

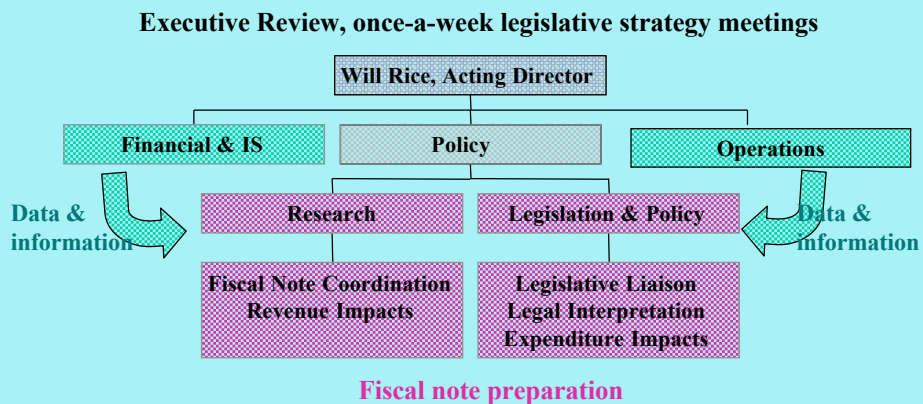


Washington State Department of Revenue

## Improving the DOR Fiscal Note Process

Mary Welsh  
Assistant Director, Research Division  
2003 FTA Revenue Estimating Conference

## DOR Fiscal Note Organization



## We had a problem!!!

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- Questions over legal interpretation of current law and proposed legislation
- Questions over DOR fiscal impacts
- Lack of trust, credibility
- Internal coordination issues
- Legislation to move the fiscal note process to independent commission

### Example Legislation I:

## Interpreting Current Law

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- Department decides that it is wrong in a previous determination of tax law.
- Corrective legislation introduced.
- What is current law for purposes of the fiscal note???



Example Legislation II:  
**The “Dynamic Fiscal Note”**

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- Firm A will create 1,000 jobs.
- Those jobs will result in 3,000 spin-off jobs.
- These multiplier jobs will result in new revenues.
- Why isn't the revenue impact positive???



**Solution: Fiscal Note Review Group**

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- **Members**
  - House and Senate Fiscal Committee staff
  - Governor's Budget Office staff
  - DOR staff
- **Fiscal Note Instruction Manual Revised with Review Group**
  - Current law, current practice as interpreted by DOR
  - Static fiscal notes
  - Treatment of tax incentives
- **Process for Reviewing “tricky” fiscal notes**

## Solution: Enhanced Bill Tracking System

- **Fiscal Note System**
  - FN Coordinator creates template and assigns analysts
  - Analysts enter fiscal information
  - FN Coordinator approves (subject to executive review)
  
- **Bill Information System**
  - Bills accessible in PDF
  - Comments on legal interpretation and policy considerations
  
- **Reports**
  - Assignments
  - Performance Measures
  - Price lists

**BTS - BILL INFORMATION (E SHB 2231)**

File Edit View Help

1 of

**Bill Information** | **Bill Analysis**

Bill Number: 2231 | Bill Type Code: E SHB | Bill Title: SALES; additional tax of 0.46% on vehicles

Companion Bill: [ ]

Lead, Legal and Expenditure Analyst Assigned

Lead	Miki Gearhart	Phone	570-6127
Legal	Nathan Schreiner	Phone	570-6117
Expenditure	Miki Gearhart	Phone	570-6127

Prefiled Bill: [ ]

Bill Requester: NONE

Bill Introduction Date: [ ]

Bill Committee: C 361 L 03

Bill Sponsor(s): \*

Program(s): \*

Indicators:

- Committee Movement
- Executive Review Required
- DOR Hot List
- Active Bill

**Fiscal Note(\$)=>>**

Bill Hearing Date and Time: [ ]

OFM Internet

**BTS - FISCAL NOTE INFORMATION (2231-4)**

File Edit View Help

1 of 1

**Bill Information**

Title: AN ACT Relating to transportation and financing

Fiscal Note #: 2231-4

Bill #: 2231 E SHB

Comp Bill: [ ]

QFM Request ID: [ ]

Bill Hearing Date/Time: 07/25/2003 12:00 AM

Indicators: **Override=>**

No Fiscal Impact

Impact > \$50,000

Impact < \$50,000

Capital Budget Impact

Requires New Rule Making

DOR Absorbs Cost

Executive review required

601 Potential Impact

Revenue Cash Estimates:

1st Year	278000
2nd Year	309700
Biennium	587700

Expenditure Estimates:

1st Year	225000
2nd Year	225000
Biennium	225000

Legislative Contact:

Name: [ ]

Phone: [ ]

Request Date: 07/25/2003

Legal and Lead Analysts Assigned:

Legal: Nathan Schreiner

Phone: 570-6117

Lead: Miki Gearhart

Research Analysts Assigned:

Primary: Don Taylor

Phone: 570-6083

Secondary: [ ]

Date/Time Completed: 05/19/2003 11:17 AM

Expenditure Analyst Assigned:

Primary: Miki Gearhart

Phone: 570-6127

Date/Time Completed: 05/19/2003 11:18 AM

Bill Committee: C 361 L 03

**Fiscal Note Status**

**Final**

**Approve Fiscal Note =>**

## Individual State Agency Fiscal Note

<b>Bill Number:</b> E SHB 2231	<b>Title:</b> AN ACT Relating to transportation and financing	<b>Agency:</b> 140 Department of Revenue
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**Part I: Estimates**  
 No Fiscal Impact

**Estimated Cash Receipts to:**

Fund	Fiscal Year 2004	Fiscal Year 2005	2003-2005 Total	2005-07 Biennium	2007-09 Biennium
Multimodal Retail Sales Tax	\$ 27,800,000	\$ 30,970,000	\$ 58,770,000	\$ 44,750,000	\$ 48,340,000
GFS STATE					
GFS STATE					
GFS STATE					
Other (specify)					
<b>Total</b>	<b>\$ 27,800,000</b>	<b>\$ 30,970,000</b>	<b>\$ 58,770,000</b>	<b>\$ 44,750,000</b>	<b>\$ 48,340,000</b>

**Estimated Expenditures from:**

Fund	Fiscal Year 2004	Fiscal Year 2005	2003-2005 Total	2005-07 Biennium	2007-09 Biennium
PIF Staff Years	0.23		0.12		
<b>Total</b>	<b>\$ 22,500</b>		<b>\$ 22,500</b>		

*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.

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia.

ports: Fiscal Impacts

1 of 5 90% Total:180 100% 180 of 180

**Bill Tracking System**  
**Fiscal Impacts**

Bill	Description	Cash Estimates (in \$1,000's)		Biennium Estimate	Analyst
		1st Yr	2nd Yr		
Z 0013	PROP;(DOR) property tax administration	300	300	600	Ray Philen
Z 0014	EXCISE; (DOR) calculation of interest rates	84	304	388	Byron Angel
Z 0015	SALES; (DOR) registration of vendors at spec	1,888	2,075	3,963	Van Huynh
Z 0017	USE; (DOR) extends M&E ex. to bailment ite	0	0	0	Diana Tibbetts
Z 0019	B&O; (DOR) printing & publishing	(95)	(102)	(197)	Scott Maddox
Z 0053	PROP; (DOR) senior citizens, IRA conversions	0	0	0	Stephen Smith
Z 0056	EXCISE; (DOR) ex. for energy performance c	(543)	(593)	(1,136)	Stephen Smith
Z 0162	B&O; (DOR) defines "meat" for meat process	0	0	0	Ray Philen
Z 0169	USE; (DOR) corrections to SB 6835 (2002)	(39,976)	(28,120)	(68,095)	Lorrie Brown
Z 0170	SALES; (DOR) streamlined sales tax definiti	0	2,309	2,309	Fanny Nyaribo
Z 0319	SALES /PROP; (GOV) tax increment financing	0	(5,000)	(5,000)	Erling Johnson
S 0628	SALES; 0.5% local tax, transp. benefit districts	0	0	0	Diana Tibbetts
S 0799	TIRES; new fee on studded tires	7,359	8,028	15,387	Scott Maddox
Z 0972	PROP; (DOR) property tax administration	0	0	0	Margaret Kmd
HB 1004	PUT; taxation of electricity	114,337	128,160	242,498	Ray Philen
HB 1023	PROP; calculation of penalties/interest for del	0	0	0	Stephen Smith
HB 1026	LIQUOR; elim. LCB monopoly on wholesaler	0	0	0	Ray Philen

## FN Response Rate 2003 Legislature

Month	Less Than 4 Hours Before Hearing			Less Than 72 Hour Turnaround		
	Number of Hearings	On Time Percent		#FNs Assigned	On Time Percent	
Jan-03	35	40	88%	34	57	60%
Feb-03	56	83	67%	94	150	63%
Mar-03	18	42	43%	47	73	64%
Apr-03	0	13	0%	29	32	91%
May-03	0	3	0%	6	10	60%
Jun-03				4	5	80%
Grand Total	109	181	60%	214	327	65%

## Recap: Before and After

<u>Problems</u>	<u>How are we viewed today?</u>
<b>Coordination</b>	<ul style="list-style-type: none"><li>• <b>Central coordination</b></li><li>• <b>Bill Tracking System</b></li></ul>
<b>Credibility</b>	<ul style="list-style-type: none"><li>• <b>Fiscal Note Review Group</b></li><li>• <b>Fiscal Note Manual</b></li></ul>
<b>Result</b>	<ul style="list-style-type: none"><li>• <b>No legislation to remove DOR fiscal note function</b></li><li>• <b>Legislature requests studies—4 in FY 2004</b></li></ul>