

Estimated REVENUE Impact of Revenue Alternatives
November 2015 Forecast
(\$ millions)

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

Prepared by Research & Fiscal Analysis, December 2015

State General Fund Impact¹ (unless otherwise noted)

#	Description of Alternative	# of Impacted Taxpayers	FY 2016	FY 2017 ²	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium	FY 2020	FY 2021	2019-21 Biennium
RETAIL SALES/USE TAX - Rate Increase											
1a	State rate from 6.5% to 6.6%	195,000	\$ -	\$ 128.6	\$ 128.6	\$ 148.6	\$ 155.3	\$ 303.9	\$ 163.0	\$ 170.7	\$ 333.8
1b	State rate from 6.5% to 7.0%	195,000	\$ -	\$ 640.3	\$ 640.3	\$ 739.7	\$ 811.7	\$ 1,551.4	\$ 811.7	\$ 849.9	\$ 1,661.6
1c	State rate from 6.5% to 7.5%	195,000	\$ -	\$ 1,280.7	\$ 1,280.7	\$ 1,471.4	\$ 1,538.3	\$ 3,009.7	\$ 1,614.7	\$ 1,690.6	\$ 3,305.2
RETAIL SALES/USE TAX - Tax Base Expansion (except services)											
2	Shift sewerage and refuse collection to retailing B&O tax and retail sales tax	1,000	\$ -	\$ 31.4	\$ 31.4	\$ 36.1	\$ 37.9	\$ 74.0	\$ 39.9	\$ 42.1	\$ 82.0
3	Repeal sales tax exemption for motor vehicle fuel	1,900	\$ -	\$ 459.3	\$ 459.3	\$ 522.2	\$ 539.9	\$ 1,062.1	\$ 558.3	\$ 577.3	\$ 1,135.6
4	Repeal sales tax exemption for manufacturing machinery & equipment (the M&E exemption)	16,500	\$ -	\$ 223.8	\$ 223.8	\$ 260.8	\$ 278.9	\$ 539.7	\$ 278.9	\$ 278.9	\$ 557.9
5	Repeal the warehouse-grain elevator-distribution center sales & use tax remittance program	100	\$ -	\$ 5.6	\$ 5.6	\$ 6.1	\$ 6.1	\$ 12.2	\$ 6.1	\$ 6.1	\$ 12.2
6	Repeal use tax exemption for fuel extracted, manufactured, and consumed in petroleum production	5	\$ -	\$ 17.7	\$ 17.7	\$ 20.1	\$ 20.8	\$ 40.8	\$ 21.5	\$ 22.2	\$ 43.6
7	Extend sales tax to bottled water	198,000	\$ -	\$ 25.3	\$ 25.3	\$ 28.4	\$ 29.2	\$ 57.7	\$ 30.1	\$ 31.0	\$ 61.1
Trade-in exclusion:											
8a	Repeal trade-in exclusion from sales tax - RCW 82.08.010 (1)	1,400	\$ -	\$ 145.1	\$ 145.1	\$ 162.3	\$ 159.5	\$ 321.9	\$ 156.8	\$ 154.2	\$ 311.0
8b	Repeal trade-in exclusion for boats, trailers, mobile homes, appliances	100	\$ -	\$ 8.9	\$ 8.9	\$ 10.6	\$ 10.8	\$ 21.5	\$ 11.0	\$ 11.2	\$ 22.2
8c	Repeal trade-in exclusion for motor vehicles only	900	\$ -	\$ 118.1	\$ 118.1	\$ 131.7	\$ 128.5	\$ 260.2	\$ 125.5	\$ 122.5	\$ 248.0
8d	Trade-in exclusion - limit ALL trade-ins to \$10,000	1,075	\$ -	\$ 43.7	\$ 43.7	\$ 49.0	\$ 48.4	\$ 97.4	\$ 47.8	\$ 47.3	\$ 95.1
Nonresident exemption:											
9a	Repeal exemption for nonresidents (states, possessions, and provinces <3.0% sales tax)	4,500	\$ -	\$ 27.0	\$ 27.0	\$ 30.7	\$ 31.8	\$ 62.5	\$ 33.1	\$ 34.3	\$ 67.4
9b	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	\$ -	\$ 23.9	\$ 23.9	\$ 27.2	\$ 28.2	\$ 55.4	\$ 29.3	\$ 30.4	\$ 59.6
Farm consumables:											
10a	Repeal exemption for replacement parts and repair services	3,600	\$ -	\$ 8.3	\$ 8.3	\$ 9.3	\$ 9.6	\$ 19.0	\$ 9.9	\$ 10.2	\$ 20.1
10b	Repeal exemption for fertilizers, sprays, and washes sold to farmers - RCW 82.04.050(10)	1,700	\$ -	\$ 66.8	\$ 66.8	\$ 76.5	\$ 80.4	\$ 156.9	\$ 84.4	\$ 88.6	\$ 173.0

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State General Fund Impact¹ (unless otherwise noted)

#	Description of Alternative	# of Impacted Taxpayers	FY 2016	FY 2017 ²	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium	FY 2020	FY 2021	2019-21 Biennium
10c	Repeal exemption for leased irrigation equipment	1,000	\$ -	\$ 2.8	\$ 2.8	\$ 3.1	\$ 3.2	\$ 6.3	\$ 3.3	\$ 3.4	\$ 6.7
10d	Repeal exemption for diesel, biodiesel, and aircraft fuel for farm use	140	\$ -	\$ 4.2	\$ 4.2	\$ 4.7	\$ 4.7	\$ 9.4	\$ 4.7	\$ 4.7	\$ 9.4
10e	Repeal exemption for propane for heating chicken barns	140	\$ -	\$ 0.2	\$ 0.2	\$ 0.3	\$ 0.3	\$ 0.5	\$ 0.3	\$ 0.3	\$ 0.5
10f	Repeal exemption for farm equipment auction sales	1,200	\$ -	\$ 2.8	\$ 2.8	\$ 3.2	\$ 3.3	\$ 6.5	\$ 3.4	\$ 3.5	\$ 6.9
10g	Limit exemption for fertilizers, sprays, or washes to approved organic products only	1,700	\$ -	\$ 53.5	\$ 53.5	\$ 61.3	\$ 64.3	\$ 125.6	\$ 67.5	\$ 70.9	\$ 138.4
RETAIL SALES/USE TAX - Extend Tax Base to Services³											
11	Extend sales tax to certain consumer services⁴	26,400	\$ -	\$ 129.3	\$ 129.3	\$ 143.2	\$ 150.5	\$ 293.7	\$ 158.0	\$ 165.4	\$ 323.4
12	Extend sales tax to selected "business" services⁵	128,200	\$ -	\$ 926.2	\$ 926.2	\$ 1,061.1	\$ 1,157.9	\$ 2,219.0	\$ 1,215.1	\$ 1,271.6	\$ 2,486.7
13	Extend sales tax to financial, insurance, and real estate services⁶	24,200	\$ -	\$ 266.7	\$ 266.7	\$ 298.3	\$ 316.5	\$ 614.8	\$ 332.2	\$ 347.8	\$ 680.1
BUSINESS & OCCUPATION TAX - Rate Increases											
Increase B&O tax:											
14	0.3 percent surcharge on service businesses	165,000	\$ -	\$ 296.7	\$ 296.7	\$ 340.9	\$ 358.7	\$ 699.5	\$ 378.7	\$ 399.8	\$ 778.5
15a	10% surtax on all existing rates	474,200	\$ -	\$ 368.5	\$ 368.5	\$ 425.2	\$ 447.7	\$ 872.9	\$ 472.6	\$ 498.8	\$ 971.4
15b	25% surtax on all existing rates	474,200	\$ -	\$ 921.3	\$ 921.3	\$ 1,063.0	\$ 1,119.3	\$ 2,182.2	\$ 1,181.4	\$ 1,247.0	\$ 2,428.4
16	Increase the retailing B&O tax from 0.471% to 0.484% - RCW 82.04.250(1)	193,000	\$ -	\$ 23.9	\$ 23.9	\$ 27.5	\$ 28.8	\$ 56.3	\$ 30.4	\$ 32.2	\$ 62.6
17	Increase manufacturing rate for petroleum fuels to 1%	6	\$ -	\$ 37.5	\$ 37.5	\$ 42.6	\$ 44.1	\$ 86.7	\$ 45.6	\$ 47.1	\$ 92.6
Preferential B&O Tax Rates:											
18a	Repeal all preferential B&O tax rates, excluding aerospace and radioactive waste clean-up	15,600	\$ -	\$ 163.8	\$ 163.8	\$ 188.3	\$ 198.4	\$ 386.7	\$ 209.9	\$ 222.1	\$ 432.0
18b	Reduce the benefit of all preferential B&O tax rates by 25%, excluding aerospace and radioactive waste clean-up	15,600	\$ -	\$ 40.9	\$ 40.9	\$ 47.1	\$ 49.6	\$ 96.7	\$ 52.5	\$ 55.5	\$ 108.0
BUSINESS & OCCUPATION TAX - Tax Base Expansion											
19	Extend economic nexus to retail activities	10,000	\$ -	\$ 31.2	\$ 31.2	\$ 36.2	\$ 38.4	\$ 74.5	\$ 81.4	\$ 129.5	\$ 210.9
20	Repeal deduction for federal tax on motor fuel	1,950	\$ -	\$ 2.4	\$ 2.4	\$ 2.8	\$ 2.9	\$ 5.7	\$ 3.0	\$ 3.1	\$ 6.1

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State General Fund Impact¹ (unless otherwise noted)

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21	Repeal exemption for shared real estate commissions - RCW 82.04.255	8,600	\$ -	\$ 34.7	\$ 34.7	\$ 39.3	\$ 40.3	\$ 79.6	\$ 41.4	\$ 42.6	\$ 84.0
22	Repeal deduction for membership dues and fees - RCW 82.04.4282	5,000	\$ -	\$ 10.6	\$ 10.6	\$ 12.8	\$ 14.5	\$ 27.3	\$ 16.3	\$ 16.9	\$ 33.2
B&O Tax Exemption for Farmers:											
23a	Repeal B&O tax exemption for all farmers	46,000	\$ -	\$ 41.0	\$ 41.0	\$ 46.0	\$ 48.0	\$ 94.0	\$ 49.0	\$ 51.0	\$ 100.0
23b	Repeal B&O tax exemption for farmers whose annual gross income exceeds \$200,000	4,200	\$ -	\$ 39.0	\$ 39.0	\$ 44.0	\$ 46.0	\$ 90.0	\$ 47.0	\$ 48.0	\$ 95.0
OTHER BUSINESS TAXES											
Increase PUT rate:											
24a	PUT rate increase - 10% surtax on all rates	11,900	\$ -	\$ 40.2	\$ 40.2	\$ 46.3	\$ 48.4	\$ 94.8	\$ 50.7	\$ 53.0	\$ 103.7
24b	PUT rate increase - 25% surtax on all rates	11,900	\$ -	\$ 100.5	\$ 100.5	\$ 115.8	\$ 121.1	\$ 237.0	\$ 126.7	\$ 132.6	\$ 259.3
25	PUT/B&O sewerage - all related activities taxed at 3.852%	2,600	\$ -	\$ 17.2	\$ 17.2	\$ 19.5	\$ 20.5	\$ 40.0	\$ 21.4	\$ 22.3	\$ 43.7
26a	PUT on motor/urban transportation and log hauling - increase to 3.852%	7,800	\$ -	\$ 51.9	\$ 51.9	\$ 57.9	\$ 59.0	\$ 116.9	\$ 60.2	\$ 61.4	\$ 121.6
26b	PUT on urban transportation and vessels - increase to 1.926%	2,700	\$ -	\$ 7.6	\$ 7.6	\$ 8.4	\$ 8.6	\$ 17.0	\$ 8.7	\$ 8.9	\$ 17.6
27	Impose PUT on fuel extracted, manufactured, and consumed in petroleum production 3	5	\$ -	\$ 10.5	\$ 10.5	\$ 11.9	\$ 12.3	\$ 24.2	\$ 12.7	\$ 13.2	\$ 25.9
OTHER TAXES - Rate/Base Increases											
28	Property Tax - State levy increase - \$3.60		\$ -	\$ 894.4	\$ 894.4	\$ 1,730.6	\$ 1,778.6	\$ 3,509.2	\$ 1,828.1	\$ 1,878.9	\$ 3,707.0
29	Real estate excise tax increase - from 1.28% to 1.6%		\$ -	\$ 152.8	\$ 152.8	\$ 172.6	\$ 177.4	\$ 350.0	\$ 187.7	\$ 198.5	\$ 386.2
Cigarette Tax:											
30a	Increase the cigarette tax by 25 cents per pack	6,500	\$ -	\$ 10.6	\$ 10.6	\$ 11.6	\$ 11.7	\$ 23.4	\$ 11.7	\$ 11.7	\$ 23.5
30b	Increase the cigarette tax by 50 cents per pack	6,500	\$ -	\$ 19.6	\$ 19.6	\$ 21.5	\$ 21.7	\$ 43.2	\$ 21.7	\$ 21.7	\$ 43.4
30c	Increase the cigarette tax by 75 cents per pack	6,500	\$ -	\$ 26.9	\$ 26.9	\$ 29.6	\$ 30.0	\$ 59.6	\$ 30.0	\$ 30.0	\$ 60.0
30d	Increase the cigarette tax by \$1.00 per pack	6,500	\$ -	\$ 32.6	\$ 32.6	\$ 36.3	\$ 37.0	\$ 73.3	\$ 37.0	\$ 37.0	\$ 74.0
Change measure of oil spill taxes from volumetric to a percentage of value:											
31a	Oil spill tax - from 5 cents per barrel to 5% of value	20	\$ -	\$ 151.5	\$ 151.5	\$ 173.9	\$ 180.1	\$ 354.1	\$ 180.1	\$ 180.1	\$ 360.3
31b	Oil spill tax - 0.7% based on value of product, not volume	20	\$ -	\$ 18.7	\$ 18.7	\$ 21.5	\$ 22.5	\$ 44.0	\$ 22.5	\$ 22.5	\$ 45.0

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Syrup Tax:											
32a	Repeal B&O credit for Syrup Tax - RCW 82.04.4486	2,400	\$ -	\$ 4.6	\$ 4.6	\$ 5.1	\$ 5.1	\$ 10.2	\$ 5.1	\$ 5.2	\$ 10.3
32b	Repeal B&O credit for Syrup Tax - Increase Syrup Tax from \$1 to \$2	2,400	\$ -	\$ 12.0	\$ 12.0	\$ 13.1	\$ 13.0	\$ 26.0	\$ 12.9	\$ 12.9	\$ 25.8

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NEW TAXES											
Beverage/water tax:											
33	Bottled water - 1 cents per oz. at retail (includes bulk sales)	5,000	\$ -	\$ 96.4	\$ 96.4	\$ 108.1	\$ 111.1	\$ 219.2	\$ 114.1	\$ 118.2	\$ 232.3
34	Carbonated beverage tax @ 2 cents/12 oz. (excludes fountain)	4,100	\$ -	\$ 32.4	\$ 32.4	\$ 34.9	\$ 34.4	\$ 69.2	\$ 33.9	\$ 33.4	\$ 67.2
State admissions tax:											
35a	5% state admissions tax - exclude youth non-profit and K-12 school activities	64,000	\$ -	\$ 55.1	\$ 55.1	\$ 64.9	\$ 66.7	\$ 131.6	\$ 68.4	\$ 70.3	\$ 138.7
35b	· also exclude college activities	64,000	\$ -	\$ 52.1	\$ 52.1	\$ 61.4	\$ 63.1	\$ 124.5	\$ 64.7	\$ 66.5	\$ 131.2
35c	· also exclude college activities and non-profits	61,000	\$ -	\$ 43.2	\$ 43.2	\$ 50.9	\$ 52.3	\$ 103.2	\$ 53.7	\$ 55.1	\$ 108.8
Luxury tax with deductions:											
36a	10 percent luxury tax on motor vehicles - \$50,000 deduction	2,000	\$ -	\$ 7.5	\$ 7.5	\$ 8.3	\$ 8.1	\$ 16.5	\$ 8.0	\$ 7.8	\$ 15.7
36b	10 percent luxury tax on vessels - \$50,000 deduction	1,100	\$ -	\$ 23.1	\$ 23.1	\$ 26.3	\$ 27.5	\$ 53.9	\$ 28.8	\$ 30.1	\$ 58.8
36c	10 percent luxury tax on aircraft - \$50,000 deduction	20	\$ -	\$ 6.4	\$ 6.4	\$ 7.1	\$ 7.2	\$ 14.3	\$ 7.4	\$ 7.5	\$ 14.8

NOTES:

¹Estimates reflect the November 2015 revenue forecast issued by the Forecast Council.

²Estimates for FY 2017 generally reflect 11 months of cash receipts, due to the 7/1/2016 effective date.

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

⁴Some items in this category are already subject to retail sales tax.

⁵Some items in "business services" are also purchased by households.

⁶The total impact for financial services does NOT include fees from banking institutions.

Detail for Extending Sales Tax to Services - Revenue Alternatives 11, 12 & 13
November 2015 Forecast
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Type of Service	Service NAICS or Line Code ^{2,3}	FY 2016 ⁴	FY 2017	2015-17 Biennium	State General Fund Impact ¹						
					FY 2018	FY 2019	2017-19 Biennium	FY 2020	FY 2021	2019-21 Biennium	
Consumer Services^{5,6}											
Satellite and Cable	5152	\$ -	\$ 41.9	\$ 41.9	\$ 46.2	\$ 48.5	\$ 94.7	\$ 50.9	\$ 53.3	\$ 104.2	
Travel Agent Commission (line 28)	Line 28	-	30.9	30.9	34.3	36.0	70.3	37.7	39.5	77.2	
Hair, Nail, Skin, and Other Personal Care Services (i.e., hair removal, hair replacement, massage parlor, etc.)	81211, 812199	-	24.7	24.7	27.2	28.6	55.8	30.0	31.4	61.4	
Admissions (i.e., movie theaters, theater, dance, musical, racetracks, spectator sports, etc)	51213, 7111, 7112	-	20.5	20.5	22.6	23.7	46.3	24.9	26.0	50.9	
Instructional Lessons (golf, skiing, fitness)	713910, 713920, 713940	-	4.6	4.6	5.1	5.3	10.4	5.6	5.8	11.4	
Tax Preparation Services	541213	-	3.8	3.8	4.6	5.3	9.9	5.5	5.8	11.3	
Service Fees Related to Travel Arrangement and Reservation Services, AND Fees Related to Non-Sporting Events	561599	-	2.8	2.8	3.1	3.3	6.4	3.4	3.6	7.0	
Total Consumer Services		\$ -	\$ 129.2	\$ 129.2	\$ 143.1	\$ 150.7	\$ 293.8	\$ 158.0	\$ 165.4	\$ 323.4	
Business Services^{5,7}											
Legal Services, Mediation, Arbitration	5411	\$ -	\$ 167.1	\$ 167.1	\$ 188.1	\$ 201.3	\$ 389.4	\$ 211.3	\$ 221.2	\$ 432.5	
Architectural and Engineering Services	541310, 541330	-	138.9	138.9	161.9	179.6	341.5	188.5	197.4	385.9	
Office Support Services (i.e., call centers, document preparation services, administrative services, payroll services, etc.)	5614, 5611, 541214, EXCEPT 561440 and 561450 and 561491	-	99.8	99.8	110.3	115.5	225.8	121.3	127.0	248.3	
Employment Services - (i.e., employment placement agencies, executive search services, professional employer organizations, temporary help services, etc.)	561311, 561312, 561320, 561330	-	88.6	88.6	98.1	103.2	201.3	108.4	113.5	221.9	
Offices of Certified Public Accountants	541211	-	51.3	51.3	57.9	61.9	119.8	65.0	68.0	133.0	
Administrative Management and General Management Consulting Services	541611	-	42.9	42.9	51.6	58.7	110.3	61.6	64.5	126.1	
Scientific - All Other Professional, Scientific, and Technical Services (i.e., credit repair services, appraisal (except real estate), weather forecasting services, meteorological services, etc.)	541990	-	39.2	39.2	43.4	45.4	88.8	47.7	49.9	97.6	
Computer Related - Custom Software	541511, 541512, 541513, 541519, 511210	-	45.9	45.9	52.1	57.4	109.5	60.2	63.0	123.2	
Accountant (except CPA) Offices, Bookkeeper Offices, and Billing Offices	541219	-	35.0	35.0	39.0	41.2	80.2	43.3	45.3	88.6	
Computer Related - Data Processing, Hosting, and Related Services	518210	-	33.7	33.7	36.2	36.9	73.1	38.8	40.6	79.4	
Other Management Consulting Services	541618	-	23.9	23.9	32.0	40.4	72.4	42.4	44.4	86.8	
Janitorial Services	561720	-	21.5	21.5	23.7	24.8	48.5	26.0	27.3	53.3	
Advertising and Related Services	5418	-	20.1	20.1	24.8	28.9	53.7	30.3	31.7	62.0	
Refuse Collection (line 64)	Line 64	-	19.6	19.6	21.9	22.4	44.3	23.0	23.5	46.5	
Investigation and Security Services (except locksmiths)	5616	-	16.9	16.9	21.1	24.9	46.0	26.2	27.4	53.6	
Scientific - Environmental and Other Scientific Consulting Services (i.e., sanitation consulting, site remediation consulting, agricultural consulting, biological consulting, energy consulting, etc.)	541620, 541690	-	14.1	14.1	18.9	23.8	42.7	25.0	26.2	51.2	
Collection and Repossession Agencies	561440, 561491	-	11.0	11.0	12.1	12.7	24.8	13.3	13.9	27.2	
Marketing Consulting Services	541613	-	9.6	9.6	13.9	19.0	32.9	19.9	20.9	40.8	

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Type of Service	Service NAICS or Line Code ^{2,3}	FY 2016 ⁴	FY 2017	State General Fund Impact ¹						
				2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium	FY 2020	FY 2021	2019-21 Biennium
<i>Support Activities for Transportation</i>	488, EXCEPT 488410	-	8.7	8.7	9.5	10.0	19.5	10.5	11.0	21.5
<i>Motion Picture and Video Industries</i>	5121, EXCEPT 51213	-	7.5	7.5	8.2	8.6	16.8	9.1	9.5	18.6
<i>Human Resources Consulting Services</i>	541612	-	7.1	7.1	9.7	12.5	22.2	13.1	13.7	26.8
<i>Support Activities for the Agricultural and Forestry Industry</i>	115	-	6.8	6.8	7.5	7.9	15.4	8.3	8.7	17.0
<i>Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures, Promoters of Performing Arts, Sports, and Similar Events</i>	7113, 7114	-	4.9	4.9	5.4	5.7	11.1	6.0	6.3	12.3
<i>Marketing Research and Public Opinion Polling</i>	541910	-	3.0	3.0	3.2	3.3	6.5	3.4	3.6	7.0
<i>Computer Related - Internet Publishing and Broadcasting and Web Search Portals</i>	519130	-	3.3	3.3	3.6	3.8	7.4	4.0	4.1	8.1
<i>Facilities Support Services</i>	561210	-	2.6	2.6	2.9	3.0	5.9	3.1	3.3	6.4
<i>Parking Lot Management Services</i>	812930	-	2.1	2.1	2.3	2.4	4.7	2.6	2.7	5.3
<i>Process, Physical Distribution, and Logistics Consulting Services</i>	541614	-	1.1	1.1	1.8	2.7	4.5	2.8	3.0	5.8
Total Business Services		\$ -	\$ 926.2	\$ 926.2	\$ 1,061.1	\$ 1,157.9	\$ 2,219.0	\$ 1,215.1	\$ 1,271.6	\$ 2,486.7
Financial Services^{5,8}										
<i>Insurance Agencies and Brokerages (line 14) (fees and commission)</i>	524210 (line 14)	\$ -	\$ 95.5	\$ 95.5	\$ 106.0	\$ 111.1	\$ 217.1	\$ 116.6	\$ 122.1	\$ 238.7
<i>Offices of Real Estate Agents and Brokers (fees and commission)</i>	531210	-	71.9	71.9	79.3	83.1	162.4	87.2	91.3	178.5
<i>Financial Planning Advice and Investment Counseling (fees and commission)</i>	523930	-	25.5	25.5	29.3	31.9	61.2	33.5	35.1	68.6
<i>Securities Trading Services (fees and commission)</i>	523120, 523140	-	18.7	18.7	21.5	23.5	45.0	24.7	25.8	50.5
<i>Investment Management Services (fees and commission)</i>	523920, 523999	-	16.3	16.3	17.5	18.0	35.5	18.9	19.7	38.6
<i>Mortgage and Nonmortgage Loan Brokers (fees and commission)</i>	522310	-	15.3	15.3	17.6	19.2	36.8	20.2	21.1	41.3
<i>Managing Residential and Nonresidential Real Estate for Others (fees and commission)</i>	522311, 522312	-	12.7	12.7	14.0	14.7	28.7	15.5	16.2	31.7
<i>Surveying and Mapping</i>	541370	-	5.3	5.3	6.3	7.2	13.5	7.5	7.9	15.4
<i>Offices of Real Estate Appraisers (fees and commission)</i>	531320	-	2.2	2.2	2.8	3.4	6.2	3.6	3.8	7.4
<i>Building Inspection Services</i>	541350	-	1.4	1.4	1.5	1.6	3.1	1.7	1.7	3.4
<i>Insurance Adjusting (fees and commission)</i>	524291	-	1.2	1.2	1.4	1.4	2.8	1.5	1.6	3.1
<i>Trust, Fiduciary, and Custody Activities (fees and commission)</i>	523991	-	0.7	0.7	1.0	1.4	2.4	1.5	1.5	3.0
<i>Fees from Banking Institutions (commercial banking, savings institutions, credit unions, other depository credit agencies)</i>	5221	Ind	Ind	Ind	Ind	Ind	Ind	Ind	Ind	Ind
Total Financial Services		\$ -	\$ 266.7	\$ 266.7	\$ 298.2	\$ 316.5	\$ 614.7	\$ 332.4	\$ 347.8	\$ 680.2

¹Estimates reflect the November 2015 revenue forecast issued by the Forecast Council.

²Not all activity would become retail sales taxable.

³Compliance rates vary by industry, and are accounted for in estimates.

⁴Estimates for Fiscal Year 2017 generally reflect 11 months of cash receipts, due to the 7/1/2016 effective date.

⁵Extension of sales tax to services includes reduction in B&O tax to retailing classification.

⁶Some items in this category are already subject to retail sales tax.

⁷Some items in "business services" are also purchased by households.

⁸The total impact for financial services does NOT include fees from banking institutions, as this amount is indeterminate.

Other Revenue Raising Proposals
State General Fund Impact (unless otherwise noted)
(\$ millions)

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#	Description of Alternative	# of Impacted Taxpayers	FY 2013
<u>BUSINESS & OCCUPATION TAX - Rate Increases</u>			
OR1	Impose 5% surcharge on B&O tax rates		
OR2	Repeal preferential B&O tax rate for meat processors (increases rate from 0.138% to 0.484%)	260	\$ 19.3
OR3	Limit B&O tax preferences for meat processors, fruit and vegetable processors	500	\$ 0.9
OR4	Repeal preferential B&O tax rate for international investment management	140	\$ 8.3
OR5	Repeal preferential B&O tax rate for flour and oil manufacturing (increases rate from 0.138% to 0.484%)		\$ 0.2
OR6	Restrict the import exemption to aerospace		No \$'s available
OR7	Restrict the import exemption to sales that become an ingredient or component of a product in this state.		No \$'s available
OR8	Increase B&O tax rate on oil companies with windfall profits	<10	\$ 131.0
OR9	Increase B&O tax rate on financial institutions with windfall profits	Unknown	\$ 53.8
<u>BUSINESS & OCCUPATION TAX - Tax Base Expansion</u>			
OR10	Limit B&O tax deduction for investment income to \$500,000 and impose tax on both non-financial firms and individuals	60,000	\$ 145.2
OR11	Limit B&O tax deduction for investment income of non-financial firms to \$250, 000	11,200	\$ 87.9
OR12	Limit B&O tax deduction for investment income of non-financial firms to \$500, 000		\$ 45.7
OR13	Limit B&O tax deduction for investment income of non-financial firms to \$1 million		\$ 40.5
OR14	Repeal B&O tax deduction for first mortgage interest	5,500	\$ 46.6
OR15	Limit B&O tax exemption for individual earnings to \$250,000	32,000	\$ 48.6
OR16	Limit B&O tax deduction for tuition fees to non-profit educational institutions		
OR17	Repeal B&O tax exemption for state-chartered credit unions	200	\$ 9.2

Other Revenue Raising Proposals
State General Fund Impact (unless otherwise noted)
(\$ millions)

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#	Description of Alternative	# of Impacted Taxpayers	FY 2013
OR18	Repeal the B&O tax deduction for dividends and distributions derived by a parent from its subsidiaries received from subsidiaries	200	\$ 8.9
OR19	Impose service B&O tax on gross income from long-term real estate rentals	100,000	\$ 8.8
OR20	Impose service B&O tax on gross income from long-term commercial real estate rentals	60,000	\$ 8.2
OR21	Close the nonresident manufacturer loophole	Unknown	\$ 3.5
OR22	Repeal the B&O tax exemption for cities that share sewer services	Unknown	\$ 1.8
OR23	Repeal B&O tax exemption for employee wages	Unknown	\$ 994.0
OR24	Increase taxes on home and community-based service providers	Unknown	\$ 1.7
OR25	Limit B&O tax exemption for insurance companies to exclude affiliated companies that do not sell insurance	40	\$ 1.3
OR26	Repeal the B&O tax deductions for certain advertising income of radio and television broadcasters	Unknown	\$ 1.1
OR27	Close B&O tax loophole that allows out-of-state printers to sell into WA without paying B&O tax	1,300	\$ 0.1
PROPERTY TAX			
OR28	Repeal limited income property tax deferral	100	\$ 0.2
OR29	Repeal property tax exemption for nonprofit nursing homes	100	\$ -
OR30	Repeal property tax exemption for nonprofit hospitals	Unknown	\$ -
PUBLIC UTILITY TAX			
OR31	Repeal PUT deduction for in-state portion of interstate transportation	23,000	\$ 28.0
OR32	Impose PUT on home and community based services at 5.029%	350	\$ 28.0
OR33	Impose PUT on cable and satellite TV at 6% rate with a tax credit for franchise fees paid	<100	\$ 15.3
OR34	Repeal PUT deduction for sales of irrigation water	700	\$ 1.1

Other Revenue Raising Proposals
State General Fund Impact (unless otherwise noted)
(\$ millions)

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#	Description of Alternative	# of Impacted Taxpayers	FY 2013
REAL ESTATE EXCISE TAX			
OR35	Limit REET "foreclosure" exemption	Unknown	\$ 26.1
OR36	Repeal REET exemption for sales of government property to private purchasers	Unknown	\$ 7.7
RETAIL SALES & USE TAX - Tax Base Expansion			
OR37	Limit M&E exemption to production machinery and equipment only	2,150	\$ 74.7
OR38	Limit M&E exemption to machinery and equipment used exclusively for manufacturing	2,150	\$ 71.2
OR39	Repeal sales tax exemption for chicken bedding materials	<500	\$ 0.3
OR40	Repeal sales tax exemption for food and food ingredients	56,400	\$ 819.7
OR41	Repeal sales and use tax exemptions for candy and gum	80,000	\$ 29.1
OR42	Repeal sales tax exemption for food products baked and sold onsite	12,200	\$ 18.0
OR43	Require full sales tax on all vending machine sales of low-cost items (<5 cents) -- currently taxed on 60% of sales revenue	<500	\$ 0.2
OR44	Repeal sales tax exemption for items used in interstate commerce (aircraft fuel)	500	\$ 101.1
OR45	Repeal sales tax exemption for labor and services on public road construction	2,000	\$ 43.3
OR46	Repeal the sales and use tax exemptions for OTC drugs purchased with a prescription	7,000	\$ 22.1
OR47	Repeal sales tax exemption for coal used at a coal-fired thermal electric generation facility	D	D
OR48	Repeal sales tax exemption for newspapers	16,000	\$ 7.0
OR49	Impose sales tax on cosmetic/reconstructive surgery not covered by health insurance	540-12k	\$ 4.6
RETAIL SALES & USE TAX - Rate Increases			
OR50	Increase state sales tax on food and drinks at restaurants from 6.5% to 7.5%	9,000	\$ 95.0
OR51	Increase state sales tax rate on boats, boat trailers and travel trailers from 6.5% to 6.8%	700	\$ 1.6

Other Revenue Raising Proposals
State General Fund Impact (unless otherwise noted)
(\$ millions)

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#	Description of Alternative	# of Impacted Taxpayers	FY 2013
MISCELLANEOUS			
OR52	Increase oil spill tax from 4 cents to 50 cents per barrel	20	\$ 37.9
OR53	Impose motor vehicle excise tax (MVET) at 0.55% tax rate on all vehicles	All	\$ 276.7
OR54	Impose an annual 1% excise tax on the value of recreational vehicles	360	\$ 21.8
OR55	Increase hazardous substance tax from 0.7% to 2% of wholesale value	600	\$ 239.2
OR56	Repeal the current suspension threshold for the petroleum products tax and make the tax permanent	10	\$ 59.9
OR57	Impose 1.5% gross receipts tax on gambling and lottery winnings	71,000	\$ 13.1
OR58	Impose \$2 fee on all wireless devices (cell phones, laptops, etc.)	85,000	\$ 11.7
OR59	Repeal RCW 82.04.424 – Certain in-state activities	Unknown	\$ 10.8
OR60	Increase tax per cigar 35 cents	200	\$ 0.2
OR61	Reduce estate tax threshold from \$2 million to \$1 million	Unknown	\$ -

Estimated EXPENDITURE Impact of Revenue Alternatives

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Prepared by Research & Fiscal Analysis, December 2015

<u>Synopsis of Alternative</u>	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium	FY 2020	FY2021	2019-21 Biennium
RETAIL SALES/USE TAX - Rate Increase									
1a State rate from 6.5% to 6.6%	\$ 192,200	\$ 416,400	\$ 608,600	\$ 228,700	\$ 118,100	\$ 346,800	\$ 73,900	\$ 45,000	\$ 118,900
1b State rate from 6.5% to 7.0%	\$ 192,200	\$ 416,400	\$ 608,600	\$ 228,700	\$ 118,100	\$ 346,800	\$ 73,900	\$ 45,000	\$ 118,900
1c State rate from 6.5% to 7.5%	\$ 192,200	\$ 416,400	\$ 608,600	\$ 228,700	\$ 118,100	\$ 346,800	\$ 73,900	\$ 45,000	\$ 118,900
RETAIL SALES/USE TAX - Tax Base Expansion (except services)									
2 Shift sewerage and refuse collection to retailing B&O tax and retail sales tax	\$ 112,600	\$ 28,200	\$ 140,800	\$ 7,000	\$ -	\$ 7,000	\$ -	\$ -	\$ -
3 Repeal sales tax exemption for motor vehicle fuel	\$ 16,200	\$ -	\$ 16,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4 Repeal sales tax exemption for manufacturing machinery & equipment (the M&E exemption)	\$ 23,600	\$ 14,600	\$ 38,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5 Repeal the warehouse-grain elevator-distribution center sales & use tax remittance program	\$ -	\$ (8,000)	\$ (8,000)	\$ (8,000)	\$ (8,000)	\$ (16,000)	\$ (8,000)	\$ (8,000)	\$ (16,000)
6 Repeal use tax exemption for fuel extracted, manufactured, and consumed in petroleum production	\$ 6,400	\$ -	\$ 6,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7 Extend sales tax to bottled water	\$ 149,600	\$ 85,200	\$ 234,800	\$ 45,400	\$ 45,400	\$ 90,800	\$ 45,400	\$ 45,400	\$ 90,800
Trade-in exclusion:									
8a Repeal trade-in exclusion from sales tax - RCW 82.08.010 (1)	\$ 4,500	\$ 24,100	\$ 28,600	\$ 14,900	\$ -	\$ 14,900	\$ -	\$ -	\$ -
8b Repeal trade-in exclusion for boats, trailers, mobile homes, appliances	\$ 3,900	\$ 7,600	\$ 11,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8c Repeal trade-in exclusion for motor vehicles only	\$ 3,600	\$ 8,700	\$ 12,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8d Trade-in exclusion - limit ALL trade-ins to \$10,000	\$ 12,100	\$ 8,700	\$ 20,800	\$ 8,100	\$ -	\$ 8,100	\$ -	\$ -	\$ -
Nonresident exemption:									
9a Repeal exemption for nonresidents (states, possessions, and provinces <3.0% sales tax)	\$ 44,900	\$ 15,100	\$ 60,000	\$ 7,000	\$ -	\$ 7,000	\$ -	\$ -	\$ -
9b Refund state sales tax if nonresident pays \$25 or more sales tax in a year (states, possessions, and provinces <3.0% sales tax)	\$ 133,300	\$ 2,326,900	\$ 2,460,200	\$ 1,518,700	\$ 1,512,600	\$ 3,031,300	\$ 1,512,600	\$ 1,512,600	\$ 3,025,200
Farm consumables:									
10a Repeal exemption for replacement parts and repair services	\$ 9,500	\$ -	\$ 9,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10b Repeal exemption for fertilizers, sprays, and washes sold to farmers - RCW 82.04.050(10)	\$ 9,500	\$ -	\$ 9,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10c Repeal exemption for leased irrigation equipment	\$ 9,500	\$ -	\$ 9,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10d Repeal exemption for diesel, biodiesel, and aircraft fuel for farm use	\$ 9,500	\$ -	\$ 9,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10e Repeal exemption for propane for heating chicken barns	\$ 3,000	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10f Repeal exemption for farm equipment auction sales	\$ 9,500	\$ -	\$ 9,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10g Limit exemption for fertilizers, sprays, or washes to approved organic products only	\$ 9,500	\$ -	\$ 9,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RETAIL SALES/USE TAX - Extend Tax Base to Services³									
11 Extend sales tax to certain consumer services ⁴	\$ 78,700	\$ 366,800	\$ 445,500	\$ 375,900	\$ 372,800	\$ 748,700	\$ 372,800	\$ 372,800	\$ 745,600
12 Extend sales tax to selected "business" services ⁵	\$ 380,900	\$ 2,496,500	\$ 2,877,400	\$ 2,192,600	\$ 2,077,800	\$ 4,270,400	\$ 2,077,800	\$ 2,077,800	\$ 4,155,600
13 Extend sales tax to financial, insurance, and real estate services ⁶	\$ 71,900	\$ 527,600	\$ 599,500	\$ 543,500	\$ 531,800	\$ 1,075,300	\$ 531,800	\$ 531,800	\$ 1,063,600
BUSINESS & OCCUPATION TAX - Rate Increases									
Increase B&O tax:									
14 0.3 percent surcharge on service businesses	\$ 38,700	\$ 140,300	\$ 179,000	\$ 59,500	\$ -	\$ 59,500	\$ -	\$ -	\$ -
15a 10% surtax on all existing rates	\$ 195,400	\$ 810,300	\$ 1,005,700	\$ 156,600	\$ -	\$ 156,600	\$ -	\$ -	\$ -

Estimated EXPENDITURE Impact of Revenue Alternatives

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Prepared by Research & Fiscal Analysis, December 2015

Synopsis of Alternative		FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium	FY 2020	FY2021	2019-21 Biennium
15b	25% surtax on all existing rates	\$ 195,400	\$ 810,300	\$ 1,005,700	\$ 156,600	\$ -	\$ 156,600	\$ -	\$ -	\$ -
16	Eliminate preferential rate for retailing - (from 0.471% to 0.484%) - RCW 82.04.250(1)	\$ 79,100	\$ 279,400	\$ 358,500	\$ 36,700	\$ -	\$ 36,700	\$ -	\$ -	\$ -
17	Increase manufacturing rate for petroleum fuels to 1%	\$ 25,400	\$ -	\$ 25,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Preferential B&O Tax Rates:										
18a	Repeal all preferential B&O tax rates, excluding aerospace, retailing, and radioactive waste clean-up	\$ 90,700	\$ 38,700	\$ 129,400	\$ 7,000	\$ 7,000	\$ 14,000	\$ -	\$ -	\$ -
18b	Reduce the benefit of all preferential B&O tax rates by 25%, excluding aerospace, retailing, and radioactive waste clean-up	\$ 90,700	\$ 32,300	\$ 123,000	\$ 7,000	\$ 7,000	\$ 14,000	\$ -	\$ -	\$ -
BUSINESS & OCCUPATION TAX - Tax Base Expansion										
19	Four-Tier Nexus	\$ 214,900	\$ 543,600	\$ 758,500	\$ 432,400	\$ 376,500	\$ 808,900	\$ 475,700	\$ 492,400	\$ 968,100
20	Repeal deduction for federal tax on motor fuel	\$ 3,300	\$ 15,100	\$ 18,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Repeal exemption for shared real estate commissions - RCW 82.04.255	\$ 20,100	\$ 109,000	\$ 129,100	\$ 93,600	\$ 92,400	\$ 186,000	\$ 92,400	\$ 92,400	\$ 184,800
22	Repeal deduction for membership dues and fees - RCW 82.04.4282	\$ 3,600	\$ -	\$ 3,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
B&O Tax Exemption for Farmers:										
23a	Repeal B&O tax exemption for all farmers	\$ 11,500	\$ 1,897,700	\$ 1,909,200	\$ 1,649,500	\$ 1,541,000	\$ 3,190,500	\$ 1,541,000	\$ 1,541,000	\$ 3,082,000
23b	Repeal B&O tax exemption for farmers whose annual gross income exceeds \$200,000	\$ 11,500	\$ 143,600	\$ 155,100	\$ 129,500	\$ 128,800	\$ 258,300	\$ 128,800	\$ 128,800	\$ 257,600
OTHER BUSINESS TAXES										
Increase PUT rate:										
24a	PUT rate increase - 10% surtax on all rates	\$ 32,100	\$ 21,900	\$ 54,000	\$ 7,000	\$ 7,000	\$ 14,000	\$ 7,000	\$ 7,000	\$ 14,000
24b	PUT rate increase - 25% surtax on all rates	\$ 32,100	\$ 29,800	\$ 61,900	\$ 7,000	\$ 7,000	\$ 14,000	\$ 7,000	\$ 7,000	\$ 14,000
25	PUT/B&O sewerage - all related activities taxed at 3.852%	\$ 34,000	\$ -	\$ 34,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26a	PUT on motor/urban transportation and log hauling - increase to 3.852%	\$ 92,200	\$ 7,600	\$ 89,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26b	Repeal preferential PUT rate for urban transportation and vessels - increase from 0.642% to 1.926%	\$ 92,200	\$ 9,500	\$ 101,700	\$ 1,900	\$ 1,900	\$ 3,800	\$ 1,900	\$ 1,900	\$ 3,800
27	Impose PUT on fuel extracted, manufactured, and consumed in petroleum production ³	\$ 36,100	\$ -	\$ 36,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER TAXES - Rate/Base Increases										
28	Property Tax - State levy increase - \$3.60	\$ 9,400	\$ -	\$ 9,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29	Real estate excise tax increase - from 1.28% to 1.6%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cigarette Tax:										
30a	Increase the cigarette tax by 25 cents per pack	\$ 26,000	\$ 35,400	\$ 61,400	\$ 300	\$ 47,400	\$ 47,700	\$ 44,300	\$ 44,300	\$ 88,600
30b	Increase the cigarette tax by 50 cents per pack	\$ 26,000	\$ 35,400	\$ 61,400	\$ 300	\$ 47,400	\$ 47,700	\$ 44,300	\$ 44,300	\$ 88,600
30c	Increase the cigarette tax by 75 cents per pack	\$ 26,000	\$ 35,400	\$ 61,400	\$ 300	\$ 47,400	\$ 47,700	\$ 44,300	\$ 44,300	\$ 88,600
30d	Increase the cigarette tax by \$1.00 per pack	\$ 26,000	\$ 35,400	\$ 25,000	\$ 300	\$ 47,400	\$ 47,700	\$ 44,300	\$ 44,300	\$ 88,600
Change measure of oil spill taxes from volumetric to a percentage of value:										
31a	Oil spill tax - from 5 cents per barrel to 5% of value	\$ 11,500	\$ -	\$ 11,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31b	Oil spill tax - 0.7% based on value of product, not volume	\$ 3,000	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Syrup Tax:										
32a	Repeal B&O credit for Syrup Tax - RCW 82.04.4486	\$ 3,400	\$ -	\$ 3,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Estimated EXPENDITURE Impact of Revenue Alternatives

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<u>Synopsis of Alternative</u>	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium	FY 2020	FY2021	2019-21 Biennium
32b Repeal B&O credit for Syrup Tax - Increase Syrup Tax from \$1 to \$2	\$ 3,400	\$ -	\$ 3,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NEW TAXES									
Beverage/water tax:									
33 Bottled water - 1 cents per oz. at retail <i>(includes bulk sales)</i>	\$ 180,500	\$ 154,500	\$ 335,000	\$ 103,100	\$ 80,800	\$ 183,900	\$ 50,900	\$ 50,900	\$ 101,800
34 Carbonated beverage tax @ 2 cents/12 oz. <i>(excludes fountain)</i>	\$ 37,500	\$ 15,100	\$ 52,600	\$ 7,000	\$ 7,000	\$ 14,000	\$ -	\$ -	\$ -
State admissions tax:									
35a 5% state admissions tax - exclude youth non-profit and K-12 school activities	\$ 86,000	\$ 527,400	\$ 613,400	\$ 455,900	\$ 444,700	\$ 900,600	\$ 444,700	\$ 444,700	\$ 889,400
35b · also exclude college activities	\$ 86,000	\$ 527,400	\$ 613,400	\$ 455,900	\$ 444,700	\$ 900,600	\$ 444,700	\$ 444,700	\$ 889,400
35c · also exclude college activities and non-profits	\$ 84,000	\$ 506,100	\$ 590,100	\$ 450,200	\$ 439,000	\$ 889,200	\$ 439,000	\$ 439,000	\$ 878,000
Luxury tax with deductions:									
36a 10 percent luxury tax on motor vehicles - \$50,000 deduction	\$ 47,400	\$ 98,000	\$ 145,400	\$ 83,800	\$ 76,800	\$ 160,600	\$ 76,800	\$ 76,800	\$ 153,600
36b 10 percent luxury tax on vessels - \$50,000 deduction	\$ 46,300	\$ 90,500	\$ 136,800	\$ 83,800	\$ 76,800	\$ 160,600	\$ 76,800	\$ 76,800	\$ 153,600
36c 10 percent luxury tax on aircraft - \$50,000 deduction	\$ 45,000	\$ 7,600	\$ 52,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -