
SENATE BILL 5071

State of Washington

57th Legislature

2001 Regular Session

By Senators Kline, Finkbeiner, Franklin, Swecker, Haugen, Hale, Costa and Patterson

Read first time 01/10/2001. Referred to Committee on State & Local Government.

1 AN ACT Relating to tax incidence information and reporting;
2 amending RCW 43.88A.010, 43.88A.030, 43.88A.040, and 43.88A.900; adding
3 a new section to chapter 43.88A RCW; and adding a new section to
4 chapter 82.01 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 43.88A.010 and 1977 ex.s. c 25 s 1 are each amended to
7 read as follows:

8 The legislature hereby recognizes the necessity of developing a
9 uniform and coordinated procedure for determining the expected fiscal
10 and incidence impact of bills and resolutions on state government. The
11 legislature also recognizes that developing such statements (~~(of fiscal~~
12 ~~impact)~~), which shall be known as fiscal notes and incidence notes,
13 requires the designation of a state agency to be principally
14 responsible therefor.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.88A RCW
16 to read as follows:

17 (1) The office of financial management shall, in cooperation with
18 appropriate legislative committees and legislative staff, establish a

1 procedure for the provision of incidence notes for any bill or proposal
2 that increases, decreases, or redistributes state government revenues
3 by more than five million dollars per fiscal year, for any of the
4 following taxes:

5 (a) State and local sales and use taxes under chapters 82.08,
6 82.12, and 82.14 RCW and RCW 81.104.170;

7 (b) Motor vehicle and special fuels taxes under chapters 82.36 and
8 82.38 RCW;

9 (c) King county restaurant and bar taxes under chapter 82.14 RCW;

10 (d) Local admissions taxes under RCW 35.21.280 and 36.38.010;

11 (e) Leasehold excise taxes under chapter 82.29A RCW;

12 (f) State and local property taxes under chapter 84.52 RCW;

13 (g) Public utility district privilege taxes under chapter 54.28
14 RCW;

15 (h) Aircraft fuel taxes under chapter 82.42 RCW;

16 (i) Camper and travel trailer and boat excise taxes under chapters
17 82.50 and 82.49 RCW;

18 (j) State business and occupation taxes under chapter 82.04 RCW;

19 (k) State public utility taxes including garbage collection under
20 chapter 82.16 RCW and RCW 82.18.020;

21 (l) Local utility taxes under chapter 35.21 RCW;

22 (m) Insurance premiums taxes under chapter 48.14 RCW;

23 (n) Timber excise taxes under chapter 84.33 RCW;

24 (o) Carbonated beverage syrup taxes under chapter 82.64 RCW;

25 (p) Food fish and shellfish taxes under chapter 82.27 RCW;

26 (q) Cigarette and tobacco products taxes under chapters 82.24 and
27 82.26 RCW;

28 (r) Liquor, beer, and wine taxes under RCW 82.08.150, 66.24.210,
29 and 66.24.290;

30 (s) Local gambling taxes under RCW 9.46.110;

31 (t) State and local real estate excise taxes under chapters 82.45
32 and 82.46 RCW;

33 (u) Estate taxes under chapter 83.100 RCW;

34 (v) State and local rental car taxes under RCW 82.08.020(2),
35 82.14.049, and 82.14.360(2);

36 (w) State and local hotel-motel taxes under chapter 67.28 RCW and
37 RCW 67.40.090 and 36.100.040; and

38 (x) State and local telephone taxes under chapter 82.14B RCW.

1 (2) To the extent data is available on the changes in the
2 distribution of the tax burden that are affected by the bill or
3 resolution, the note shall report on the incidence effects that would
4 result if the bill were enacted. The note may present information
5 using system-wide measures by income classes, taxpayer characteristics,
6 or other relevant categories. The note may include analysis of the
7 effect of the bill or resolution on representative taxpayers. The note
8 must include a statement of the incidence assumptions that were used in
9 computing the burdens. An incidence analysis shall use the broadest
10 measure of economic income for which reliable data is available.

11 (3) An incidence impact note shall indicate the incidence impact
12 for the first full year in which the bill or resolution will be
13 effective. Incidence impacts shall be calculated using the procedures
14 contained in instructions issued by the office of financial management.

15 (4) In establishing an incidence impact analysis called for under
16 this chapter, the office of financial management shall coordinate the
17 development of fiscal notes with all state agencies affected.

18 **Sec. 3.** RCW 43.88A.030 and 1986 c 158 s 16 are each amended to
19 read as follows:

20 When a fiscal or incidence note is prepared and approved as to
21 form, accuracy, and completeness by the office of financial management,
22 which depicts the expected (~~(fiscal)~~) impact of a bill or resolution,
23 copies shall be filed immediately with:

24 (1) The chairperson of the committee to which the bill or
25 resolution was referred upon introduction in the house of origin;

26 (2) The senate committee on ways and means, or its successor; and

27 (3) The house committees on (~~(revenue)~~) finance and appropriations,
28 or their successors.

29 Whenever possible, (~~(such fiscal)~~) the note shall be provided prior
30 to or at the time the bill or resolution is first heard by the
31 committee of reference in the house of origin.

32 When a fiscal or incidence note has been prepared for a bill or
33 resolution, a copy of the (~~(fiscal)~~) note shall be placed in the bill
34 books or otherwise attached to the bill or resolution and shall remain
35 with the bill or resolution throughout the legislative process insofar
36 as possible.

1 **Sec. 4.** RCW 43.88A.040 and 1979 c 151 s 148 are each amended to
2 read as follows:

3 The office of financial management shall also provide a fiscal or
4 incidence note on any legislative proposal at the request of any
5 legislator. Such (~~fiscal~~) note shall be returned to the requesting
6 legislator, and copies shall be filed with the appropriate legislative
7 committees pursuant to RCW 43.88A.030 at the time such proposed
8 legislation is introduced in either house.

9 **Sec. 5.** RCW 43.88A.900 and 1977 ex.s. c 25 s 5 are each amended to
10 read as follows:

11 Nothing in this chapter shall prevent either house of the
12 legislature from acting on any bill or resolution before it as
13 otherwise provided by the state Constitution, by law, and by the rules
14 and joint rules of the senate and house of representatives, nor shall
15 the lack of any fiscal note or incidence impact analysis as provided in
16 this chapter or any error in the accuracy thereof affect the validity
17 of any measure otherwise duly passed by the legislature.

18 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.01 RCW
19 to read as follows:

20 (1) In January of every odd-numbered year, the department shall
21 submit to the legislature before the regular session a report on the
22 overall incidence of each of the taxes listed in section 2(1) of this
23 act.

24 (2) The report shall present information on the distribution of the
25 tax burden (a) by overall income distribution, using a system-wide
26 incidence measure with appropriate measures of equality and inequality,
27 (b) by income classes, including at a minimum deciles of the income
28 distribution, and (c) by other appropriate taxpayer characteristics.

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