of $13,200 in fiscal year 2024. These costs include:

Object Costs - $13,200.
- Contract computer system programming to update the cap on distribution of taxes to the statewide tourism marketing account.

SECOND YEAR COSTS:
The department will not incur any costs in fiscal year 2025.

ONGOING COSTS:
There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose:

	Fiscal Year 2024	Fiscal Year 2025	2023-2025 Total	2025-27 Biennium	2027-29 Biennium
Personal Service Contracts	13,200		13,200		
Total	13,200		13,200		

III. B - FTE Detail:

Job Classification	Salary	FY 2024 FTEs	FY 2025 FTEs	2023 - 2025 Total	2025 - 2027	2027 - 2029
Total						

III. C - Expenditures by Program (optional):

	Fiscal Year 2024	Fiscal Year 2025	2023-2025 Total	2025-27 Biennium	2027-29 Biennium
Total					

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Revenue Impact Detail

			First Biennium		Second Biennium		Third Biennium	
FUND	SOURCE	CODE	1st YEAR	2nd YEAR	3rd YEAR	4th YEAR	5th YEAR	6th YEAR
GF-State	Retail Sales Tax	0101		(2,700,000)		(3,100,000)	(200,000)	(3,300,000)
Total				(2,700,000)		(3,100,000)	(200,000)	(3,300,000)
OTHER								
Tourism Marketing Acctt	Retail Sales Tax	0101		2,700,000		3,100,000	200,000	3,300,000
Total				2,700,000		3,100,000	200,000	3,300,000
Net								

Revenue Impact - by Biennium

FUND	SOURCE	CODE	1st Biennium	2nd Biennium	3rd Biennium
GF-State	Retail Sales Tax	0101	(2,700,000)	(3,100,000)	(3,500,000)
Total			(2,700,000)	(3,100,000)	(3,500,000)
OTHER					
Tourism Marketing Acctt	Retail Sales Tax	0101	2,700,000	3,100,000	3,500,000
Total			2,700,000	3,100,000	3,500,000
Net					