

**REVENUE Impact of Revenue Alternatives**  
November 2018 Forecast

*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 - January 2019

#	Description of Alternative	# of Impacted Taxpayers	State General Fund REVENUE Impact <sup>1</sup> (\$ millions)								
			FY 2020 <sup>2</sup>	FY 2021	2019-21 Biennium	FY 2022	FY 2023	2021-23 Biennium	FY 2024	FY 2025	2023-25 Biennium
<b>RETAIL SALES/USE TAX - Rate Increase</b>											
1	Increase state rate from 6.5% to 6.6%	220,000	\$160.1	\$181.5	\$341.6	\$187.7	\$194.0	\$381.7	\$201.8	\$210.2	\$412.0
2	Increase state rate from 6.5% to 7.0%	220,000	\$797.2	\$903.8	\$1,701.0	\$934.2	\$965.9	\$1,900.1	\$1,004.8	\$1,046.6	\$2,051.4
3	Increase state rate from 6.5% to 7.5%	220,000	\$1,585.7	\$1,797.7	\$3,383.4	\$1,858.4	\$1,921.4	\$3,779.8	\$1,998.7	\$2,082.0	\$4,080.7
4	Increase state sales tax rate on food and drinks at restaurants from 6.5% to 7.5%	15,300	\$130.2	\$146.9	\$277.1	\$151.9	\$157.1	\$309.0	\$163.4	\$170.2	\$333.6
5	Increase state sales tax rate on boats, boat trailers and travel trailers from 6.5% to 7.0%	940	\$7.9	\$8.9	\$16.8	\$9.2	\$9.5	\$18.7	\$9.9	\$10.3	\$20.2
<b>RETAIL SALES/USE TAX - Tax Base Expansion (except services)</b>											
6	Shift sewerage and refuse collection to retailing B&O tax and retail sales tax	700	\$38.5	\$44.4	\$82.9	\$47.1	\$49.9	\$97.0	\$53.0	\$56.1	\$109.1
7	Repeal sales tax exemption for motor vehicle fuel	1,900	\$660.1	\$716.2	\$1,376.3	\$723.4	\$725.3	\$1,448.7	\$732.2	\$739.4	\$1,471.6
8	Repeal warehouse-grain elevator-distribution center sales & use tax remittance	50	\$5.6	\$5.6	\$11.2	\$5.6	\$5.6	\$11.2	\$5.6	\$5.6	\$11.2
9	Repeal sales tax exemption for food and food ingredients	90,200	\$1,076.8	\$1,186.8	\$2,263.6	\$1,199.0	\$1,211.3	\$2,410.2	\$1,223.7	\$1,236.2	\$2,459.9
10	Repeal sales and use tax exemptions for candy and gum	155,000	\$46.1	\$51.0	\$97.2	\$51.7	\$52.4	\$104.2	\$53.2	\$53.9	\$107.1
11	Repeal sales tax exemption for food products baked and sold onsite	10,400	\$25.1	\$28.8	\$53.9	\$30.2	\$31.7	\$62.0	\$33.3	\$35.0	\$68.3
12	Require full sales tax on all vending machine items sold	600	\$1.5	\$1.6	\$3.1	\$1.7	\$1.7	\$3.3	\$1.7	\$1.8	\$3.5
13	Repeal sales tax exemption for items used in interstate commerce	150	\$94.3	\$105.9	\$200.2	\$108.6	\$110.8	\$219.5	\$112.7	\$114.8	\$227.5
14	Repeal sales tax exemption for labor and services on public road construction	525	\$8.9	\$22.7	\$31.6	\$34.3	\$47.2	\$81.5	\$47.2	\$47.2	\$94.3
15	Repeal sales and use tax exemptions for OTC drugs purchased with a prescription	2,000	\$31.3	\$35.3	\$66.6	\$36.5	\$37.8	\$74.4	\$39.1	\$40.5	\$79.7
16	Repeal sales tax exemption for newspapers	15,400	\$1.6	\$1.7	\$3.3	\$1.7	\$1.6	\$3.3	\$1.6	\$1.5	\$3.1
<b>Machinery and equipment (M&amp;E) exemption:</b>											
17	Repeal sales tax exemption for manufacturing machinery & equipment (M&E exemption)	15,000	\$278.2	\$308.4	\$586.7	\$317.6	\$332.1	\$649.7	\$347.3	\$363.2	\$710.5
18	Limit M&E exemption to machinery and equipment used exclusively for manufacturing	12,000	\$19.9	\$22.1	\$42.0	\$22.7	\$23.8	\$46.5	\$24.8	\$26.0	\$50.8
<b>Trade-in exclusion:</b>											
19	Repeal trade-in exclusion for all products from sales tax - RCW 82.08.010(1)	1,200	\$152.2	\$170.0	\$322.2	\$174.0	\$178.2	\$352.2	\$183.6	\$189.4	\$372.9
20	Repeal trade-in exclusion for boats, trailers, mobile homes, appliances	120	\$8.7	\$9.7	\$18.3	\$9.9	\$10.1	\$20.0	\$10.4	\$10.8	\$21.2
21	Repeal trade-in exclusion for motor vehicles only	850	\$129.9	\$143.1	\$273.0	\$148.5	\$152.0	\$300.6	\$156.6	\$161.6	\$318.2
22	Trade-in exclusion - limit ALL trade-ins to \$10,000	1,200	\$46.2	\$51.6	\$97.8	\$52.8	\$54.1	\$106.9	\$55.7	\$57.5	\$113.2
<b>Nonresident exemption:</b>											
23	Repeal exemption for nonresidents (states, possessions, and provinces <3.0% sales tax)	3,800	\$28.9	\$32.3	\$61.3	\$33.1	\$33.9	\$67.0	\$34.9	\$36.0	\$70.9
24	Nonresident refund program (states, possessions, and provinces <3.0% sales tax)	100,000	\$25.4	\$28.4	\$53.8	\$29.1	\$29.8	\$58.9	\$30.7	\$31.7	\$62.4
<b>Farm consumables:</b>											
25	Repeal exemption for replacement parts and repair services	3,600	\$8.1	\$9.1	\$17.2	\$9.1	\$9.1	\$18.2	\$9.1	\$9.1	\$18.2
26	Repeal exemption for fertilizers, sprays, and washes sold to farmers - RCW 82.04.050(10)	1,700	\$59.5	\$64.9	\$124.4	\$64.9	\$64.9	\$129.8	\$64.9	\$64.9	\$129.8
27	Repeal exemption for leased irrigation equipment	1,000	\$3.0	\$3.4	\$6.4	\$3.5	\$3.6	\$7.1	\$3.7	\$3.8	\$7.5
28	Repeal exemption for diesel, biodiesel, and aircraft fuel for farm use	140	\$3.7	\$4.0	\$7.7	\$4.0	\$4.0	\$8.0	\$4.0	\$4.0	\$8.0

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			FY 2020 <sup>2</sup>	FY 2021	2019-21 Biennium	FY 2022	FY 2023	2021-23 Biennium	FY 2024	FY 2025	2023-25 Biennium
29	Repeal exemption for propane for heating chicken barns	140	\$0.2	\$0.2	\$0.4	\$0.2	\$0.2	\$0.4	\$0.2	\$0.2	\$0.4
30	Repeal exemption for farm equipment auction sales	1,200	\$3.1	\$3.5	\$6.6	\$3.6	\$3.7	\$7.3	\$3.8	\$3.9	\$7.7
31	Limit exemption for fertilizers, sprays, or washes to approved organic products only	1,700	\$47.6	\$51.9	\$99.5	\$51.9	\$51.9	\$103.8	\$51.9	\$51.9	\$103.8
32	Repeal exemption for chicken bedding materials	60	\$0.4	\$0.5	\$0.9	\$0.5	\$0.5	\$0.9	\$0.5	\$0.5	\$1.0
33	Extend retail sales tax to selected services <sup>3</sup>	181,000	\$3,874.9	\$4,547.0	\$8,421.9	\$4,888.2	\$5,159.7	\$10,047.9	\$5,341.6	\$5,529.9	\$10,871.5
<b>BUSINESS &amp; OCCUPATION TAX - Rate Increases</b>											
<b>Increase B&amp;O tax rate:</b>											
34	0.3% increase on service businesses	175,000	\$364.9	\$418.8	\$783.6	\$440.5	\$465.0	\$905.4	\$487.8	\$511.8	\$999.5
35	5% surtax on all B&O tax rates	380,000	\$214.8	\$245.0	\$459.7	\$257.6	\$270.9	\$528.5	\$285.3	\$300.5	\$585.8
36	10% surtax on all B&O tax rates	380,000	\$429.6	\$468.6	\$898.2	\$489.9	\$515.3	\$1,005.2	\$541.8	\$570.6	\$1,112.3
37	25% surtax on all B&O tax rates	380,000	\$1,073.9	\$1,224.8	\$2,298.7	\$1,288.2	\$1,354.4	\$2,642.6	\$1,426.4	\$1,502.3	\$2,928.8
38	Increase retailing B&O tax from 0.471% to 0.484% - RCW 82.04.250(1)	214,000	\$27.6	\$31.4	\$59.0	\$32.7	\$34.0	\$66.7	\$35.5	\$36.9	\$72.4
39	Increase manufacturing rate for petroleum fuels to 1%	5	\$57.9	\$58.4	\$116.3	\$59.0	\$59.7	\$118.7	\$60.4	\$61.1	\$121.5
40	Increase B&O tax rate on financial institutions with windfall profits	22	\$113.9	\$119.8	\$233.7	\$126.0	\$133.0	\$259.0	\$139.6	\$146.5	\$286.1
<b>Preferential B&amp;O Tax Rates:</b>											
41	Repeal all preferential B&O tax rates, excluding aerospace and radioactive waste clean-up	11,700	\$189.5	\$215.1	\$404.6	\$224.2	\$233.5	\$457.7	\$243.2	\$253.2	\$496.4
42	Reduce benefit of preferential B&O tax rates by 25%, excluding aerospace and radioactive waste clean-up	11,700	\$47.0	\$53.3	\$100.3	\$55.6	\$57.9	\$113.5	\$60.3	\$62.8	\$123.1
43	Repeal preferential B&O tax rate for meat processors	250	\$20.4	\$23.2	\$43.6	\$24.1	\$25.1	\$49.2	\$26.2	\$27.3	\$53.5
44	Repeal preferential B&O tax rate for international investment management services	245	\$27.8	\$31.9	\$59.7	\$33.6	\$35.4	\$69.0	\$37.0	\$38.7	\$75.7
45	Repeal preferential B&O tax rate for flour and oil manufacturing	D	D	D	D	D	D	D	D	D	D
46	Repeal preferential rate for prescription drug wholesalers	30	\$18.4	\$20.1	\$38.5	\$20.1	\$20.1	\$40.2	\$20.1	\$20.1	\$40.2
<b>BUSINESS &amp; OCCUPATION TAX - Tax Base Expansion</b>											
47	Repeal deduction for federal and state tax on motor fuel	1,900	\$13.1	\$14.3	\$27.4	\$14.4	\$14.4	\$28.8	\$14.6	\$14.7	\$29.3
48	Repeal exemption for shared real estate commissions - RCW 82.04.255	11,700	\$44.9	\$50.3	\$95.2	\$51.1	\$52.4	\$103.5	\$53.7	\$55.1	\$108.8
49	Repeal deduction for membership dues and fees - RCW 82.04.4282	875	\$14.1	\$16.1	\$30.2	\$17.7	\$18.5	\$36.2	\$19.2	\$19.9	\$39.1
50	Limit import exemption to sales that become an ingredient or component of a product in this state.	1,150	\$6.4	\$14.4	\$20.9	\$22.3	\$30.7	\$53.0	\$31.6	\$32.5	\$64.1
51	Repeal B&O tax deduction for first mortgage interest	190	\$44.6	\$50.2	\$94.8	\$51.7	\$53.2	\$104.9	\$54.8	\$56.5	\$111.3
52	Limit B&O tax exemption for individual earnings to \$250,000	31,000	\$70.8	\$290.9	\$361.7	\$317.8	\$334.9	\$652.7	\$352.9	\$371.9	\$724.8
53	Limit B&O tax deduction for tuition fees to non-profit educational institutions	70	\$1.7	\$1.9	\$3.6	\$2.0	\$2.0	\$4.0	\$2.1	\$2.1	\$4.2
54	Repeal B&O tax exemption for state-chartered credit unions	40	\$4.6	\$5.1	\$9.8	\$5.2	\$5.4	\$10.6	\$5.5	\$5.6	\$11.0
55	Impose service B&O tax on gross income from long-term real estate rentals	25,000	\$7.7	\$17.0	\$24.7	\$26.0	\$35.1	\$61.1	\$35.7	\$36.2	\$71.9
56	Repeal B&O tax exemption for cities that share sewer services	60	\$1.0	\$1.2	\$2.2	\$1.2	\$1.3	\$2.5	\$1.4	\$1.4	\$2.8

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57	Repeal B&O tax exemption for employee wages	109,000			\$0.0			\$0.0			\$0.0
58	Close B&O tax loophole that allows out-of-state printers to sell into WA without paying B&O tax	240	\$0.4	\$0.6	\$1.0	\$0.8	\$0.8	\$1.6	\$0.8	\$0.8	\$1.6
	<b>B&amp;O Tax Exemption for Farmers:</b>										
59	Repeal B&O tax exemption for all farmers	46,000	\$45.0	\$51.0	\$96.0	\$52.0	\$54.0	\$106.0	\$55.0	\$57.0	\$112.0
60	Repeal B&O tax exemption for farmers whose annual gross income exceeds \$200,000	4,200	\$43.1	\$48.0	\$91.1	\$50.0	\$51.0	\$101.0	\$53.0	\$55.0	\$108.0
	<b>B&amp;O Tax Deduction for Investment Income of Non-Financial Firms:</b>										
61	Limit B&O tax deduction for investment income to \$500,000 for non-financial firms and individuals	6,000	\$0.0	\$122.1	\$122.1	\$133.7	\$138.7	\$272.4	\$143.7	\$148.5	\$292.2
62	Limit B&O tax deduction for investment income of non-financial firms to \$250,000	3,000	\$0.0	\$6.6	\$6.6	\$7.3	\$7.7	\$15.0	\$8.0	\$8.3	\$16.3
63	Limit B&O tax deduction for investment income of non-financial firms to \$500,000	1,000	\$0.0	\$6.0	\$6.0	\$6.7	\$7.0	\$13.7	\$7.3	\$7.6	\$14.9
64	Limit B&O tax deduction for investment income of non-financial firms to \$1 million	1,000		\$3.4	\$3.4	\$3.8	\$4.0	\$7.8	\$4.2	\$4.3	\$8.5
	<b>OTHER TAXES</b>										
	<b>Cigarette Tax:</b>										
65	Increase cigarette tax by 25 cents per pack	6,500	\$10.2	\$11.3	\$21.5	\$11.4	\$11.5	\$22.9	\$11.6	\$11.7	\$23.3
66	Increase cigarette tax by 50 cents per pack	6,500	\$18.8	\$20.8	\$39.6	\$21.1	\$21.3	\$42.4	\$21.6	\$21.9	\$43.5
67	Increase cigarette tax by 75 cents per pack	6,500	\$25.8	\$28.7	\$54.5	\$29.2	\$29.6	\$58.8	\$30.1	\$30.7	\$60.8
68	Increase cigarette tax by \$1.00 per pack	6,500	\$31.4	\$35.1	\$66.5	\$35.9	\$36.5	\$72.4	\$37.3	\$38.1	\$75.4
	<b>Estate Tax:</b>										
69	Reduce estate tax threshold and exclusion amount to \$1 million <sup>4</sup>	3,600	\$0.0	\$110.7	\$110.7	\$145.9	\$147.0	\$292.9	\$147.9	\$148.8	\$296.7
	<b>Hazardous Substance Tax:</b>										
70	Increase hazardous substance tax from 0.7% to 2% of wholesale value	600	\$286.6	\$304.0	\$590.6	\$311.3	\$317.2	\$628.5	\$330.3	\$370.8	\$701.2
	<b>Oil Spill Tax:</b>										
71	Oil spill tax - from 5 cents per barrel to 5% of value	30	\$351.8	\$382.2	\$734.0	\$384.4	\$385.9	\$770.2	\$391.1	\$399.7	\$790.8
72	Oil spill tax - 0.7% based on value of product, not volume	30	\$44.4	\$48.6	\$93.0	\$48.9	\$49.1	\$98.0	\$49.9	\$51.1	\$100.9
	<b>Other Tobacco Products (OTP) Tax:</b>										
73	Increase OTP tax to a maximum of \$1.00 per cigar	200	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1
74	Impose OTP tax on vapor products at 60% of wholesale value (e-liquid, disposables only)	3,400	\$3.4	\$11.7	\$15.1	\$14.7	\$17.4	\$32.1	\$18.8	\$20.2	\$39.0
	<b>Petroleum Products Tax:</b>										
75	Repeal the suspension threshold for the petroleum products tax and make the tax permanent	150	\$31.1	\$16.2	\$47.3	\$12.4		\$12.4	\$7.7		\$7.7
	<b>Public Utility Tax:</b>										
76	5% surtax on all PUT rates	14,000	\$23.2	\$26.2	\$49.4	\$27.2	\$28.3	\$55.5	\$29.4	\$30.5	\$59.9
77	10% surtax on all PUT rates	14,000	\$46.3	\$52.5	\$98.8	\$54.4	\$56.5	\$111.0	\$58.7	\$61.1	\$119.8
78	25% surtax on all PUT rates	14,000	\$115.9	\$131.2	\$247.1	\$136.1	\$141.3	\$277.4	\$146.8	\$152.6	\$299.5
79	PUT/B&O sewerage - all related activities taxed at 3.852%	700	\$17.0	\$19.2	\$36.2	\$19.9	\$20.5	\$40.4	\$21.2	\$22.0	\$43.2
80	PUT on motor/urban transportation and log hauling - increase to 3.852%	9,000	\$63.8	\$70.8	\$134.6	\$71.8	\$72.9	\$144.7	\$74.1	\$75.2	\$149.3
81	PUT on urban transportation and vessels - increase to 1.926%	4,000	\$9.7	\$10.7	\$20.4	\$10.8	\$11.0	\$21.8	\$11.1	\$11.3	\$22.4

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82	Repeal PUT deduction for in-state portion of interstate transportation	2,200	\$30.7	\$34.9	\$65.6	\$36.1	\$37.4	\$73.5	\$38.8	\$40.4	\$79.2
83	Impose PUT on cable and satellite TV at 6% rate with a tax credit for franchise fees paid	12	\$28.1	\$30.7	\$58.8	\$30.7	\$30.7	\$61.4	\$30.7	\$30.7	\$61.4
84	Repeal PUT deduction for sales of irrigation water	85	\$2.2	\$2.5	\$4.7	\$2.7	\$2.8	\$5.5	\$2.9	\$3.1	\$6.0
<b>Real Estate Excise Tax (REET):</b>											
85	REET rate increase - from 1.28% to 1.6%	Unknown	\$213.6	\$239.3	\$452.9	\$243.0	\$249.1	\$492.1	\$254.7	\$260.5	\$515.2
86	Graduated REET rates from 0.75% to 2.5%	Unknown	\$189.6	\$212.4	\$402.0	\$215.7	\$221.1	\$436.8	\$226.1	\$231.2	\$457.3
87	Limit REET "foreclosure" exemption	Unknown	\$13.6	\$15.3	\$28.9	\$15.5	\$15.9	\$31.4	\$16.2	\$16.6	\$32.9
88	Repeal REET exemption for sales of government property to private purchasers	Unknown	\$11.9	\$13.4	\$25.3	\$13.6	\$13.9	\$27.5	\$14.2	\$14.5	\$28.8
<b>Syrup Tax:</b>											
89	Repeal B&O credit for Syrup Tax - RCW 82.04.4486	2,350	\$4.2	\$4.5	\$8.7	\$4.4	\$4.4	\$8.8	\$4.3	\$4.3	\$8.6
90	Repeal B&O credit for Syrup Tax AND Increase Syrup Tax from \$1 to \$2	2,350	\$10.9	\$11.7	\$22.6	\$11.5	\$11.4	\$22.9	\$11.2	\$11.0	\$22.2
<b>NEW TAXES</b>											
<b>Beverage Tax:</b>											
91	Carbonated beverage tax @ 2 cents/12 oz. (excludes fountain)	7,100	\$30.8	\$33.1	\$63.8	\$32.6	\$32.1	\$64.7	\$31.7	\$31.2	\$62.9
<b>Capital Gains Tax:</b>											
92	Impose a capital gains tax at 7% with \$25,000/50,000 deduction effective 1/1/2020	42,000	\$0.0	\$735.4	\$735.4	\$797.1	\$818.5	\$1,615.5	\$840.4	\$862.8	\$1,703.1
<b>Luxury Tax with Deductions:</b>											
93	10% luxury tax on motor vehicles - \$50,000 deduction	43,000	\$54.1	\$58.4	\$112.5	\$58.6	\$59.6	\$118.2	\$57.9	\$56.3	\$114.2
94	10% luxury tax on vessels - \$50,000 deduction	3,100	\$36.5	\$41.3	\$77.8	\$42.7	\$44.1	\$86.8	\$45.9	\$47.8	\$93.7
95	10% luxury tax on aircraft - \$50,000 deduction	20	\$6.4	\$7.0	\$13.4	\$7.1	\$7.2	\$14.3	\$7.3	\$7.4	\$14.7
<b>State Admissions Tax:</b>											
96	5% state admissions tax - exclude youth non-profit and K-12 school activities	66,000	\$68.5	\$74.6	\$143.1	\$77.3	\$80.1	\$157.4	\$83.0	\$85.9	\$168.9
97	5% state admissions tax - exclude youth non-profit, K-12 school and college activities	66,000	\$65.3	\$71.2	\$136.6	\$73.8	\$76.4	\$150.2	\$79.2	\$82.0	\$161.2
98	5% state admissions tax - exclude K-12 school and college activities, and all non-profits	63,000	\$49.3	\$53.8	\$103.1	\$55.7	\$57.7	\$113.4	\$59.7	\$61.9	\$121.6
<b>Miscellaneous taxes:</b>											
99	Impose 1.5% gross receipts tax on gambling and lottery winnings	102,000	\$0.0	\$8.5	\$8.5	\$10.4	\$20.0	\$30.4	\$19.7	\$17.4	\$37.1
100	Impose \$2 fee on all wireless devices (cell phones, laptops, etc.)	17,500	\$15.1	\$17.0	\$32.1	\$17.5	\$17.9	\$35.3	\$18.3	\$18.7	\$37.0

**REV ALTS NOTES**

<sup>1</sup> Revenues represent state general fund impacts only, unless otherwise noted.

<sup>2</sup> Estimates assume a July 1, 2019, effective date with 11 months of collections in FY 2020.

<sup>3</sup> See detail for extending retail sales tax to services on separate spreadsheet.

<sup>4</sup> Estate tax is deposited in the Education Legacy Account.

*D* = proposal currently impacts fewer than three taxpayers, so amounts cannot be disclosed.

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		State General Fund REVENUE Impact <sup>1</sup> (\$ millions)									
#	Description of Alternative	# of Impacted Taxpayers	FY 2020 <sup>2</sup>	FY 2021	2019-21 Biennium	FY 2022	FY 2023	2021-23 Biennium	FY 2024	FY 2025	2023-25 Biennium
<b>ADMINISTRATIVE ALTERNATIVES</b>											
1	Require local governments that issue building permits to supply subcontractor information to the Department of Revenue <sup>3</sup>	1,200	\$2.8	\$6.1	\$8.9	\$9.2	\$12.2	\$21.4	\$12.2	\$12.2	\$24.4
<b>Fee Options</b>											
2	\$100 fee per warrant	10,700	\$1.0	\$1.0	\$2.0	\$1.0	\$0.9	\$1.9	\$0.9	\$0.9	\$1.8
3	Raise new license application fee to \$50 <sup>4</sup>	150,000	\$5.0	\$5.2	\$10.2	\$5.4	\$5.6	\$11.0	\$5.9	\$6.1	\$12.0
4	Raise license renewal fee to \$25 <sup>4</sup>	128,000	\$1.9	\$2.0	\$3.9	\$2.1	\$2.2	\$4.3	\$2.3	\$2.4	\$4.7
5	\$25 fee for issuance and renewal of reseller permits	180,000	\$1.0	\$0.9	\$1.9	\$4.3	\$0.9	\$5.2	\$0.8	\$0.7	\$1.5
6	\$35 fee for non-sufficient funds payments	25,000	\$0.7	\$0.8	\$1.5	\$0.9	\$0.9	\$1.8	\$1.0	\$1.1	\$2.1
7	Raise new license application fee to \$25 <sup>4</sup>	150,000	\$1.0	\$1.0	\$2.0	\$1.0	\$1.1	\$2.1	\$1.1	\$1.2	\$2.3
8	\$100 fee for recording a lien	6,400	\$0.6	\$0.6	\$1.2	\$0.6	\$0.5	\$1.1	\$0.5	\$0.5	\$1.0
<b>Administrative Fee Options for Local Sales Tax Collection <sup>3,5</sup></b>											
9	Increase fee by ½% to 1.5% <sup>6</sup>	300	\$27.9	\$31.5	\$59.4	\$32.6	\$33.7	\$66.3	\$34.8	\$36.0	\$70.8
10	Increase fee by 1% to 2% <sup>7</sup>	300	\$45.8	\$51.7	\$97.5	\$53.4	\$55.2	\$108.6	\$57.1	\$59.0	\$116.1
11	Expand authority to assess beneficial interest liability	75	\$0.2	\$0.2	\$0.4	\$0.2	\$0.2	\$0.4	\$0.2	\$0.2	\$0.4
12	Expand trust fund accountability	100	\$4.5	\$5.1	\$9.6	\$5.3	\$5.5	\$10.8	\$5.8	\$6.1	\$11.9

**ADMIN OPTION NOTES**

<sup>1</sup> Revenues represent state general fund impacts only, unless otherwise noted.

<sup>2</sup> Estimates assume a July 1, 2019 effective date with 11 months of collections in FY 2020.

<sup>5</sup> These proposals result in negative revenue impacts or costs to implement for local governments.

<sup>4</sup> Revenues to be deposited in the Master License Account.

<sup>5</sup> Revenues assume contracts with local governments can be changed on July 1, 2019. It is possible that contract language prevents changes except at the beginning of a calendar year.

<sup>6</sup> Increases the Regional Transit Authority (RTA) fee to 1%, imposes a 1% fee on state-shared taxes, and increases all other local tax collection fees from 1% to a 1.5%.

<sup>7</sup> Increases the Regional Transit Authority (RTA) fee to 1%, imposes a 1% fee on state-shared taxes, and increases all other local tax collection fees from 1% to a 2.0%.

## REVENUE Impact of Extending Retail Sales Tax to Selected Services

November 2018 Forecast

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 - January 2019

		State General Fund REVENUE Impact <sup>1</sup> (\$ millions)									
#	Description of Alternative	# of Impacted Taxpayers	FY 2020 <sup>2</sup>	FY 2021	2019-21 Biennium	FY 2022	FY 2023	2021-23 Biennium	FY 2024	FY 2025	2023-25 Biennium
	<b>Extend retail sales tax to selected services <sup>3</sup></b>	<b>181,000</b>	<b>\$3,874.9</b>	<b>\$4,547.0</b>	<b>\$8,421.9</b>	<b>\$4,888.2</b>	<b>\$5,159.7</b>	<b>\$10,047.9</b>	<b>\$5,341.6</b>	<b>\$5,529.9</b>	<b>\$10,871.5</b>
1	Accountant offices, tax preparation services, bookkeeper offices, auditors, payroll services, and billing offices	10,200	\$106.5	\$122.3	\$228.8	\$128.6	\$135.8	\$264.4	\$140.6	\$145.5	\$286.1
2	Advertising revenues (excludes printing and publishing, and radio and television)	1,700	\$85.1	\$97.7	\$182.8	\$102.8	\$108.5	\$211.3	\$112.3	\$116.3	\$228.6
3	Animal related - boarding, grooming, training, walking, veterinary services, etc (includes pet and farm animals)	1,200	\$47.4	\$54.4	\$101.8	\$57.2	\$60.4	\$117.6	\$62.5	\$64.7	\$127.2
4	Architectural, engineering, surveying, and mapping services	7,400	\$4.4	\$5.0	\$9.4	\$5.3	\$5.6	\$10.8	\$5.7	\$6.0	\$11.7
5	Bail bond services	100	\$1.1	\$1.2	\$2.3	\$1.3	\$1.4	\$2.7	\$1.4	\$1.5	\$2.9
7	Broadcasting - radio and television (line 11)	300	\$19.2	\$22.1	\$41.3	\$23.2	\$24.5	\$47.7	\$25.3	\$26.2	\$51.6
8	Brokering and dealing services	900	\$29.5	\$50.8	\$80.2	\$71.2	\$75.1	\$146.3	\$77.8	\$80.5	\$158.3
9	Business management strategy and planning services	2,200	\$92.2	\$105.9	\$198.1	\$111.3	\$117.5	\$228.9	\$121.7	\$126.0	\$247.6
10	Child day care services (line 14)	4,700	\$6.6	\$7.6	\$14.1	\$7.9	\$8.4	\$16.3	\$8.7	\$9.0	\$17.7
11	Collection and repossession agencies	900	\$11.2	\$12.9	\$24.1	\$13.6	\$14.3	\$27.9	\$14.8	\$15.3	\$30.1
12	Computer related - custom software	11,500	\$67.9	\$77.9	\$145.8	\$82.0	\$86.5	\$168.5	\$89.6	\$92.7	\$182.3
13	Computer related - custom website design, support, and development services	1,400	\$36.3	\$41.7	\$78.0	\$43.8	\$46.3	\$90.1	\$47.9	\$49.6	\$97.5
14	Computer related - information technology related training services, technical support, and other services	1,500	\$53.2	\$61.1	\$114.3	\$64.2	\$67.8	\$132.1	\$70.2	\$72.7	\$142.9
15	Computer related - information technology technical consulting	1,000	\$138.1	\$158.5	\$296.6	\$166.7	\$176.0	\$342.7	\$182.2	\$188.6	\$370.8
16	Construction and property management services	6,600	\$8.7	\$10.0	\$18.6	\$10.5	\$11.1	\$21.5	\$11.4	\$11.8	\$23.3
17	Credit card services - income	100	\$29.9	\$51.4	\$81.3	\$72.1	\$76.2	\$148.3	\$78.8	\$81.6	\$160.5
18	Dockage services less than 30 days	300	\$3.3	\$3.8	\$7.2	\$4.0	\$4.3	\$8.3	\$4.4	\$4.6	\$9.0
19	Document payment services	300	\$1.0	\$1.7	\$2.6	\$2.3	\$2.5	\$4.8	\$2.6	\$2.6	\$5.2
20	Employment related - employment and human resource services	2,100	\$13.6	\$15.6	\$29.2	\$16.4	\$17.3	\$33.8	\$18.0	\$18.6	\$36.5
21	Employment related - professional employer organizations	100	\$24.5	\$28.1	\$52.6	\$29.5	\$31.2	\$60.7	\$32.3	\$33.4	\$65.7
22	Employment related - temporary staffing	1,500	\$123.1	\$141.3	\$264.3	\$148.6	\$156.8	\$305.4	\$162.4	\$168.1	\$330.5
23	Financial planning and investment management services, and consumer credit counseling and credit repair services	600	\$58.8	\$101.3	\$160.2	\$142.1	\$150.0	\$292.1	\$155.3	\$160.7	\$316.0
24	Financing related to securities	100	\$45.0	\$77.5	\$122.5	\$108.7	\$114.7	\$223.4	\$118.8	\$122.9	\$241.7
25	Funeral and funeral preparation services	400	\$4.7	\$5.4	\$10.1	\$5.7	\$6.0	\$11.7	\$6.2	\$6.4	\$12.6
26	Graphic design	4,900	\$2.6	\$3.0	\$5.5	\$3.1	\$3.3	\$6.4	\$3.4	\$3.5	\$6.9
27	Hair, nail, skin, and other personal care services (i.e., hair removal, hair replacement, massage parlor, etc.)	23,200	\$41.7	\$47.9	\$89.6	\$50.4	\$53.2	\$103.6	\$55.1	\$57.0	\$112.1
28	Health related - ambulance services	400	\$4.7	\$5.4	\$10.0	\$5.6	\$5.9	\$11.6	\$6.2	\$6.4	\$12.5

## REVENUE Impact of Extending Retail Sales Tax to Selected Services

November 2018 Forecast

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 - January 2019

		State General Fund REVENUE Impact <sup>1</sup> (\$ millions)									
#	Description of Alternative	# of Impacted Taxpayers	FY 2020 <sup>2</sup>	FY 2021	2019-21 Biennium	FY 2022	FY 2023	2021-23 Biennium	FY 2024	FY 2025	2023-25 Biennium
29	Health related - collection, processing, distribution and/or banking of blood, organ, stem cells, plasma, etc., and also reproductive banking services	100	\$1.8	\$2.1	\$3.9	\$2.2	\$2.3	\$4.5	\$2.4	\$2.5	\$4.9
30	Health related - counseling and information services	1,100	\$12.8	\$14.7	\$27.4	\$15.4	\$16.3	\$31.7	\$16.8	\$17.4	\$34.3
31	Health related - daily assisted living services	200	\$185.4	\$212.7	\$398.1	\$223.8	\$236.2	\$460.0	\$244.5	\$253.2	\$497.7
32	Health related - dental	3,800	\$197.0	\$226.1	\$423.1	\$237.9	\$251.1	\$488.9	\$259.9	\$269.1	\$529.0
33	Health related - diagnostic imaging and scanning, and related services	400	\$5.1	\$5.9	\$11.0	\$6.2	\$6.5	\$12.7	\$6.7	\$7.0	\$13.7
34	Health related - home health, home nursing care, and other home care services	300	\$65.5	\$75.2	\$140.7	\$79.1	\$83.5	\$162.5	\$86.4	\$89.4	\$175.8
35	Health related - independent living services	3,000	\$30.6	\$35.1	\$65.7	\$36.9	\$39.0	\$75.9	\$40.4	\$41.8	\$82.1
36	Health related - non-medical weight loss programs	200	\$2.1	\$2.4	\$4.5	\$2.5	\$2.7	\$5.2	\$2.8	\$2.9	\$5.6
37	Health related - pathology services	200	\$11.1	\$12.7	\$23.8	\$13.4	\$14.1	\$27.5	\$14.6	\$15.1	\$29.8
38	Health related - patient care	3,300	\$1,348.4	\$1,547.5	\$2,895.9	\$1,627.9	\$1,718.3	\$3,346.1	\$1,778.8	\$1,841.5	\$3,620.4
39	Health related - vocational rehabilitation services, adult day care services, social interaction services	300	\$8.2	\$9.4	\$17.6	\$9.9	\$10.5	\$20.4	\$10.8	\$11.2	\$22.0
40	Inspection and testing services	1,900	\$24.7	\$28.4	\$53.1	\$29.9	\$31.5	\$61.4	\$32.6	\$33.8	\$66.4
41	Insurance agencies and brokerages (line 14) (fees and commission)	5,200	\$104.7	\$120.1	\$224.8	\$126.4	\$133.4	\$259.7	\$138.1	\$142.9	\$281.0
42	Interior design	3,100	\$2.4	\$2.7	\$5.1	\$2.9	\$3.0	\$5.9	\$3.1	\$3.2	\$6.3
43	Investigation, security services, security monitoring services, armored car services (except locksmiths)	1,800	\$32.7	\$37.5	\$70.2	\$39.4	\$41.6	\$81.1	\$43.1	\$44.6	\$87.7
44	Janitorial services	18,000	\$38.0	\$43.6	\$81.5	\$45.8	\$48.4	\$94.2	\$50.1	\$51.9	\$101.9
45	Legal services, mediation, arbitration	8,400	\$208.3	\$239.0	\$447.3	\$251.4	\$265.4	\$516.8	\$274.7	\$284.4	\$559.2
46	Management consulting/facilities support services	500	\$18.8	\$21.5	\$40.3	\$22.6	\$23.9	\$46.5	\$24.7	\$25.6	\$50.4
47	Marketing research and consulting	6,800	\$43.4	\$49.8	\$93.1	\$52.3	\$55.2	\$107.6	\$57.2	\$59.2	\$116.4
48	Office support services (i.e., call centers, document preparation services, administrative services, archival services, translative services, telemarketing services, etc.)	9,900	\$45.7	\$52.4	\$98.1	\$55.2	\$58.2	\$113.4	\$60.3	\$62.4	\$122.7
49	Offices of Real Estate Agents and Brokers (fees and commission)	9,200	\$174.4	\$200.2	\$374.6	\$210.6	\$222.3	\$432.9	\$230.1	\$238.2	\$468.4
50	Offices of Real Estate Appraisers (fees and commission)	1,200	\$8.0	\$9.2	\$17.1	\$9.6	\$10.2	\$19.8	\$10.5	\$10.9	\$21.4
51	Portable toilets rental services	300	\$3.8	\$4.4	\$8.2	\$4.6	\$4.8	\$9.4	\$5.0	\$5.2	\$10.2
52	Pre-primary grade instructional programs	800	\$4.5	\$5.2	\$9.7	\$5.4	\$5.7	\$11.2	\$5.9	\$6.1	\$12.1
53	Public relations services	700	\$19.2	\$22.1	\$41.3	\$23.2	\$24.5	\$47.8	\$25.4	\$26.3	\$51.7
54	Satellite and cable <sup>4,5</sup>	100	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
55	Scientific - all other professional, scientific, environmental, and technical consulting services	1,800	\$11.1	\$12.7	\$23.8	\$13.4	\$14.1	\$27.5	\$14.6	\$15.1	\$29.7
56	Scientific - research and development	1,800	\$21.8	\$25.0	\$46.7	\$26.3	\$27.7	\$54.0	\$28.7	\$29.7	\$58.4

## REVENUE Impact of Extending Retail Sales Tax to Selected Services

November 2018 Forecast

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 - January 2019

#	Description of Alternative	# of Impacted Taxpayers	State General Fund REVENUE Impact <sup>1</sup> (\$ millions)								
			FY 2020 <sup>2</sup>	FY 2021	2019-21 Biennium	FY 2022	FY 2023	2021-23 Biennium	FY 2024	FY 2025	2023-25 Biennium
57	Social assistance, shelter assistance services, food pantry services, donated clothing services, foster care services	4,300	\$27.1	\$31.1	\$58.3	\$32.8	\$34.6	\$67.3	\$35.8	\$37.1	\$72.8
58	Sponsorship, endorsement contracts, and related services	200	\$6.0	\$6.9	\$13.0	\$7.3	\$7.7	\$15.0	\$8.0	\$8.2	\$16.2
59	Strategic and financial management services	1,200	\$17.2	\$19.7	\$36.9	\$20.7	\$21.9	\$42.6	\$22.7	\$23.5	\$46.1
60	Supply chain/logistics consulting	700	\$12.6	\$14.4	\$27.0	\$15.2	\$16.0	\$31.2	\$16.6	\$17.2	\$33.7
61	Travel agent commission (line 28)	2,000	\$15.7	\$18.1	\$33.8	\$19.0	\$20.0	\$39.0	\$20.7	\$21.5	\$42.2
62	Trust services - fiduciary fees	400	\$9.9	\$17.0	\$27.0	\$23.9	\$25.2	\$49.1	\$26.1	\$27.0	\$53.2
63	Tutoring, exam preparation, driver education services	1,800	\$5.8	\$6.6	\$12.4	\$7.0	\$7.3	\$14.3	\$7.6	\$7.9	\$15.5

### EXTEND RETAIL SALES TAX TO SERVICES NOTES

<sup>1</sup> Revenues represent state general fund impacts only.

<sup>2</sup> Estimates assume a July 1, 2019 effective date with 11 months of collections in FY 2020.

<sup>3</sup> The state general fund impact of an extension of retail sales tax to services includes a reduction in B&O tax due to the reclassification of revenue from service to retailing or wholesaling.

<sup>4</sup> Currently, some satellite and cable services are already subject to sales tax. This includes services such as pay-per-view for satellite providers. The majority of the potential revenue from imposing sales tax on satellite and cable would be from subscription fees for access to channels.

<sup>5</sup> Due to federal laws local sales tax cannot be imposed on satellite television subscriptions. As a result, this estimate does not include estimates for local sales tax on satellite television subscriptions.