Individual State Agency Fiscal Note

Bill Number: SB 6149	Bill Title: AN ACT Relating to the definition of "rural county" for purposes of public facilities funding	Agency: 140 Department of Revenue

Part I: Estimates

[ ] No Fiscal Impact

Estimated Cash Receipts to:

Fund	Fiscal Year 2026	Fiscal Year 2027	2025-2027 Total	2027-29 Biennium	2029-31 Biennium
GF-State Retail Sales Tax		(14,300,000)	(14,300,000)	(33,000,000)	(35,600,000)
GF-State Business and Occupation Tax		(115,000)	(115,000)	(252,000)	(252,000)
Total		(14,415,000)	(14,415,000)	(33,252,000)	(35,852,000)

Estimated Expenditures from:

	Fiscal Year 2026	Fiscal Year 2027	2025-2027 Total	2027-29 Biennium	2029-31 Biennium
FTE Staff Years	.19	.4	.29		
Fund					
GF-State 001	25,800	71,600	97,400		
Total	25,800	71,600	97,400		

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:	**WILLIAM BRIDGES**	**Phone:**	**360-786-7424**	**Date:**	**1/14/2026**
Agency Preparation:	**DIANA TIBBETTS**	**Phone:**	**(360) 534-1520**	**Date:**	**1/27/2026**
Agency Approval	**Valerie Torres**	**Phone:**	**(360) 534-1521**	**Date:**	**1/27/2026**
OFM Review:		**Phone:**		**Date:**	

Part II: Narrative Explanation

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

CURRENT LAW:
Rural counties may impose a state-shared tax to finance public facilities that serve economic development purposes. The tax rate is up to 0.09%. Rural counties are counties with a population density of less than 100 people per square mile or an area of less than 225 square miles.

In addition to the rural county tax, the definition of rural county (RCW 82.14.370) is used for the new employee business and occupation (B&O) tax credit. This credit is for new qualified employment positions at eligible business projects in rural counties. The credit is worth $4,000 for each qualified employment position with wages and benefits over $40,000 annually, or $2,000 for each qualified employment position with wages and benefits of $40,000 or less annually, that is directly created in an eligible business project. The B&O credit has an annual cap of $7.5 million.

PROPOSAL:
This bill additionally allows a county with a population density of 100 people per square mile or greater, with no city with a population greater than 75,000 people, to meet the definition of a rural county.

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

II. B - Revenue Impact

ASSUMPTIONS:
- This proposal adds Cowlitz, Kitsap, and Thurston counties as rural counties.
- Cowlitz County imposed the rural county tax before August 1, 2009, which allows the county to continue to receive rural county tax distributions until December 31, 2054.
- The Department of Revenue (department) receives the taxes from monthly taxpayers the month after the business collects the sales tax from the consumer. Most local tax distributions occur the month after the department receives sales and use taxes that businesses collect. This leads to a one-month delay in revenue impacts for the state and a two-month delay in revenue impacts for local jurisdictions.
- Kitsap and Thurston counties will impose the rural county tax beginning July 1, 2026, impacting 11 months of impcted state collections and 10 months of local tax collections in fiscal year 2027.
- The Performance Audits of Government account receives a 0.16% share of retail sales and use taxes collections. The state-shared local tax amounts exclude the amount the Performance Audits of Government Account receives.
- Beginning July 1, 2027, the Multimodal Account receives 0.1% of retail sales and use taxable amounts. The state-shared local tax amounts exclude the amount the Multimodal account receives.
- Currently, Tribes with compacts receive a share of state sales and use taxes and certain business and occupation taxes (RCW 43.06.523). Additionally, local governments may also receive a portion of state sales and use taxes. Under this legislation, the amount of revenue shared with Tribes may decrease.
- Historically, the new employee B&O tax credit program has not reached the annual cap; the addition of Kitsap and Thurston counties will not cause the cap to be reached.
- Two taxpayers per county will use the new employee B&O credit each fiscal year, with the addition of Kitsap and Thurston as rural counties.
- The annual growth of the rural county tax reflects the Economic and Revenue Forecast Council's November 2025 taxable retail sales forecast.

DATA SOURCES:
- Department of Revenue, Excise tax data

- Office of Financial Management, Population forecasts and projections
- Economic and Revenue Forecast Council, November 2025 forecast

REVENUE ESTIMATES:
This bill decreases state revenues by an estimated $14.415 million in the 11 months of impacted collections in fiscal year 2027, and by $16.326 million in fiscal year 2028, the first full year of impacted collections.

This bill also increases local revenues by an estimated $13.0 million in the 10 months of impacted collections in fiscal year 2027, and by $16.2 million in fiscal year 2028, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, $000): None.
FY 2027 - ($ 14,415)
FY 2028 - ($ 16,326)
FY 2029 - ($ 16,926)
FY 2030 - ($ 17,626)
FY 2031 - ($ 18,226)

Local Government, if applicable (cash basis, $000):
FY 2026 - $ 0
FY 2027 - $ 13,000
FY 2028 - $ 16,200
FY 2029 - $ 16,800
FY 2030 - $ 17,500
FY 2031 - $ 18,100

II. C - Expenditure Impact

FIRST YEAR COSTS:
The department will incur total costs of $25,800 in fiscal year 2026. These costs include:

Labor Costs – Time and effort equate to 0.19 FTE.
- Create a special notice and update relevant information on the department's website.

SECOND YEAR COSTS:
The department will incur total costs of $71,600 in fiscal year 2027. These costs include:

Labor Costs – Time and effort equate to 0.4 FTE.
- Amend one administrative rule.
- Amend two excise tax advisories.
- Process tax return work items, assist taxpayers with reporting questions, and respond to inquiries via email, web message, and paper correspondence.
- Examine accounts and make corrections as necessary.
- Set up, program, and test computer system changes.

Object Costs - $18,700.
- Computer system changes, including contract programming.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose:

	Fiscal Year 2026	Fiscal Year 2027	2025-2027 Total	2027-29 Biennium	2029-31 Biennium
Salaries and Wages	16,400	34,200	50,600		
Benefits	5,900	12,300	18,200		
Personal Service Contracts		18,700	18,700		
Supplies & Material	2,700	5,000	7,700		
Office Equipment	800	1,400	2,200		
Total	25,800	71,600	97,400		

III. B - FTE Detail:

Job Classification	Salary	FY 2026 FTEs	FY 2027 FTEs	2025 - 2027 Total	2027 - 2029	2029 - 2031
EMS BAND 4	139,704		.01	.01		
EMS BAND 5	163,205		.01	.01		
EXCISE TAX EX 4	75,112		.1	.05		
IT SYS ADM-JOURNEY	102,427		.2	.1		
MGMT ANALYST4	80,822		.01	.01		
TAX POLICY SP 2	82,874	.12	.01	.07		
TAX POLICY SP 3	93,800	.06	.04	.05		
TAX POLICY SP 4	100,981		.01	.01		
WMS BAND 2	100,662	.01		.01		
WMS BAND 3	114,564		.01	.01		
Total		.19	.4	.33		

III. C - Expenditures by Program (optional):

	Fiscal Year 2026	Fiscal Year 2027	2025-2027 Total	2027-29 Biennium	2029-31 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 485-20-240, titled: "Manufacturer's new employee tax credits."

This rulemaking would affect rural data centers, certain manufacturers, and research and development facilities.

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		(14,300,000)	(16,200,000)	(16,800,000)	(17,500,000)	(18,100,000)
GF-State	Business and Occupation Tax	0105		(115,000)	(126,000)	(126,000)	(126,000)	(126,000)
Total				(14,415,000)	(16,326,000)	(16,926,000)	(17,626,000)	(18,226,000)
OTHER								
Total								
Net				(14,415,000)	(16,326,000)	(16,926,000)	(17,626,000)	(18,226,000)

Revenue Impact - by Biennium

FUND	SOURCE	CODE	1st Biennium	2nd Biennium	3rd Biennium
GF-State	Retail Sales Tax	0101	(14,300,000)	(33,000,000)	(35,600,000)
GF-State	Business and Occupation Tax	0105	(115,000)	(252,000)	(252,000)
Total			(14,415,000)	(33,252,000)	(35,852,000)
OTHER					
Total					
Net			(14,415,000)	(33,252,000)	(35,852,000)