WASHINGTON BUSINESS TAX & PREMIUM DATABASE - TAX AND PREMIUM STATISTICS

Office of Financial Management
Employment Security Department
Department of Labor & Industries
Department of Revenue
Questions the Database Can Answer

- What is the government cost of firms doing business in Washington State?
- How has the government cost changed over time?
- How do these costs relate to other costs of doing business?
  - Wages
  - Health care insurance
- How do costs compare among different types of firms and different industries?
  - Size
  - Major Industry groups
  - High Tech industries
  - Out-of-state exports
Questions that Can be Answered After Future Database Expansions

- Which types of firms create the most jobs?
- What is the average survival rate for different types of businesses?
- How do government costs of doing business compare to other costs of doing business?
  - Cost of sales
  - Plant and equipment costs
  - Utility costs
## Elements in the database

**One record per firm**

<table>
<thead>
<tr>
<th>DOR Records</th>
<th>ESD Records</th>
<th>L&amp;I Records</th>
<th>OFM Imputations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• UBI</td>
<td>• UBI</td>
<td>• UBI</td>
<td>• Sales tax paid by firm</td>
</tr>
<tr>
<td>• NAICS (non-employers)</td>
<td>• NAICS</td>
<td>• Premiums paid</td>
<td>• Health Insurance offer status and costs</td>
</tr>
<tr>
<td>• Taxes Paid</td>
<td>• Premiums paid</td>
<td>• Premiums paid</td>
<td></td>
</tr>
<tr>
<td>• Use Tax</td>
<td>• Wages</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• B&amp;O</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Public Utility Tax</td>
<td>• Employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Gross income</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### What’s Out?

Individual Employee Records
Other elements added to the database

- Estimated sales taxes paid by firm
- Property taxes paid (actual for 7 counties, allocated for others)
- Estimates of self-insured workers compensation costs
1. Rates = Taxes & Premiums / Gross Income
2. Rates are weighted by gross income.
3. Matches only (no sole proprietors)
4. Average rate is for all firms in the database
L&I premium amounts for the tax year are prior to retrospective rating premium adjustments. **Retrospective Rating** (Retro) is an optional financial incentive program offered by L&I to help qualifying employers reduce their industrial insurance costs. Employers may receive premium refunds or they may be assessed additional premium based on their performance.

The net value of retrospective rating refunds is $102,898,364 in calendar year 2009.

In some cases the group administration will retain some of these refunds:
- To pay for administration expenses of the group program plus profit
- To build up a financial cushion used to pay off future unexpected additional premiums owed the department

In some cases the employer signs up for the program individually and does pocket all of the refund, net of additional assessments.
OUT-OF-STATE EXPORT FIRMS ORDERED BY EXPORT VOLUME
2009 Exports defined by out-of-state deduction/GBI

All Firms Average Rate 1.70%

Low: ES 0.18
     L&I 0.36
     B&O/PUT 0.70
     Sales & Use, 0.46

Medium: ES 0.15
         L&I 0.29
         B&O/PUT 0.46
         Sales & Use, 0.27

High: ES 0.26
      L&I 0.34
      B&O/PUT 0.40
      Sales & Use, 0.32

% of GBI
ALL FIRMS ORDERED BY SIZE, 2009

% of GBI

All Firms Average Rate 1.70%

Small
- Property Tax 0.18
- Sales & Use 0.71
- B&O/PUT 0.84
- L&I 0.71
- ES 0.34

Medium
- Property Tax 0.10
- Sales & Use 0.39
- B&O/PUT 0.71
- L&I 0.40
- ES 0.25

Large
- Property Tax 0.05
- Sales & Use 0.34
- B&O/PUT 0.56
- L&I 0.22
- ES 0.12
NEW FIRMS ORDERED BY SIZE, 2009

Small
- Property Tax 0.14
- Sales & Use 0.84
- B&O/PUT 0.74
- L&I 0.65
- ES 0.31

Medium
- Property Tax 0.11
- Sales & Use 0.53
- B&O/PUT 0.71
- L&I 0.33
- ES 0.21

Large
- Property Tax 0.04
- Sales & Use 0.40
- B&O/PUT 0.51
- L&I 0.15
- ES 0.12

All New Firms Average Rate 1.87%
All Firms Average Rate 1.70%
History of Tax Impacts, All Taxpayers with Employees, as % of GBI

- ES
- L&I
- B&O/PUT
- Sales & Use
- Property

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00%</td>
<td>0.08%</td>
<td>0.07%</td>
<td>0.10%</td>
<td>0.06%</td>
<td>0.07%</td>
<td>0.08%</td>
</tr>
<tr>
<td>0.50%</td>
<td>0.52%</td>
<td>0.54%</td>
<td>0.50%</td>
<td>0.52%</td>
<td>0.51%</td>
<td>0.43%</td>
</tr>
<tr>
<td>1.00%</td>
<td>0.66%</td>
<td>0.66%</td>
<td>0.65%</td>
<td>0.64%</td>
<td>0.64%</td>
<td>0.65%</td>
</tr>
<tr>
<td>1.50%</td>
<td>0.42%</td>
<td>0.39%</td>
<td>0.38%</td>
<td>0.32%</td>
<td>0.35%</td>
<td>0.35%</td>
</tr>
<tr>
<td>2.00%</td>
<td>0.38%</td>
<td>0.36%</td>
<td>0.29%</td>
<td>0.24%</td>
<td>0.21%</td>
<td>0.19%</td>
</tr>
<tr>
<td>2.50%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>