

Department of Revenue Fiscal Note

Bill Number: 732 XIL	Title: This measure would impose a carbon emission tax on certain fossil fuels and fossil-fuel-generated electricity, reduce the sales tax by one percentage point and increase a low-income exemption, and reduce certain manufacturing taxes.	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2016	FY 2017	2015-17	2017-19	2019-21
GF-STATE-State 00 - 00 -				3,427,301,000	4,279,024,000
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax				(2,196,146,000)	(3,393,985,000)
GF-STATE-State 01 - Taxes 05 - Bus and Occup Tax				(808,928,000)	(929,394,000)
GF-STATE-State 01 - Taxes 70 - Other Taxes				(699,789,000)	(583,676,000)
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax				(3,519,000)	(5,439,000)
Total \$				(281,081,000)	(633,470,000)

Estimated Expenditures from:

Account	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years		49.6	24.8	66.5	59.6
GF-STATE-State 001-1		7,316,000	7,316,000	17,489,600	12,207,400
Total \$		7,316,000	7,316,000	17,489,600	12,207,400

Estimated Capital Budget Impact:

NONE

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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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 a revision to the revenue impact assumptions, and supersedes fiscal note number 0732-1.

Note: This fiscal note reflects language in Initiative Measure No. 732, filed March 20, 2015.

OVERVIEW

The intent of this act is to encourage sustainable economic growth through a reduction of the state sales tax, a reduction of the business and occupation (B&O) tax on manufacturing, and through the implementation and enhancement of the working families' tax exemption. These tax reductions are funded through a carbon pollution tax on fossil fuels and on electricity consumed in this state that is generated by the consumption of fossil fuels.

CARBON TAX

The carbon pollution tax is levied on the carbon content of fossil fuels sold or used within the state and the carbon content inherent in electricity that is consumed within the state, including electricity that is generated within Washington, imported into Washington, or acquired from the Bonneville Power Administration. The tax rate starts at \$15 per metric ton of carbon dioxide on July 1, 2017, increases to \$25 per metric ton on July 1, 2018, and increases on July 1st each year thereafter by 3.5 percent plus inflation as measured using the consumer price index. The carbon tax may not exceed \$100 per metric ton when converted into 2016 dollars by adjusting for inflation using the consumer price index. The carbon pollution tax is imposed once, at the time of the first taxable event and upon the first taxable person, within the state. With respect to the tax on the consumption of electricity, the tax is imposed on the consumer of the electricity, but if the seller is located within the state, that seller must collect the tax from the consumer.

Phase-In Rates, Exemptions, and Credits

The tax does not apply to:

- Fossil fuels brought into this state by means of the fuel supply tank of a motor vehicle, vessel, locomotive, or aircraft
- Fuel that the state is prohibited from taxing under the state Constitution, U.S. Constitution, or federal law
- Fuel intended for export outside the state. Export to a federally recognized Indian tribal reservation located within this state is not considered export outside the state.

If a person pays the tax on fuel that is consumed in the generation of electricity, the electricity so generated or used will not be subject to the tax provided that the Department of Revenue (Department) receives evidence that the tax has been paid by the person using the fuel to generate electricity. For electricity generated in another state that is consumed in Washington, a credit is allowed for any similar carbon pollution tax paid to that state on the fossil fuels consumed in the generation of that electricity. The carbon pollution tax must be reduced or refunded for uses of fossil fuels that can be demonstrated not to contribute to increasing the carbon dioxide concentration in the atmosphere.

The following types of fuel will have a tax rate of 5 percent of the tax rate described above, effective July 1, 2017; 10 percent of the tax rate, effective July 1, 2019; and increasing thereafter at 5 percent per biennium until the rate reaches 100 percent of the rate described above, effective July 1, 2055:

- Diesel, biodiesel, or aircraft fuel used solely for agricultural purposes
- Fuel purchased for the purpose of public transportation
- Fuel purchased by a private, nonprofit transportation provider
- Fuel purchased by the Washington State Ferry System
- Fuel purchased for school buses

Carbon Pollution Tax - Rule Making

The Department must adopt rules necessary to implement the carbon pollution tax. The Department must develop and

make worksheets and guidance documents available to calculate the carbon pollution tax for various fossil fuels. The Department must adopt rules and provide forms with respect to the reporting of electricity generated by the consumption of fossil fuels. The Department must adopt, by rule, criteria for making the carbon calculation to determine the tax for the following:

- Electricity consumed within the state
- Fossil fuels used to refine fossil fuels
- All other fossil fuels used or sold in Washington

The Department must adopt rules and provide forms for reporting the consumption of fossil fuels in accordance with and at the intervals provided for the following:

- Motor vehicle fuel (chapter RCW 82.36)
- Special fuel (chapter 82.36 and 82.38 RCW)
- Aircraft fuel (chapter 82.42 RCW)
- Every other product derived from the refining of crude oil (chapter 82.23A RCW)
- Fossil fuels not listed elsewhere (chapter 82.08 and 82.12 RCW)

Reporting to the Department

Utilities, and users of electricity not acquired from a qualifying in-state utility, must file a monthly fuel mix report along with tax calculations to the Department. For those who fail to provide the source of the resources that provide electricity, the Department must assume the carbon content of that electricity to be one metric ton of carbon dioxide per megawatt-hour. People using fossil fuels to refine fossil fuels must file a monthly fuel use report with the Department that contains fossil fuel carbon dioxide emissions and calculated carbon tax information.

Reporting by the Department

By December 31st of each year from 2017 through 2027, and biennially thereafter, the Department must report to the Governor and Legislature:

- The total carbon pollution tax collected during the reporting period.
- The total revenue foregone by the state resulting from disbursements made under the working families' tax exemption and resulting from reductions in the sales tax, use tax, and B&O taxes under this act. B&O tax reductions are to be measured relative to the rates applicable on January 1, 2017, and to the rates applicable to the annual or biennial period ending July 1st immediately prior to the reporting date.
- The revenue foregone by the state resulting from the phase-ins provided in this act, with separate amounts given for each specified fuel use.
- Costs associated with administration of the carbon pollution tax, shown as a dollar amount and as a percentage of the state general fund.
- The overall net revenue gain or loss, calculated by comparing the total carbon pollution tax collected during the reporting period to the total revenue foregone by the state from the various tax reductions in dollar amounts and as a percentage of the state general fund.

BUSINESS AND OCCUPATION TAX

This act reduces the B&O tax rate to 0.001 percent for the following activities:

- Manufacturing
- Manufacturing semiconductor materials
- Manufacturing wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil
- Manufacturing raw seafood products or selling such products to purchasers who transport the products out of state

- Manufacturing dairy products or selling such products to purchasers who either transport the products out of state or use the products as ingredients in the manufacturing of a dairy product
- Manufacturing fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables or selling such products at wholesale to purchasers who transport the products out of state
- Manufacturing alcohol fuel, biodiesel fuel, or biodiesel feedstock
- Manufacturing wood biomass fuel
- Splitting or processing dried peas
- Slaughtering, breaking and/or processing perishable meat products and/or selling such products at wholesale
- Manufacturing commercial airplanes, or components of such airplanes, or making retail or wholesale sales of commercial airplanes or components of such airplanes, manufactured by the seller
- Manufacturing tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes, or making retail or wholesale sales of such tooling manufactured by the seller
- Manufacturing or processing for hire of timber or wood products

SALES TAX

This act reduces the state sales tax rate from 6.5 percent to 6.0 percent on July 1, 2017, and reduces the state sales tax rate to 5.5 percent on July 1, 2018.

WORKING FAMILIES' TAX EXEMPTION

This act modifies the Working Families' Tax Exemption (remittance) Program (RCW 82.08.0206). Under current law, the exemption amount for a qualified taxpayer for the prior federal tax year is the greater of 10 percent of the federal earned income tax credit (EITC) or \$50. This act increases that amount to the greater of 15 percent of the EITC or \$100 for exemptions claimed in 2017, and the greater of 25 percent of the EITC or \$100 for exemptions claimed in 2018 and thereafter.

The working families' tax exemption must be administered as follows:

- An eligible person claiming this exemption must pay the tax imposed under 82.08, 82.12, and 82.14 RCW in the year for which the exemption is claimed. They may then apply to the Department for the remittance. Application for the exemption remittance must be made in the year following the year for which the federal return was filed. The Department must remit exempted amounts to eligible applicants.
- Application to the Department must include a complete copy of the applicant's federal tax return. The Department must provide alternative filing methods for those that do not have access to electronic filing. Application for the remittance must include authorization for the Department to obtain information from the Internal Revenue Service as necessary to verify information in the application.
- The Department must review applications to determine eligibility for the remittance based on information from the applicant, through audit or administrative records, or when necessary, through Internal Revenue Service data.
- The Department may implement a public information campaign to inform eligible people of the existence of and requirements for this exemption. The Department may contact eligible people identified through the use of Internal Revenue Service information.

EFFECTIVE DATE

This act takes effect on July 1, 2017.

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.

CARBON TAX

Assumptions:

- The carbon tax rate is equal to \$15 per metric ton of carbon dioxide as of July 1, 2017.
- The carbon tax rate is equal to \$25 per metric ton of carbon dioxide as of July 1, 2018.

- The carbon tax increases by 3.5 percent plus the inflation rate each year thereafter.
- The inflation rate is equal to the consumer price index for all urban areas (CPI-U), as reflected in the November 2015 Global Insight forecast.
- The phased-in tax rates associated with several different fuel uses are not reflected in this analysis, although lowering the carbon tax rate for the specific fuel uses outlined in the bill would result in lower carbon tax revenues.
- No reductions or refunds of carbon tax are made due to qualified sequestration.
- No credits are granted for payment of a similar carbon tax in another state.

- The following assumptions are made within the Carbon Tax Analysis Model (CTAM) for modeling purposes:
 - Year one is set to CY 2017 to most closely correspond to the July 1, 2017, effective date of the proposed carbon tax.
 - The baseline reference energy forecast (option A) is specified.
 - Industrial process emissions are not included, meaning that additional non-energy related industrial process emissions are not modeled exogenously.
 - Jet fuels are not exempted.
 - Marine fuels are not exempted.
 - "Transition coal" is not exempted.
 - The additional 11.9 cents of state gasoline/diesel taxes that recently became law are included in the model as a supplemental fuel tax, as CTAM does not include this in its current baseline assumptions.

Data Sources:

- Washington State Department of Commerce, State Energy Office, Carbon Tax Assessment Model (CTAM) - version 3.1c
- Global Insight forecast for the CPI-U, November 2015

BUSINESS AND OCCUPATION TAX

Assumptions:

- The following B&O tax classifications are reduced to a rate of 0.001 percent:
 - Manufacturing (Line 7)
 - Manufacturing Dairy/Bio-diesel/Alcohol/Split Peas/Fresh Fruit & Vegetables (Line 21)
 - Slaughter-Break Proc-Perish Meat Whlse-Mfg (Line 30)
 - Manufacturing Commercial Airplanes, Components, & Aero Tooling (Line 195)
 - Wholesaling Commercial Airplanes, Components, & Aero Tooling (Line 196)
 - Retailing Commercial Airplanes, Components, & Aero Tooling (Line 197)
 - Processing for Hire Timber Products (Line 300)
 - Manufacturing of Timber Products (Line 302)
 - Manufacturing of Semi Conductors (Line 607)
- As a result of these tax rate changes, the multiple activities tax credit has been recalculated and factored into this analysis.
- The growth rate mirrors the total B&O taxable activity forecast reflected in the Economic and Revenue Forecast Council's November 2015 forecast.
- It is assumed that all B&O tax rate changes are effective July 1, 2017, and that none of these changes are retroactive.

Data Sources:

- Department of Revenue tax return data, FY 2015
- Economic and Revenue Forecast Council, November 2015 forecast

SALES TAX

Assumptions:

- The increase in the B&O tax and local government revenue is due to the increase in taxable sales due to the lower tax rate (elasticity).

Data Sources:

- Washington State Economic and Revenue Forecast Council November forecast
- Department excise tax return data
- Elasticity was calculated based on Department data

WORKING FAMILIES' TAX EXEMPTION

Assumptions:

- Applications for Calendar Year 2016 would be received beginning July 1, 2017.
- Applications for Calendar Year 2017 would be received beginning January 1, 2018.
- Calendar Year 2016 and Calendar Year 2017 remittances would both be paid during Fiscal Year 2018.
- The participation rate in the Working Families' Tax Exemption (remittance) program is assumed at 90 percent in the first year, 93 percent in the second, and at 95 percent in the third year and thereafter.
- The Working Families' Tax Exemption is based on the EITC from the prior year.
- The number of qualified applicants grows three percent annually.
- All remittances are paid by June 30 of the year that the Working Families' Tax Exemption is claimed. However, applications for the first year cannot be submitted until July 1, 2017. This estimate assumes remittances for Calendar Year 2016 (requested in 2017) will be paid by December 31, 2017.

Data Sources:

- 2013 individual income tax returns filed with the Internal Revenue Service (IRS)

REVENUE ESTIMATES

This bill decreases state revenues by an estimated \$281.1 million in the 2017-19 Biennium. This bill also increases local revenues by an estimated \$62.1 million in the 2017-19 Biennium.

TOTAL REVENUE IMPACT

State Government (cash basis, \$000):

FY 2016 -	\$ 0
FY 2017 -	\$ 0
FY 2018 -	(\$ 30,754)
FY 2019 -	(\$ 250,327)
FY 2020 -	(\$ 311,320)
FY 2021 -	(\$ 322,150)

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

FY 2016 -	\$ 0
FY 2017 -	\$ 0
FY 2018 -	\$ 19,460
FY 2019 -	\$ 42,633
FY 2020 -	\$ 46,792
FY 2021 -	\$ 48,992

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 functions.

ASSUMPTIONS

- 1,500 taxpayers will be affected by the carbon tax, sections 3 through 8.
- 12,000 taxpayers will be affected by changes in manufacturing B&O tax rates, sections 9 through 13.
- 200,000 taxpayers will be affected by the change in the retail sales tax rate, section 14.
- 460,600 individuals will file a claim for the working families' tax exemption, section 15, the first year applications are accepted.

Carbon Pollution Tax

Expenditure estimates do not reflect the cost for the Department to obtain the scientific expertise to accomplish the duties of the responsible agency for the carbon pollution tax.

Working Families' Tax Exemption

- The Department is currently in the middle of the Tax and Licensing System Replacement (TLSR) project. The timing of this proposal would introduce additional risk and impact to the TLSR project in releases 2 and 3. We would plan to have the minimum level of functionality for the working families' tax exemption program in place on July 1, 2017, so the Department could accept applications for the exemption and process and remit payments. The rest of the functionality would be added during rollout 3 of TLSR (October 2017 - July 2018). If the implementation date were moved to July 1, 2018, some of this additional risk would be minimized.
- The Legislature appropriates funds to implement this program during the 2017 legislative session, with funding starting in Fiscal Year 2018.
- Applications for Calendar Year 2016 would be received beginning July 1, 2017.
- The Department has adequate time to contract with a third party vendor for the critical I.S. development work needed for implementation.
- The Department would be able to locate and prepare a facility to house staff for administering the working families' tax exemption program.
- The number of persons in Washington eligible for the federal EITC will claim this exemption. Costs to run the program will change if the number of claims increases or decreases substantially.
- Review of Internal Revenue Service (IRS) information indicates that there is a higher than average error rate and fraud rate for EITC claims.
- Denied claims can be settled with minimal formal appeals.
- There would be no expectation to provide a joint filing option with the federal income tax return in the short term. This feature could not be implemented without approval from the IRS, who will not commit to a timeframe for allowing the Department to participate in joint filing.
- IRS data is maintained in a manner consistent with other similarly held data.

FIRST YEAR COSTS

The Department will not incur any cost in Fiscal Year 2016.

SECOND YEAR COSTS

The Department will incur total costs of \$6,899,800 in Fiscal Year 2017. These costs include:

Labor Costs - Time and effort equates to 45.6 FTEs.

Carbon Pollution Tax:

- Technical advice for implementation, including procedures, forms, worksheets and guidance documents and development of the carbon calculation.
- Additional stakeholder work and implementation coordination during the startup process.
- Set up, program and test computer system changes for two new tax lines in the excise tax and efile systems and create

new addendums to be used for calculation of the carbon pollution tax.

- Create a new application in My Account for taxpayers to submit Fuel Mix Reports.
- Create reports for the governor and legislature and update existing cash receipts, research and year end summary reports.
- Create a special notice, new educational and informational materials, publications, guides, hard copy materials, forms and online information.
- Respond to ruling requests and email inquiries.
- Train examiners and develop processing procedures and forms.
- Adopt two new administrative rules.

Manufacturing B&O Tax Rate Reduction:

- Set up, program and test computer system changes for adjustment of manufacturing B&O tax rates.
- Create a special notice and update forms, print and web information.

Retail Sales Tax Rate Reduction:

- Set up, program and test computer system changes for adjustment of retail sales tax rate.
- Create a special notice and update forms, print and web information.
- Answer phone calls and counter inquiries on tax questions and tax return preparation from businesses, individuals, and accountants.

Working Families' Tax Exemption:

- Increased interpretation and analysis of new laws.
- Programming to set up, test and verify the computer systems to create internal systems to process remittance applications for payment, including an internet-based application process, processing queues, tracking, imaging, and electronic funds transfers.
- Create printed materials, web information and media advertising.
- Design and develop forms and other materials to enable the processing of exemption claims.
- Answer telephone questions concerning the exemption.
- Organize a group to receive and process claims for remittance.
- Preparation and training of new staff to begin processing of applications July 1, 2017.
- Adopt one new administrative rule.

Object Costs - \$2,772,500.

Carbon Pollution Tax:

- Print and mail a special notice to affected taxpayers.
- Imaging consultant for processing new forms.

Manufacturing B&O Tax Rate Reduction:

- Print and mail a special notice to affected taxpayers that do not file returns electronically.
- Print split-rate reporting addendums for taxpayers filing annual returns.

Retail Sales Tax Rate Reduction:

- Print and mail a special notice to affected taxpayers.

Working Families' Tax Exemption:

- Setting up telecommunication systems and servers in a new facility.
- Additional servers and software licenses.

- Third party contract programmers.
- Telephone system charges.
- Purchasing a document scanner and copier rental.
- Purchasing translation services for brochures and forms.
- Printing and mailing notices to practitioners.
- Printing and mailing notices to those who would qualify for the working families' tax exemption based on the best information available.
- Printing and mailing application forms for those not applying electronically.
- Acquiring on-line skip-tracing services.

THIRD YEAR COSTS

The Department will incur total costs of \$10,936,600 in Fiscal Year 2018. These costs include:

Labor Costs - Time and effort equates to 68.4 FTEs.

Carbon Pollution Tax:

- Increased interpretation and analysis of new laws.
- Update educational and informational materials, publications, guides, hard copy materials, forms and online information.
- Respond to ruling requests and email inquiries.
- Answer phone calls and counter inquiries on tax questions and tax return preparation from businesses, individuals, and accountants.
- Resolve additional error and out of balance and amended returns, conduct account examinations, respond to secure messages and correspondence, answer telephone questions, monitor reports and assist taxpayers with reporting.
- Prepare reports to the governor and legislature.

Manufacturing B&O Tax Rate Reduction:

- Answer phone calls and counter inquiries on tax questions and tax return preparation from businesses, individuals, and accountants.
- Update forms, print and web information.
- Resolve additional error and out of balance and amended returns, conduct account examinations, respond to secure messages and correspondence, answer telephone questions, monitor reports and assist taxpayers with reporting.

Retail Sales Tax Rate Reduction:

- Answer phone calls and counter inquiries on tax questions and tax return preparation from businesses, individuals, and accountants.
- Update forms, print and web information.
- Resolve additional error and out of balance and amended returns, conduct account examinations, respond to secure messages and correspondence, answer telephone questions, monitor reports and assist taxpayers with reporting.

Working Families' Tax Exemption:

- Increased interpretation and analysis of new laws.
- Continued programming, updating and maintenance of systems, software and hardware required to accept and process applications.
- Answer telephone questions concerning the exemption.
- Update forms, print and web information.
- Processing internet and mail applications, including verification of application claims and issuing warrants or electronic fund transfers.

- Collecting refunds processed in error or fraudulently filed.
- Hearing appeals of Department decisions.

Object Costs - \$5,496,600.

Carbon Pollution Tax:

- Imaging consultant for processing new forms.

Manufacturing B&O Tax Rate Reduction:

- Print split-rate reporting addendums for taxpayers filing annual returns.

Retail Sales Tax Rate Reduction:

- Print and mail a special notice to affected taxpayers.

Working Families' Tax Exemption:

- Continued contracting with third party contract programmers.
- Telephone system charges.
- Copier rental.
- Purchasing translation services for brochures and forms.
- Printing and mailing notices to practitioners.
- Printing and mailing notices to those who would qualify for the working families' tax exemption based on the best information available.
- Printing and mailing application forms for those not applying electronically.
- Acquiring on-line skip-tracing services.
- Processing and sending remittances.
- Printing and mailing warrants.

FOURTH YEAR COSTS

The Department will incur total costs of \$5,695,300 in Fiscal Year 2019. These costs include:

Labor Costs - Time and effort equates to 55.3 FTEs.

Carbon Pollution Tax:

- Increased interpretation and analysis of new laws.
- Update educational and informational materials, publications, guides, hard copy materials, forms and online information.
- Respond to ruling requests and email inquiries.
- Resolve additional error and out of balance and amended returns, conduct account examinations, respond to secure messages and correspondence, answer telephone questions, monitor reports and assist taxpayers with reporting.
- Prepare reports to the governor and legislature.

Manufacturing B&O Tax Rate Reduction:

- Resolve additional error and out of balance and amended returns, conduct account examinations, respond to secure messages and correspondence, answer telephone questions, monitor reports and assist taxpayers with reporting.

Retail Sales Tax Rate Reduction:

- Answer phone calls and counter inquiries on tax questions and tax return preparation from businesses, individuals, and accountants.
- Update forms, print and web information.

- Resolve additional error and out of balance and amended returns, conduct account examinations, respond to secure messages and correspondence, answer telephone questions, monitor reports and assist taxpayers with reporting.

Working Families' Tax Exemption:

- Increased interpretation and analysis of new laws.
- Continued programming, updating and maintenance of systems, software and hardware required to accept and process applications.
- Answer telephone questions concerning the exemption.
- Update forms, print and web information.
- Processing internet and mail applications, including verification of application claims and issuing warrants or electronic fund transfers.
- Collecting refunds processed in error or fraudulently filed.
- Hearing appeals of Department decisions.

Object Costs - \$1,687,700.

Carbon Pollution Tax:

- Imaging consultant for processing new forms.

Working Families' Tax Exemption:

- Continued contracting with third party contract programmers.
- Telephone system charges.
- Copier rental.
- Purchasing translation services for brochures and forms.
- Printing and mailing notices to practitioners.
- Printing and mailing notices to those who would qualify for the working families' tax exemption based on the best information available.
- Printing and mailing application forms for those not applying electronically.
- Acquiring on-line skip-tracing services.
- Processing and sending remittances.
- Printing and mailing warrants.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years		49.6	24.8	66.5	59.6
A-Salaries and Wages		2,750,200	2,750,200	6,431,100	5,416,600
B-Employee Benefits		825,000	825,000	1,929,300	1,625,300
C-Professional Service Contracts		1,000,000	1,000,000	4,500,000	1,000,000
E-Goods and Other Services		1,581,500	1,581,500	4,117,200	3,802,000
G-Travel		14,000	14,000	35,500	35,100
J-Capital Outlays		1,145,300	1,145,300	476,500	328,400
Total \$		\$7,316,000	\$7,316,000	\$17,489,600	\$12,207,400

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 2016	FY 2017	2015-17	2017-19	2019-21
ADM ASST 4	43,860		0.5	0.3	1.0	1.0
ADM ASST 5	48,432		0.0	0.0		
COMMUNICATIONS CNSLT 3	49,608		0.1	0.1	0.1	
COMMUNICATIONS CNSLT 4	56,136		0.2	0.1	0.5	
EMS BAND 4	107,000		0.0	0.0		
EMS BAND 5	125,000		0.0	0.0		
EXCISE TAX EX 1	35,292		9.0	4.5	18.5	21.0
EXCISE TAX EX 2	43,860		1.5	0.8	4.5	4.4
EXCISE TAX EX 3	52,080		2.0	1.0	3.8	3.5
EXCISE TAX EX 4	57,516		3.2	1.6	3.5	3.1
FINANCIAL EX 3	71,844		1.0	0.5	1.0	1.0
FISCAL ANALYST 3	48,432		0.3	0.2		
FISCAL ANALYST 5	56,136				0.1	0.1
FORMS AND RECORDS ANALYST 3	44,880		0.2	0.1	0.3	
HEARINGS SCHEDULER	33,672		0.0	0.0		
INFO TECH S/A S 6	79,296		1.0	0.5	0.5	
IT SPEC 3	58,956		1.4	0.7	0.9	0.3
IT SPEC 4	65,088		6.0	3.0	2.0	
IT SPEC 5	71,844		5.6	2.8	2.5	1.0
OFF ASST 3	30,672		1.5	0.8	3.0	3.0
OFF ASST LEAD	32,112		0.5	0.3	1.0	1.0
REVENUE AGENT 1	40,704				2.5	2.3
REVENUE AGENT 3	53,424				1.0	1.0
REVENUE AUDITOR 3	57,516		3.0	1.5	3.0	3.0
TAX INFO SPEC 1	37,860		3.9	2.0	7.2	6.5
TAX INFO SPEC 2	40,704		0.5	0.3	1.0	1.0
TAX INFO SPEC 3	49,608		0.5	0.3	1.0	1.0
TAX INFO SPEC 4	56,136		0.8	0.4	0.5	0.1
TAX POLICY SP 3	71,844		3.7	1.9	2.9	2.0
TAX POLICY SP 4	77,340		1.9	1.0	1.9	1.0
WMS BAND 2	80,000		0.6	0.3	1.5	1.4
WMS BAND 3	91,000		0.5	0.3	1.0	1.0
Total FTE's	1,867,852		49.6	24.8	66.5	59.6

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.

Should this legislation become law, the Department will use the complex rule-making process to adopt three new rules under chapter 458-20 WAC. Persons affected by this rule making would include those subject to the Carbon Pollution Tax and those persons eligible for the Working Families' Tax Exemption.