

**Estimated REVENUE Impact of Revenue Alternatives**  
**November 2013 Forecast**  
(\$ millions)

Please note that estimates provided do not reflect a policy position by the Department and are intended solely to assist you in exploring options under development.

Prepared by Research & Fiscal Analysis, December 2013

State General Fund Impact<sup>1</sup> (unless otherwise noted)

#	Description of Alternative	# of		2013-15		2015-17		
		Impacted Taxpayers	FY 2014	FY 2015 <sup>2</sup>	Biennium	FY 2016	FY 2017	Biennium
<b>RETAIL SALES/USE TAX - Rate Increase</b>								
1a	State rate from 6.5% to 6.6%	195,000	\$ -	\$ 110.9	\$ 110.9	\$ 127.0	\$ 133.3	\$ 260.3
1b	State rate from 6.5% to 7.0%	195,000	\$ -	\$ 552.3	\$ 552.3	\$ 632.4	\$ 663.5	\$ 1,295.8
1c	State rate from 6.5% to 7.5%	195,000	\$ -	\$ 1,098.7	\$ 1,098.7	\$ 1,258.0	\$ 1,319.8	\$ 2,577.8
<b>RETAIL SALES/USE TAX - Tax Base Expansion (except services)</b>								
2	Shift sewerage and refuse collection to retailing B&O tax and retail sales tax	1,000	\$ -	\$ 28.4	\$ 28.4	\$ 32.3	\$ 33.6	\$ 65.8
3	Repeal sales tax exemption for motor vehicle fuel	2,500	\$ -	\$ 716.1	\$ 716.1	\$ 740.3	\$ 713.8	\$ 1,454.1
4	Repeal sales tax exemption for manufacturing machinery & equipment (the M&E exemption)	16,500	\$ -	\$ 177.7	\$ 177.7	\$ 197.2	\$ 203.3	\$ 400.5
5	Repeal the warehouse-grain elevator-distribution center sales & use tax remittance program	140	\$ -	\$ 5.1	\$ 5.1	\$ 5.6	\$ 5.6	\$ 11.1
6	Extend sales tax to bottled water	195,000	\$ -	\$ 22.3	\$ 22.3	\$ 24.2	\$ 24.0	\$ 48.2
<b>Trade-in exclusion:</b>								
7a	· Repeal trade-in exclusion from sales tax - RCW 82.08.010 (1)	85,000	\$ -	\$ 140.8	\$ 140.8	\$ 160.5	\$ 167.6	\$ 328.0
7b	· Repeal trade-in exclusion for boats, trailers, mobile homes, appliances	4,700	\$ -	\$ 5.2	\$ 5.2	\$ 6.0	\$ 6.4	\$ 12.5
7c	· Repeal trade-in exclusion for motor vehicles only	3,000	\$ -	\$ 117.5	\$ 117.5	\$ 134.3	\$ 140.9	\$ 275.2
7d	· Trade-in exclusion - limit ALL trade-ins to \$10,000	85,000	\$ -	\$ 42.5	\$ 42.5	\$ 48.7	\$ 51.2	\$ 99.9
<b>Nonresident exemption:</b>								
8a	· Repeal exemption for nonresidents (states, possessions, and provinces <3.0% sales tax)	4,500	\$ -	\$ 30.2	\$ 30.2	\$ 34.1	\$ 35.3	\$ 69.4
8b	· Refund state sales tax if nonresident pays \$25 or more sales tax in a year (states, possessions, and provinces <3.0% sales tax)	132,000	\$ -	\$ 26.6	\$ 26.6	\$ 30.1	\$ 31.2	\$ 61.3

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State General Fund Impact<sup>1</sup> (unless otherwise noted)

#	Description of Alternative	# of		2013-15		2015-17		
		Impacted Taxpayers	FY 2014	FY 2015 <sup>2</sup>	Biennium	FY 2016	FY 2017	Biennium
<b>Farm consumables:</b>								
9a	· Repeal exemption for replacement parts and repair services	10,000	\$ -	\$ 7.0	\$ 7.0	\$ 7.9	\$ 8.1	\$ 15.9
9b	· Repeal exemption for fertilizers, sprays, and washes sold to farmers - RCW 82.04.050(10)	10,000	\$ -	\$ 60.1	\$ 60.1	\$ 68.8	\$ 72.3	\$ 141.1
9c	· Repeal exemption for leased irrigation equipment	10,000	\$ -	\$ 2.6	\$ 2.6	\$ 2.9	\$ 3.0	\$ 6.0
9d	· Repeal exemption for diesel, biodiesel, and aircraft fuel for farm use	10,000	\$ -	\$ 4.2	\$ 4.2	\$ 4.6	\$ 4.6	\$ 9.2
9e	· Repeal exemption for propane for heating chicken barns	10,000	\$ -	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.5
9f	· Repeal exemption for farm equipment auction sales	10,000	\$ -	\$ 2.7	\$ 2.7	\$ 3.0	\$ 3.1	\$ 6.2
9g	· Limit exemption for fertilizers, sprays, or washes to approved organic products only	10,000	\$ -	\$ 45.2	\$ 45.2	\$ 51.6	\$ 54.2	\$ 105.8
<b>RETAIL SALES/USE TAX - Extend Tax Base to Services<sup>3</sup></b>								
10	Extend sales tax to certain consumer services <sup>4</sup>	26,400	\$ -	\$ 112.8	\$ 112.8	\$ 124.2	\$ 130.6	\$ 254.8
11	Extend sales tax to selected "business" services <sup>5</sup>	128,200	\$ -	\$ 806.9	\$ 806.9	\$ 917.2	\$ 1,002.7	\$ 1,919.9
12	Extend sales tax to financial, insurance, and real estate services <sup>6</sup>	24,200	\$ -	\$ 232.8	\$ 232.8	\$ 258.6	\$ 274.7	\$ 533.3
<b>BUSINESS &amp; OCCUPATION TAX - Rate Increases</b>								
<b>Increase B&amp;O tax:</b>								
13	· 0.3 percent surcharge on service businesses	148,000	\$ -	\$ 260.0	\$ 260.0	\$ 298.0	\$ 313.0	\$ 611.0
14a	· 10% surtax on all existing rates	470,000	\$ -	\$ 328.3	\$ 328.3	\$ 374.1	\$ 389.5	\$ 763.6
14b	· 25% surtax on all existing rates	470,000	\$ -	\$ 820.7	\$ 820.7	\$ 935.3	\$ 973.7	\$ 1,909.0
15	Eliminate preferential rate for retailing - (from 0.471% to 0.484%) - RCW 82.04.250(1)	195,000	\$ -	\$ 20.2	\$ 20.2	\$ 22.9	\$ 23.8	\$ 46.6
16	Increase manufacturing rate for petroleum fuels to 1%	6	\$ -	\$ 63.7	\$ 63.7	\$ 65.8	\$ 63.5	\$ 129.3

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(\$ millions)

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Prepared by Research & Fiscal Analysis, December 2013

State General Fund Impact<sup>1</sup> (unless otherwise noted)

#	Description of Alternative	# of Impacted Taxpayers		2013-15 Biennium		2015-17 Biennium		
		FY 2014	FY 2015 <sup>2</sup>	FY 2016	FY 2017			
<b><u>BUSINESS &amp; OCCUPATION TAX - Tax Base Expansion</u></b>								
17	Repeal deduction for federal tax on motor fuel	2,500	\$ -	\$ 2.9	\$ 2.9	\$ 3.0	\$ 2.9	\$ 6.0
18	Repeal exemption for shared real estate commissions - RCW 82.04.255	10,100	\$ -	\$ 27.3	\$ 27.3	\$ 32.7	\$ 34.5	\$ 67.2
19	Repeal deduction for membership dues and fees - RCW 82.04.4282	925	\$ -	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.2	\$ 2.3
<b><u>B&amp;O Tax Exemption for Farmers:</u></b>								
20a	· Repeal B&O tax exemption for all farmers	46,000	\$ -	\$ 39.0	\$ 39.0	\$ 44.0	\$ 45.0	\$ 89.0
20b	· Repeal B&O tax exemption for farmers whose annual gross income exceeds \$200,000	4,200	\$ -	\$ 37.0	\$ 37.0	\$ 42.0	\$ 43.0	\$ 85.0
<b><u>OTHER BUSINESS TAXES</u></b>								
<b><u>Increase PUT rate:</u></b>								
21a	· PUT rate increase - 10% surtax on all rates	9,000	\$ -	\$ 39.2	\$ 39.2	\$ 44.9	\$ 47.1	\$ 92.0
21b	· PUT rate increase - 25% surtax on all rates	9,000	\$ -	\$ 97.9	\$ 97.9	\$ 112.4	\$ 117.7	\$ 230.0
22	PUT/B&O sewerage - all related activities taxed at 3.852%	2,600	\$ -	\$ 16.7	\$ 16.7	\$ 19.5	\$ 20.9	\$ 40.4
23a	· PUT on motor/urban transportation and log hauling - increase to 3.852%	7,800	\$ -	\$ 35.9	\$ 35.9	\$ 41.2	\$ 43.1	\$ 84.3
23b	· PUT on urban transportation and vessels - increase to 1.926%	2,700	\$ -	\$ 7.0	\$ 7.0	\$ 8.1	\$ 8.5	\$ 16.6
<b><u>OTHER TAXES - Rate/Base Increases</u></b>								
24	Property Tax - State levy increase - \$3.60		\$ -	\$ 736.4	\$ 736.4	\$ 1,564.5	\$ 1,795.6	\$ 3,360.1
25	Real estate excise tax increase - from 1.28% to 1.6%		\$ -	\$ 116.3	\$ 116.3	\$ 139.6	\$ 147.0	\$ 286.6
26	Increase the cigarette tax by 25 cents per pack	6,500	\$ -	\$ 10.0	\$ 10.0	\$ 11.2	\$ 11.4	\$ 22.6
<b><u>Change measure of oil spill taxes from volumetric to a percentage of value:</u></b>								
27a	· Oil spill tax - from 5 cents per barrel to 5% of value	20	\$ -	\$ 428.5	\$ 428.5	\$ 479.9	\$ 492.1	\$ 972.0
27b	· Oil spill tax - 0.7% based on value of product, not volume	20	\$ -	\$ 56.8	\$ 56.8	\$ 64.0	\$ 65.7	\$ 129.7

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State General Fund Impact<sup>1</sup> (unless otherwise noted)

#	Description of Alternative	# of		2013-15			2015-17	
		Impacted Taxpayers	FY 2014	FY 2015 <sup>2</sup>	Biennium	FY 2016	FY 2017	Biennium
<b>Syrup Tax:</b>								
28	· Repeal B&O credit for Syrup Tax - RCW 82.04.4486	2,400	\$ -	\$ 5.2	\$ 5.2	\$ 5.4	\$ 5.7	\$ 11.2
29	· Repeal B&O credit for Syrup Tax - Increase Syrup Tax from \$1 to \$2	2,400		\$ 12.7	\$ 12.7	\$ 12.8	\$ 13.0	\$ 25.8
<b>NEW TAXES</b>								
<b>Beverage/water tax:</b>								
30	· Bottled water - 1 cents per oz. at retail ( <i>includes bulk sales</i> )	5,000	\$ -	\$ 85.5	\$ 85.5	\$ 92.7	\$ 91.8	\$ 184.5
31	· Carbonated beverage tax @ 2 cents/12 oz. ( <i>excludes fountain</i> )	3,000	\$ -	\$ 39.4	\$ 39.4	\$ 42.4	\$ 41.9	\$ 84.4
<b>State admissions tax:</b>								
32a	· 5% state admissions tax - exclude youth non-profit and K-12 school activities	64,000	\$ -	\$ 44.1	\$ 44.1	\$ 51.3	\$ 51.9	\$ 103.1
32b	· also exclude college activities	64,000	\$ -	\$ 41.5	\$ 41.5	\$ 48.2	\$ 48.8	\$ 97.0
32c	· also exclude college activities and non-profits	61,000	\$ -	\$ 32.0	\$ 32.0	\$ 37.2	\$ 37.7	\$ 74.9
<b>Luxury tax with deductions:</b>								
33a	· 10 percent luxury tax on motor vehicles - \$50,000 deduction	2,000	\$ -	\$ 11.0	\$ 11.0	\$ 12.6	\$ 13.2	\$ 25.8
33b	· 10 percent luxury tax on vessels - \$50,000 deduction	1,100	\$ -	\$ 16.1	\$ 16.1	\$ 18.6	\$ 19.8	\$ 38.3
33c	· 10 percent luxury tax on aircraft - \$50,000 deduction	1,100	\$ -	\$ 6.1	\$ 6.1	\$ 6.7	\$ 6.8	\$ 13.6

**NOTES:**

<sup>1</sup>Estimates reflect the November 2013 revenue forecast issued by the Forecast Council.

<sup>2</sup>Estimates for FY 2015 generally reflect 11 months of cash receipts, due to the 7/1/2014 effective date.

<sup>3</sup>Extension of sales tax to services includes reduction in B&O tax to retailing classification.

<sup>4</sup>Some items in this category are already subject to retail sales tax.

<sup>5</sup>Some items in "business services" are also purchased by households.

<sup>6</sup>The total impact for financial services does NOT include Fees From Banking Institutions.

**Detail for Extending Sales Tax to Services - Revenue Alternatives 10, 11 & 12**  
**November 2013 Forecast**  
*(\$ millions)*

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	State General Fund Impact <sup>1</sup>					
	FY 2014	FY 2015 <sup>2</sup>	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
<b>Consumer Services</b> <sup>3,4</sup>						
<i>Satellite and Cable</i>	\$ -	\$ 36.6	\$ 36.6	\$ 40.1	\$ 42.1	\$ 82.2
<i>Travel Agent Commission (line 28)</i>	-	27.0	27.0	29.8	31.2	61.0
<i>Hair, Nail, Skin, and Other Personal Care Services (i.e., hair removal, hair replacement, massage parlor, etc.)</i>	-	21.6	21.6	23.6	24.8	48.4
<i>Admissions (i.e., movie theaters, theater, dance, musical, racetracks, spectator sports, etc)</i>	-	17.9	17.9	19.6	20.6	40.2
<i>Instructional Lessons (sports)</i>	-	4.0	4.0	4.4	4.6	9.0
<i>Tax Preparation Services</i>	-	3.3	3.3	4.0	4.6	8.6
<i>Service Fees Related to Travel Arrangement and Reservation Services, AND Fees Related to Non-Sporting Events</i>	-	2.5	2.5	2.7	2.8	5.5
<b>Total Consumer Services</b>	<u>\$ -</u>	<u>\$ 112.9</u>	<u>\$ 112.9</u>	<u>\$ 124.2</u>	<u>\$ 130.7</u>	<u>\$ 254.9</u>
<b>Business Services</b> <sup>3,5</sup>						
<i>Legal Services, Mediation, Arbitration</i>	\$ -	\$ 145.8	\$ 145.8	\$ 163.1	\$ 174.7	\$ 337.8
<i>Architectural and Engineering Services</i>	-	121.2	121.2	140.4	155.9	296.3
<i>Office Support Services (i.e., call centers, document preparation services, administrative services, payroll services, etc.)</i>	-	87.1	87.1	95.6	100.3	195.9
<i>Employment Services - (i.e., employment placement agencies, executive search services, professional employer organizations, temporary help services, etc.)</i>	-	77.3	77.3	85.1	89.6	174.7
<i>Offices of Certified Public Accountants</i>	-	44.8	44.8	50.2	53.7	103.9
<i>Administrative Management and General Management Consulting Services</i>	-	37.5	37.5	44.7	50.9	95.6
<i>Scientific - All Other Professional, Scientific, and Technical Services (i.e., credit repair services, appraisal (except real estate), weather forecasting services, meteorological services, etc.)</i>	-	34.2	34.2	37.6	39.4	77.0
<i>Computer Related - Custom Software</i>	-	40.1	40.1	45.2	49.8	95.0
<i>Accountant (except CPA) Offices, Bookkeeper Offices, and Billing Offices</i>	-	30.6	30.6	33.8	35.8	69.6
<i>Computer Related - Data Processing, Hosting, and Related Services</i>	-	29.4	29.4	31.4	32.1	63.5
<i>Other Management Consulting Services</i>	-	20.8	20.8	27.7	35.0	62.7
<i>Janitorial Services</i>	-	18.8	18.8	20.5	21.5	42.0

**Detail for Extending Sales Tax to Services - Revenue Alternatives 10, 11 & 12**  
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	State General Fund Impact <sup>1</sup>					2015-17 Biennium
	2013-15			FY 2016	FY 2017	
	FY 2014	FY 2015 <sup>2</sup>	Biennium			
<i>Advertising and Related Services</i>	-	17.5	17.5	21.5	25.1	46.6
<i>Refuse Collection (line 64)</i>	-	15.5	15.5	16.2	17.1	33.3
<i>Investigation and Security Services (except locksmiths)</i>	-	14.7	14.7	18.3	21.6	39.9
<i>Scientific - Environmental and Other Scientific Consulting Services (i.e., sanitation consulting, site remediation consulting, agricultural consulting, biological consulting, energy consulting, etc.)</i>	-	12.4	12.4	16.4	20.7	37.1
<i>Collection and Repossession Agencies</i>	-	9.6	9.6	10.5	11.0	21.5
<i>Marketing Consulting Services</i>	-	8.4	8.4	12.1	16.5	28.6
<i>Support Activities for Transportation</i>	-	7.6	7.6	8.2	8.6	16.8
<i>Motion Picture and Video Industries</i>	-	6.5	6.5	7.1	7.5	14.6
<i>Human Resources Consulting Services</i>	-	6.2	6.2	8.4	10.8	19.2
<i>Support Activities for the Agricultural and Forestry Industry</i>	-	6.0	6.0	6.5	6.8	13.3
<i>Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures, Promoters of Performing Arts, Sports, and Similar Events</i>	-	4.3	4.3	4.7	4.9	9.6
<i>Marketing Research and Public Opinion Polling</i>	-	2.6	2.6	2.8	2.8	5.6
<i>Computer Related - Internet Publishing and Broadcasting and Web Search Portals</i>	-	2.9	2.9	3.1	3.3	6.4
<i>Facilities Support Services</i>	-	2.3	2.3	2.5	2.6	5.1
<i>Parking Lot Management Services</i>	-	1.8	1.8	2.0	2.1	4.1
<i>Process, Physical Distribution, and Logistics Consulting Services</i>	-	1.0	1.0	1.6	2.4	4.0
<b>Total Business Services</b>	<b>\$ -</b>	<b>\$ 806.9</b>	<b>\$ 806.9</b>	<b>\$ 917.2</b>	<b>\$ 1,002.5</b>	<b>\$ 1,919.7</b>
<b>Financial Services</b> <sup>3,6</sup>						
<i>Insurance Agencies and Brokerages (line 14) (fees and commission)</i>	\$ -	\$ 83.3	\$ 83.3	\$ 91.9	\$ 96.4	\$ 188.3
<i>Offices of Real Estate Agents and Brokers (fees and commission)</i>	-	62.8	62.8	68.7	72.1	140.8
<i>Financial Planning Advice and Investment Counseling (fees and commission)</i>	-	22.3	22.3	25.4	27.7	53.1
<i>Securities Trading Services (fees and commission)</i>	-	16.3	16.3	18.6	20.4	39.0
<i>Investment Management Services (fees and commission)</i>	-	14.2	14.2	15.2	15.6	30.8
<i>Mortgage and Nonmortgage Loan Brokers (fees and commission)</i>	-	13.3	13.3	15.2	16.7	31.9

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	2013-15			2015-17		
	<u>FY 2014</u>	<u>FY 2015<sup>2</sup></u>	<u>Biennium</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Biennium</u>
<i>Managing Residential and Nonresidential Real Estate for Others (fees and commission)</i>	-	11.1	11.1	12.2	12.8	25.0
<i>Surveying and Mapping</i>	-	4.6	4.6	5.5	6.2	11.7
<i>Offices of Real Estate Appraisers (fees and commission)</i>	-	1.9	1.9	2.5	3.0	5.5
<i>Building Inspection Services</i>	-	1.2	1.2	1.3	1.4	2.7
<i>Insurance Adjusting (fees and commission)</i>	-	1.1	1.1	1.2	1.2	2.4
<i>Trust, Fiduciary, and Custody Activities (fees and commission)</i>	-	0.6	0.6	0.9	1.2	2.1
<i>Fees from Banking Institutions (commercial banking, savings institutions, credit unions, other depository credit agencies)</i>	Ind	Ind	Ind	Ind	Ind	Ind
<b>Total Financial Services</b>	<u>\$ -</u>	<u>\$ 232.7</u>	<u>\$ 232.7</u>	<u>\$ 258.6</u>	<u>\$ 274.7</u>	<u>\$ 533.3</u>

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<sup>2</sup>Estimates for Fiscal Year 2015 generally reflect 11 months of cash receipts, due to the 7/1/2014 effective date.

<sup>3</sup>Extension of sales tax to services includes reduction in B&O tax to retailing classification.

<sup>4</sup>Some items in this category are already subject to retail sales tax.

<sup>5</sup>Some items in "business services" are also purchased by households.

<sup>6</sup>The total impact for financial services does NOT include Fees From Banking Institutions, as this amount is indeterminate.

**Estimated EXPENDITURE Impact of Revenue Alternatives  
November 2013 Forecast**

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Synopsis of Alternative	FY 2014	FY 2015	2013-15		2015-17	
			Biennium	FY 2016	FY 2017	Biennium
<b>RETAIL SALES/USE TAX - Rate Increase</b>						
#1a State rate from 6.5% to 6.6%	\$ 181,300	\$ 418,800	\$ 600,100	\$ 224,700	\$ 116,000	\$ 340,700
#1b State rate from 6.5% to 7.0%	\$ 181,300	\$ 418,800	\$ 600,100	\$ 224,700	\$ 116,000	\$ 340,700
#1c State rate from 6.5% to 7.5%	\$ 181,300	\$ 418,800	\$ 600,100	\$ 224,700	\$ 116,000	\$ 340,700
<b>RETAIL SALES/USE TAX - Tax Base Expansion (except services)</b>						
#2 Shift sewerage and refuse collection to retailing B&O tax and retail sales tax	\$ 78,600	\$ 18,400	\$ 97,000	\$ 7,000	\$ -	\$ 7,000
#3 Repeal sales tax exemption for motor vehicle fuel	\$ 15,200	\$ -	\$ 15,200	\$ -	\$ -	\$ -
#4 Repeal sales tax exemption for manufacturing machinery & equipment (the M&E exemption)	\$ 23,500	\$ 14,500	\$ 38,000	\$ -	\$ -	\$ -
#5 Repeal the warehouse-grain elevator-distribution center sales & use tax remittance program	\$ -	\$ (7,800)	\$ (7,800)	\$ (7,800)	\$ (7,800)	\$ (15,600)
#6 Extend sales tax to bottled water	\$ 145,600	\$ 85,900	\$ 231,500	\$ 44,800	\$ 44,800	\$ 89,600
<b>Trade-in exclusion:</b>						
#7a · Repeal trade-in exclusion from sales tax - RCW 82.08.010 (1)	\$ 44,600	\$ 43,600	\$ 88,200	\$ 14,800	\$ -	\$ 14,800
#7b · Repeal trade-in exclusion for boats, trailers, mobile homes, appliances	\$ 3,600	\$ 7,900	\$ 11,500	\$ -	\$ -	\$ -
#7c · Repeal trade-in exclusion for motor vehicles only	\$ 3,300	\$ 8,900	\$ 12,200	\$ -	\$ -	\$ -
7d · Trade-in exclusion - limit ALL trade-ins to \$10,000						
<b>Nonresident exemption:</b>						
#8a · Repeal exemption for nonresidents (states, possessions, and provinces <3.0% sales tax)	\$ 43,700	\$ 15,400	\$ 59,100	\$ 7,000	\$ -	\$ 7,000
#8b · Refund state sales tax if nonresident pays \$25 or more sales tax in a year (states, possessions, and provinces <3.0% sales tax)	\$ 132,200	\$ 1,998,800	\$ 2,131,000	\$ 1,507,700	\$ 1,500,000	\$ 3,007,700
<b>Farm consumables:</b>						
#9a · Repeal exemption for replacement parts and repair services	\$ 11,600	\$ -	\$ 11,600	\$ -	\$ -	\$ -
#9b · Repeal exemption for fertilizers, sprays, and washes sold to farmers - RCW 82.04.050(10)	\$ 10,200	\$ -	\$ 10,200	\$ -	\$ -	\$ -
#9c · Repeal exemption for leased irrigation equipment	\$ 10,200	\$ -	\$ 10,200	\$ -	\$ -	\$ -
#9d · Repeal exemption for diesel, biodiesel, and aircraft fuel for farm use	\$ 7,500	\$ -	\$ 7,500	\$ -	\$ -	\$ -
#9e · Repeal exemption for propane for heating chicken barns	\$ 10,200	\$ -	\$ 10,200	\$ -	\$ -	\$ -
#9f · Repeal exemption for farm equipment auction sales	\$ 10,200	\$ -	\$ 10,200	\$ -	\$ -	\$ -
#9g · Limit exemption for fertilizers, sprays, or washes to approved organic products only	\$ 9,200	\$ -	\$ 9,200	\$ -	\$ -	\$ -
<b>RETAIL SALES/USE TAX - Extend Tax Base to Services<sup>3</sup></b>						
#10 Extend sales tax to certain consumer services <sup>4</sup>	\$ 76,700	\$ 378,800	\$ 455,500	\$ 379,400	\$ 375,200	\$ 754,600
#11 Extend sales tax to selected "business" services <sup>5</sup>	\$ 383,400	\$ 2,481,500	\$ 2,864,900	\$ 2,135,200	\$ 2,009,200	\$ 4,144,400
#12 Extend sales tax to financial, insurance, and real estate services <sup>6</sup>	\$ 71,200	\$ 540,400	\$ 611,600	\$ 545,200	\$ 532,000	\$ 1,077,200
<b>BUSINESS &amp; OCCUPATION TAX - Rate Increases</b>						
<b>Increase B&amp;O tax:</b>						
#13 · Extend .3 percent surcharge on service businesses (currently ends June 30, 2013)	\$ 30,100	\$ -	\$ 30,100	\$ -	\$ -	\$ -

**Estimated EXPENDITURE Impact of Revenue Alternatives**  
November 2013 Forecast

**Please note that estimates provided do not reflect a policy position by the Department and are intended solely to assist you in exploring options under development.**

Prepared by Research & Fiscal Analysis, December 2013

<u>Synopsis of Alternative</u>	FY 2014	FY 2015	2013-15		2015-17	
			Biennium	FY 2016	FY 2017	Biennium
#14a · 10% surtax on all existing rates	\$ 181,300	\$ 807,800	\$ 989,100	\$ 153,700	\$ -	\$ 153,700
#14b · 25% surtax on all existing rates	\$ 181,300	\$ 807,800	\$ 989,100	\$ 153,700	\$ -	\$ 153,700
#15 Eliminate preferential rate for retailing - (from 0.471% to 0.484%) - RCW 82.04.250(1)	\$ 87,000	\$ 281,500	\$ 368,500	\$ 36,000	\$ -	\$ 36,000
#16 Increase manufacturing rate for petroleum fuels to 1%	\$ 14,100	\$ -	\$ 14,100	\$ -	\$ -	\$ -
<b><u>BUSINESS &amp; OCCUPATION TAX - Tax Base Expansion</u></b>						
#17 Repeal deduction for federal tax on motor fuel	\$ 3,200	\$ 15,400	\$ 18,600	\$ -	\$ -	\$ -
#18 Repeal exemption for shared real estate commissions - RCW 82.04.255	\$ 17,500	\$ 110,000	\$ 127,500	\$ 92,200	\$ 90,600	\$ 182,800
#19 Repeal deduction for membership dues and fees - RCW 82.04.4282	\$ 11,600	\$ -	\$ 11,600	\$ -	\$ -	\$ -
<b>B&amp;O Tax Exemption for Farmers:</b>			\$ -			
#20a · Repeal B&O tax exemption for all farmers	\$ 12,700	\$ 1,881,400	\$ 1,894,100	\$ 1,595,900	\$ 1,476,400	\$ 3,072,300
#20b · Repeal B&O tax exemption for farmers whose annual gross income exceeds \$200,000	\$ 11,000	\$ 144,700	\$ 155,700	\$ 127,200	\$ 126,200	\$ 253,400
<b><u>OTHER BUSINESS TAXES</u></b>						
<b>Increase PUT rate:</b>						
#21a · PUT rate increase - 10% surtax on all rates	\$ 20,700	\$ 15,400	\$ 36,100	\$ 7,000	\$ 7,000	\$ 14,000
#21b · PUT rate increase - 25% surtax on all rates	\$ 20,700	\$ 23,200	\$ 43,900	\$ 7,000	\$ 7,000	\$ 14,000
#22 PUT/B&O sewerage - all related activities taxed at 3.852%	\$ 22,300	\$ -	\$ 22,300	\$ -	\$ -	\$ -
#23a · PUT on motor/urban transportation and log hauling - increase to 3.852%	\$ 16,700	\$ 7,900	\$ 24,600	\$ -	\$ -	\$ -
#23b · Repeal preferential PUT rate for urban transportation and vessels - increase from 0.642% to 1.926%	\$ 11,600	\$ 9,800	\$ 21,400	\$ 1,900	\$ 1,900	\$ 3,800
<b><u>OTHER TAXES - Rate/Base Increases</u></b>						
#24 Property Tax - State levy increase - \$3.60	\$ 8,300	\$ -	\$ 8,300	\$ -	\$ -	\$ -
#25 Real estate excise tax increase - from 1.28% to 1.6%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
#26 Increase the cigarette tax by 25 cents per pack	\$ 26,000	\$ 33,000	\$ 59,000	\$ 300	\$ 46,700	\$ 47,000
<b>Change measure of oil spill taxes from volumetric to a percentage of value:</b>						
#27a · Oil spill tax - from 5 cents per barrel to 5% of value	\$ 2,700	\$ -	\$ 2,700	\$ -	\$ -	\$ -
#27b · Oil spill tax - 0.7% based on value of product, not volume	\$ 2,700	\$ -	\$ 2,700	\$ -	\$ -	\$ -
<b>Syrup Tax:</b>						
#28 · Repeal B&O credit for Syrup Tax - RCW 82.04.4486	\$ 3,200	\$ -	\$ 3,200	\$ -	\$ -	\$ -
#29 · Repeal B&O credit for Syrup Tax - Increase Syrup Tax from \$1 to \$2	\$ 3,200	\$ -	\$ 3,200	\$ -	\$ -	\$ -
<b><u>NEW TAXES</u></b>						
<b>Beverage/water tax:</b>						
#30 · Bottled water - 1 cents per oz. at retail (includes bulk sales)	\$ 149,200	\$ 156,900	\$ 306,100	\$ 101,100	\$ 79,400	\$ 180,500
#31 · Carbonated beverage tax @ 2 cents/12 oz. (excludes fountain)	\$ 24,400	\$ 15,400	\$ 39,800	\$ 7,000	\$ 7,000	\$ 14,000
<b>State admissions tax:</b>						
#32a · 5% state admissions tax - exclude youth non-profit and K-12 school activities	\$ 63,000	\$ 507,700	\$ 570,700	\$ 448,100	\$ 435,800	\$ 883,900
#32b · also exclude college activities	\$ 63,000	\$ 507,700	\$ 570,700	\$ 448,100	\$ 435,800	\$ 883,900
#32c · also exclude college activities and non-profits	\$ 61,100	\$ 501,900	\$ 563,000	\$ 442,800	\$ 430,500	\$ 873,300

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<u>Synopsis of Alternative</u>	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
<b>Luxury tax with deductions:</b>						
#33a · 10 percent luxury tax on motor vehicles - \$50,000 deduction	\$ 23,800	\$ 98,800	\$ 122,600	\$ 82,400	\$ 75,400	\$ 157,800
#33b · 10 percent luxury tax on vessels - \$50,000 deduction	\$ 23,200	\$ 91,300	\$ 114,500	\$ 82,400	\$ 75,400	\$ 157,800
#33c · 10 percent luxury tax on aircraft - \$50,000 deduction	\$ 23,200	\$ 91,300	\$ 114,500	\$ 75,400	\$ 75,400	\$ 150,800