Multiple Agency Fiscal Note Summary

Bill Number: 6609 S SB	**Title:** Local govt infrastructure

Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	Non-zero but indeterminate cost. Please see discussion."					
Total $	0	0	0	0	0	0

Local Gov. Courts *						
Local Gov. Other **	Fiscal note not available					
Local Gov. Total						

Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.1	19,700	19,700	.2	36,200	36,200	.2	36,200	36,200
Total	0.1	$19,700	$19,700	0.2	$36,200	$36,200	0.2	$36,200	$36,200

Local Gov. Courts *									
Local Gov. Other **	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Impact

Agency Name						
Total $						

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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 26136

FNS029 Multi Agency rollup

Department of Revenue Fiscal Note

Bill Number: 6609 S SB	Title: Local govt infrastructure	Agency: 140-Department of Revenue

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

Indeterminate Impact

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		0.2	0.1	0.2	0.2
Account					
GF-STATE-State 001-1		19,700	19,700	36,200	36,200
Total $		19,700	19,700	36,200	36,200

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.

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OFM Review:	Ryan Black	Phone: 360-902-0417	Date: 02/08/2010

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 SSB 6609.

Local Revitalization Financing (LRF) was created by the Legislature in 2009 (Chapter 270, Laws of 2009). LRF allows cities and counties to create "revitalization areas" and allows for certain increases in local sales and use tax revenues and property tax revenues generated within the area as well as additional funds from other local public sources and a state contribution to be used for payment of bonds issued to finance local public improvements within the revitalization area. Jurisdictions must apply to the Department of Revenue (Department) in order to seek a state contribution. Seven competitive projects were outlined in statute, and six more competitive projects were approved in 2009 on a first-come basis. The maximum yearly state contribution for the seven demonstration projects is $2.25 million and competitive projects can receive a total of $2.5 million. The maximum amount per competitive project is $500,000.

The Department administers the program and is required to submit an annual report to the Legislature.

This legislation amends the current program by adding a definition of bonds and changes other definitions to recognize interlocal agreements. The state contribution cap for demonstration projects is increased from $2.25 million to $4.2 million to accommodate six new projects. Revitalization projects for Richland, Lacey, Puyallup, Renton, New Castle, and Mill Creek are to be approved in 2010. Maximum state contribution amounts are below for each new demonstration project:

-Richland revitalization project awarded $330,000
-Lacey Gateway project awarded $500,000
-Mill Creek East Gateway project awarded $330,000
-Puyallup river road revitalization project awarded $250,000
-Renton South Lake Washington project awarded $500,000, and
-New Castle downtown project awarded $40,000.

If any of these new demonstration projects do not meet statutory requirements, the associated dollar amount is not available for other projects.

Reporting requirements for sponsoring local governments are enhanced to include certain information about revenues from public sources used for bond payment.

The definition of a participating taxing district in Local Infrastructure Finance Tool (LIFT) statute is amended to correspond to the definition in LRF statute. This legislation also amends the LIFT tax statute to change the requirement to impose the LIFT tax. Current law requires that state excise tax allocation revenues and state property tax allocation revenues exceed the project award amount. This legislation allows for LIFT recipients to impose the tax and receive less than project award amounts until revenues reach the project award amounts.

The LIFT statutes expire June 30, 2039.

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/DATA SOURCES

There has been much interest in local economic development in the past few years, so it is assumed that the six new sponsoring local governments will update and complete the application requirements to qualify for the local revitalization award amounts. Thus, the entire $1.95 million will be awarded to the new demonstration projects in 2010. Once approval for a state contribution occurs, public improvements in the revitalization area are substantially complete, initiation of construction of private development has occurred, and bonds to finance public improvements in the revitalization area have been issued, the sponsoring local government can impose the new local sales and use tax. The state-shared local sales and use tax for the newly approved demonstration projects cannot be levied before July 1, 2012. Local governments will begin receiving their state contribution in September 2012 (Fiscal Year 2013) from distributions of the locally imposed sales and use tax that is credited against the state sales and use tax. The September distribution dates are due to the two-month lag between local tax collections and local tax distributions.

This legislation gives flexibility to LIFT recipients to impose the LIFT tax and receive less than the full amount of the state contribution. At this time, it is unknown which jurisdictions will actually need this flexibility and we do not know the amount of LIFT tax any LIFT jurisdiction could be eligible to receive if this proposal was enacted.

REVENUE ESTIMATES

Beginning in Fiscal 2013, the state general fund will lose $1.95 million and local jurisdictions will gain $1.95 million per fiscal year due to the LRF projects added to the LRF statute. The impact to the LIFT program is indeterminate at this time.
LIFT recipients are required to report to the Department of Revenue and the Community Economic Revitalization Board (CERB) by March 1 each year.

TOTAL REVENUE IMPACT:

State Government (cash basis, $000): Indeterminate
Local Government, if applicable (cash basis, $000): Indeterminate

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

To implement this legislation, the Department of Revenue will incur costs of approximately $19,700 during Fiscal Year 2011. These are costs to provide training to local communities considering applying for projects and to administer the project application process including setting up project records. Ongoing costs included are for aggregation of data from local government reports and to develop a comprehensive report on local governments' use of the revitalization funding program revenues. Time and effort spent would equal 0.2 FTE.

The Department of Revenue will incur estimated costs of $36,200 in the 2011-2013 and 2013-2015 Biennia. These are for the ongoing costs noted above. Time and effort spent would equal 0.2 FTE.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		0.2	0.1	0.2	0.2
A-Salaries and Wages		12,100	12,100	24,200	24,200
B-Employee Benefits		3,000	3,000	6,000	6,000
E-Goods and Services		3,200	3,200	5,600	5,600
J-Capital Outlays		1,400	1,400	400	400
Total $		$19,700	$19,700	$36,200	$36,200

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 2010	FY 2011	2009-11	2011-13	2013-15
EXCISE TAX EX 3	50,563		0.1	0.1	0.1	0.1
TAX POLICY SP 3	69,756		0.1	0.1	0.1	0.1
Total FTE's	120,319		0.2	0.1	0.2	0.2

Part IV: Capital Budget Impact

NONE.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No rule-making required.