Agenda

- 9:00 – 9:10  Welcome – John Ryser, Deputy Director
- 9:10 – 9:40  Economic & Revenue Forecast Council
- 9:40 – 10:10  Recent Tax Filing Extensions and Distributions
- 10:10 – 10:40  Tribal Compacts Team

BREAK

- 10:50 – 11:30  2020 Legislation
- 11:30 – 12:00  Protecting Confidential Taxpayer Info
- 12:00 – 12:30  Business Licensing Service Partnership Update
Washington State Economic & Revenue Outlook

Local Government Partnership Meeting

Steve Lerch
Executive Director

July 28, 2020
Summary

• The U.S. reached a peak in economic activity in February and is now in recession

• The baseline forecast has lower personal income and employment for both U.S., WA compared to February

• Forecast risks primarily relate to COVID-19 and the economic impacts of addressing the pandemic

• The Near General Fund-State forecast is decreased by $4.5 billion for the 2019-21 biennium and $4.3 billion for 2021-23 biennium
Forecast risks

Upside

- As states start to re-open, COVID infections remain low leading to greater consumer confidence and spending, increased employment
- Congress passes additional fiscal stimulus

Downside

- As states start to re-open, a second spike in COVID infections leads to renewal of business closures
- Consumers remain concerned about COVID, response to business re-openings is muted
After big drops in March and April, consumer confidence showed slight improvement in May, June.

Sources: University of Michigan, Conference Board data through June 2020
U.S. retail sales fell in March, April but increased in May and June

Source: U.S. Census Bureau; advance data through June 2020
Small business optimism and sales expectations improved in June

Source: National Federation of Independent Business; data through June 2020
How small businesses that closed due to COVID-19 will finance reopening

Financing Reopening Costs

- No significant reopening costs
- Loans from friends/family
- Bank loan
- Credit cards
- Personal savings
- PPP loan
- Never closed

Source: Small Business for America’s Future, COVID-19 Survey; June 2020

Adds to more than 100%; survey respondents could have multiple answers.
March and April employment collapsed, but increased in May and June

Monthly jobs data are based on employment during the week of the 12th.

WA, Seattle job openings recovering more slowly than U.S.

Source: Indeed.com; daily data Feb. 1 – Jun. 5, 2020
Fewer WA households did not make a June housing payment compared to the U.S.

Includes households with deferred rent or mortgage or who did not make a rent or mortgage payment

Source: U.S. Census, Household Pulse Survey, data collected July 9-14, 2020
SeaTac passenger traffic has fallen dramatically but is showing slight improvement in May and June.

Source: Port of Seattle, data through week of June 14 2020
WA exports have now decreased for six consecutive quarters

Source: WISERTrade, data through 2020 Q1
Forecasts of 2020 GDP growth vary considerably.
GDP is almost 8% lower in 2020 compared to February forecast.

Source: ERFC June 2020 forecast; historical data through 2019
Washington personal income is expected to remain below February forecast levels

Source: ERFC June 2020 forecast; historical data through 2019
Washington employment is expected to fall below 3.1 million in 2020 Q2 before gradually improving.

**Washington Nonfarm Payroll Employment**

- **Thousands**
- **Forecast**

Source: ERFC June 2020 forecast; historical data through Q1 2020
WA annual housing permits forecast for 2020-2025 averages 4,500 fewer units compared to February.

Source: ERFC June 2020 forecast; historical data through 2019
Revenue Act collections for March and April activity declined

Adjusted for payment deferrals granted by DOR, Revenue Act receipts fell 6.0% YOY for March activity, 14.4% YOY for April activity and 3.5% YOY for May activity.

* Adjusted for large one-time transactions, amnesty payments, reporting frequency change and deferred payments, current definition of Revenue Act.

Source: DOR and ERFC; monthly data through May 2020 activity.
Taxable REET fell to 2014 levels in May but recovered slightly in June

Seasonally Adjusted Taxable Real Estate Excise Activity

$Billions

Source: ERFC; Monthly data through June 2020
Cannabis revenue spiked

Source: ERFC June 2020 forecast; historical data through June 2020
## Operating budget revenue forecast (Near General Fund-State)

<table>
<thead>
<tr>
<th></th>
<th>February 2020 Forecast</th>
<th>June 2020 Forecast</th>
<th>Total Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 – 2021 biennium</td>
<td>$52,339</td>
<td>$47,800</td>
<td>($4,539)</td>
</tr>
<tr>
<td>2021 – 2023 biennium</td>
<td>$55,690</td>
<td>$51,342</td>
<td>($4,348)</td>
</tr>
</tbody>
</table>

Source: ERFC June 2020 forecast
Components of change in June revenue forecast change for 2019 – 2021 biennium

Source: ERFC June 2020 forecast
Questions

Economic & Revenue Forecast Council
PO BOX 40912
Olympia WA 98504-0912

www.erfc.wa.gov
360-534-1560
Recent Tax Filing Extensions and Local Tax Distributions

Ashley Boss & Jessica Hicks, Managers
Taxpayer Account Administration
July 28, 2020
Extensions in Response to COVID-19

Authority

- RCW 82.32.080 authorizes the Department of Revenue to grant extensions of the due date of taxes due to the Department when the governor has proclaimed a state of emergency.

Extensions – Department’s Response

The Department of Revenue extended due dates for taxes due, including:

- Excise Tax
  - Business and Occupation Tax
  - State and Local Retail Sales Tax
  - Lodging Taxes
  - Enhanced 911 (E911) Taxes
  - State Shared Taxes
  - Brokered Natural Gas Use Tax
- Leasehold Tax
- Forest Tax
Extensions – Department’s Response

Extensions were granted to all Annual 2019 and Quarter 1, 2020 filers:

- Annual 2019 – Extended to June 15, 2020
- Quarter 1, 2020 – Extended to June 30, 2020

Monthly filers have been granted extensions upon request. Extension requests are evaluated based on several factors, including the impact of the state of emergency on the individual business requesting the extension.
Extensions – Impact to Jurisdictions

Local sales taxes are distributed based on when the Department receives the payment.

Typically, local sales tax funds are distributed for taxes collected by businesses two months prior to the distribution month.

- Example: Local taxes distributed in June 2020 are mostly from taxes reported on the April 2020 excise tax return.

The extensions granted could result in delayed funding of some local tax revenue. You could see a portion of distribution each month coming from prior periods.
Payment Plans

• Some businesses have requested and been approved for a payment plan for periods impacted by COVID-19.

• In these cases, one filing period for the business will appear on distribution detail reports for multiple periods as each partial payment is received.

• You will receive distribution of local taxes when a payment is received.
Distribution Detail Reports

The “Filing Period” indicates which period the distribution includes.

![Distribution Detail Report](image)

<table>
<thead>
<tr>
<th>Name</th>
<th>Account ID</th>
<th>Location</th>
<th>Frequency</th>
<th>Filing Period</th>
<th>Tax Type</th>
<th>Taxable Amount</th>
<th>Accumulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCDONALDS</td>
<td>600-600-600</td>
<td>Monthly</td>
<td></td>
<td>2/28/2019</td>
<td>45 - Regular Local Sales Tax</td>
<td>449,712.94</td>
<td>1,911.28</td>
</tr>
<tr>
<td>MCDONALDS</td>
<td>600-600-600</td>
<td>Monthly</td>
<td></td>
<td>2/28/2019</td>
<td>46 - Regular Local Use Tax</td>
<td>1,301.18</td>
<td>5.53</td>
</tr>
<tr>
<td>MCDONALDS</td>
<td>600-600-600</td>
<td>Monthly</td>
<td></td>
<td>2/28/2019</td>
<td>51 - Optional Local Sales Tax</td>
<td>449,712.94</td>
<td>1,911.28</td>
</tr>
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</tr>
</tbody>
</table>

The taxable amount is calculated based on the tax rate and accumulation amount for the tax type. There may be some differences between calculated and reported taxable amounts due to rounding and partial payments. The taxable amount for audit and excise refund transactions will display as 0.00 as these transactions include multiple filing periods.
Contact information

- Local Tax Teams 360-705-6179
- Ashley Boss – AshleyB@dor.wa.gov
- Jessica Hicks – JessicaH@dor.wa.gov
Questions?
Tribal Partnerships Program

July 28, 2020
Local Government Partnership Meeting

David Duvall
Tribal Partnerships Program Manager
Today’s Goal

• Provide an overview of the Tribal Partnerships Program (TPP) and its:
  
  o Purpose
  
  o Structure
  
  o Responsibilities
TPP’s Purpose

• To elevate tribal matters generally within the Department by increasing resources and shifting some responsibilities from other divisions to the new program.

• To set the foundation for increased tribal-related government and stakeholder outreach and to develop expertise in all facets of tribal law in preparation for future agreements, compacts, or other policy initiatives taken by the Governor, the Department, or the Legislature.

• As a result, the Department expects to better manage, maintain, and improve working relations with the tribes.
TPP’s Responsibilities

- Negotiate and manage all tribal tax compacts, past, present and future.
- Conduct annual cigarette compact visits and any other ministerial duties.
- All letter rulings related to “tribal” relating to tax.
- Tribal policy work as directed.
- Onboarding of tribes that have or will compact.
- Traditional tribal liaison work – manage and improve government-to-government relations.
TPP’s Responsibilities (cont’d)

• Indian Tax Guide.

• Training of tribal government staff on things such as:
  
  o Confidentiality,
  
  o How to use Partnership Portal, and
  
  o Submitting “changes” under a retail taxes compact.

• Future Tribal Tax Fellowship.

• Provide tribal support agency-wide.

• Other assigned responsibilities.
Questions?
2020 Excise Tax Legislation

Trice Konschuh
Tax Policy Specialist
TriceK@dor.wa.gov
HB 1590
Allowing the local sales and use tax for affordable housing to be imposed by a councilmanic authority

HB 2497
Adding development of permanently affordable housing to the allowable uses of community revitalization financing, the local infrastructure financing tool, and local revitalization financing
Bills Passed – Excise Tax

ESSB 5147
Providing tax relief to females by exempting feminine hygiene products from retail sales and use tax

ESSB 5323
Reducing pollution from plastic bags by establishing minimum state standards for the use of bags at retail establishments
Bills Passed – Excise Tax

SB 6312
Making the nonprofit and library fund-raising exemption permanent

ESSB 6592
Concerning tourism authorities
Questions?
2020 Property Tax Legislation

Pete Levine
Tax Policy Specialist
Petel@dor.wa.gov
Bills Passed – Property Tax

HB 2230
Subjecting federally recognized Indian tribes to the same conditions as state and local governments for property owned exclusively by the tribe

SHB 2384
Concerning the property tax exemption for nonprofit organizations providing rental housing or mobile home park spaces to qualifying households
Bills Passed – Property Tax

HB 2512
Concerning interest and penalty relief for qualified mobile home and manufactured home owners

ESHB 2588
Improving openness, accountability, and transparency of special purpose districts
Bills Passed – Property Tax

HB 2858
Concerning requirements for the filing of assessment rolls

SHB 2868
Allowing for extensions of the specific valuation of historic property for certain properties
Bills Passed – Property Tax

SHB 2950
Addressing affordable housing needs through the multifamily housing tax exemption by providing an extension of the exemption until January 1, 2022, for certain properties currently receiving a twelve-year exemption and by convening a work group (Partial Veto)

SSB 5628
Concerning the classification of heavy equipment rental property as inventory
SB 6212
Concerning the authority of counties, cities, and towns to exceed statutory property tax limitations for the purpose of financing affordable housing for very low-income households and low-income households

2SSB 6231
Providing a limited property tax exemption for the construction of accessory dwelling units
Bills Passed – Property Tax

SSB 6415

Allowing a permanent fire protection district benefit charge with voter approval
Summary of 2020 Tax Legislation
Ten Things You Need to Know About Protecting Confidential Tax & Licensing Information
1. Most DOR information is confidential
2. Tax and Licensing Information is exempt under the Public Records Act.
3. Limited information is public.
4. Data-sharing or Partnership Agreements protect confidentiality.
5. Confidentiality Agreements are required.
6. Process for Confidentiality Agreement
7. Data security requirements apply.
8. Let us know if there’s a breach.
9. Penalties for a breach of confidentiality are severe for individuals.
DOR Information Governance
(360) 534-1624

Send an email to:
DORDataSharing@dor.wa.gov

10. Help is available.
Business Licensing Service (BLS)
Local Partnership Update

Summer 2020
Agenda

- Updated BLS fees
- Obtain ATLAS access
- ATLAS system upgrade
- Onboarding in 2021 & 2022
- Questions
SSB 6632 – BLS funding

• New $90 application fee supports self-funding

• BLS account balance to remain under $1 million
  o After 2023, BLS must reduce fees in the event of an account surplus
New BLS fees this month

- Application fee increase
- Fee decreases
  - $19 → $0 Additional location
  - $19 → $0 Non-resident license
  - $19 → $19 Any other type of BLS application
  - $11 → $10 renewals
- Listed at dor.wa.gov/BLSProcessingFees
ATLAS access process

Secure Services for Washington State Dept. of Revenue, Business Licensing Service, and Unclaimed Property

- Use your Secure Access Washington (SAW) user ID and password. [What is SAW?]

  SAW User ID
  [SAW User ID]  Forgot?

  Password
  [Password]  Forgot?

  [Show Password]

  Log in  New user? Sign up
  Not sure? Check if you have one

Businesses
- File a tax return
- Get or renew a business license
- Access a reseller permit
- File UCP holder reports
- Request a tax status letter
- Access secure messages
- More services
  - Express file a no business return
  - Pay a bill

General Public
- File a consumer use tax return
- Access secure messages

Claim Your Cash
- File an unclaimed property claim or report
ATLAS upgrade in October
System upgrade features

- Update to interface look and feel
- Expanding core functionality
- Easier for BLS maintenance

Look for email to register for the update webinar.
Partner training sessions

• Sign up for an update webinar

• Aug 25 – 9 to 11 a.m. & 1 to 3 p.m.
• Aug 26 – 9 to 11 a.m. & 1 to 3 p.m.
• Aug 27 – 9 to 11 a.m. & 1 to 3 p.m.
145 Local Partners

Snohomish County
- Brier
- Darrington
- Edmonds
- Gold Bar
- Granite Falls
- Lake Stevens
- Lynnwood
- Marysville
- Mill Creek
- Monroe
- Mountlake Terrace
- Mukilteo
- Snohomish
- Stanwood
- Sultan
- Woodway

Pierce County
- Bonney Lake
- Buckley
- Carbonado
- DuPont
- Eatonville
- Edgewood
- Fife
- Puyallup
- Roy
- Ruston
- South Prairie
- Steilacoom
- Sumner
- University Place
- Wilkeson

King County
- Black Diamond
- Burien
- Carnation
- Clyde Hill
- Covington
- Duvall
- Enumclaw
- Federal Way
- Issaquah
- Kenmore
- Kirkland
- Maple Valley
- Medina
- Mercer Island
- Newcastle
- Normandy Park
- North Bend
- Sammamish
- SeaTac
- Taholah
- Woodinville

Thurston County
- Centralia
- Chehalis
- Napavine
- Winlock
- Typo
- Raymond
- South Bend
- Pe Ell
- Long Beach
- Ilwaco
- Cathlamet

Full city partner
Future city partner
230 cities with a local license
More cities to join by 2023
BLS Support

• **Business Licensing Call Center**
  - 360.705.6741 & bls@dor.wa.gov

• **Specialty Licensing**
  - 360.705.6744 & faxbls@dor.wa.gov

• **12 offices statewide**
  - dor.wa.gov

• **BLS Partnership Services – Katie Early, Manager**
Contact

BLS Partnership Services
(360) 705-6777

dorblspartner@dor.wa.gov
Questions?
Thank you for attending!

For further questions contact Alexis Warner:

Phone: 360-596-3667

Email: alexisw@dor.wa.gov

https://dor.wa.gov/about/statistics-reports/local-government-partnership-meeting

You will receive follow up communication with a survey link and CPE credit, if you requested it.