



Department of
Revenue
Washington State

*"Working together to
fund Washington's future"*

Local Government Partnership Meeting

July 28, 2020

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



WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL



Summary

Federal Reserve
chair Jerome
Powell:

“Until the public
is confident that
the disease is
contained, a full
recovery is
unlikely”

- 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

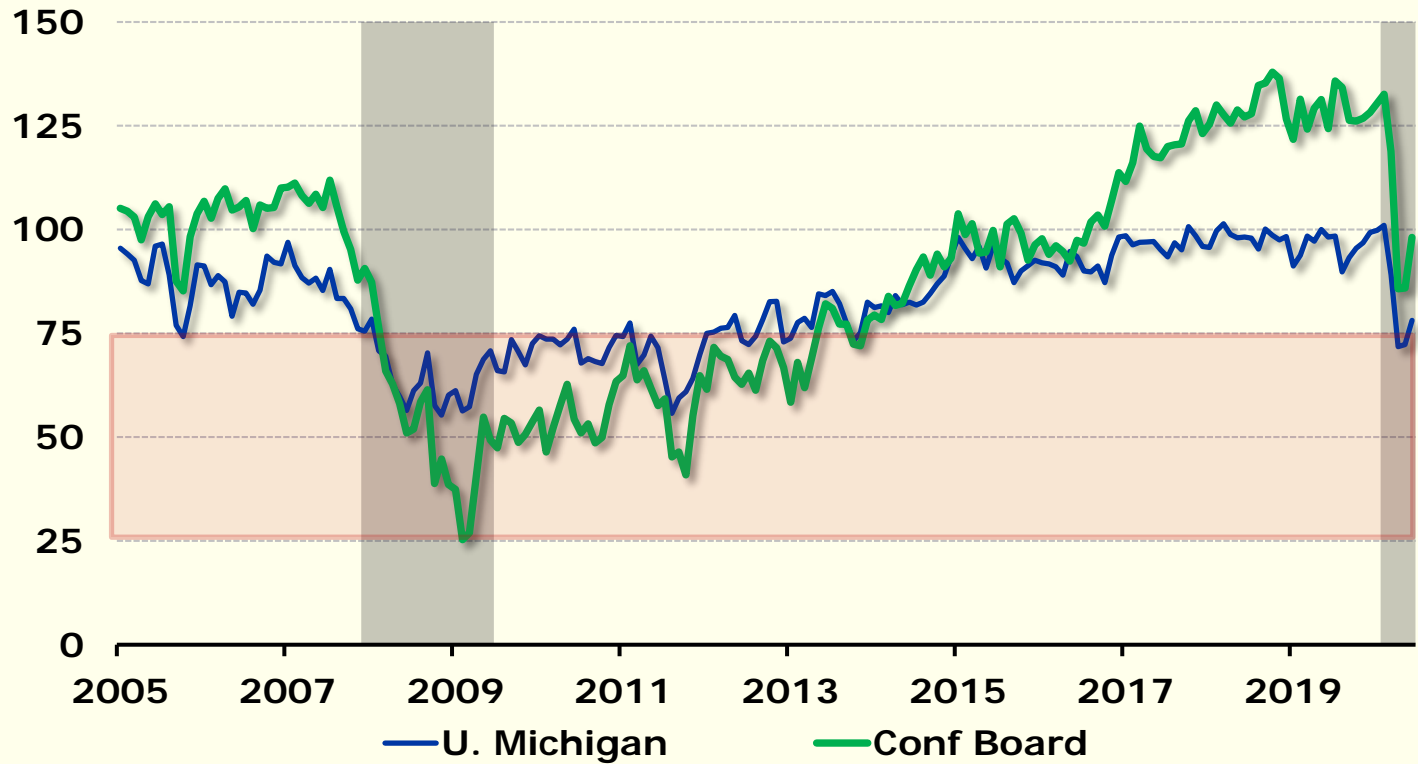


After big drops in March and April, consumer confidence showed slight improvement in May, June

Index

Mich: 1966Q1 = 100, SA

Conf Board: 1985 = 100, SA

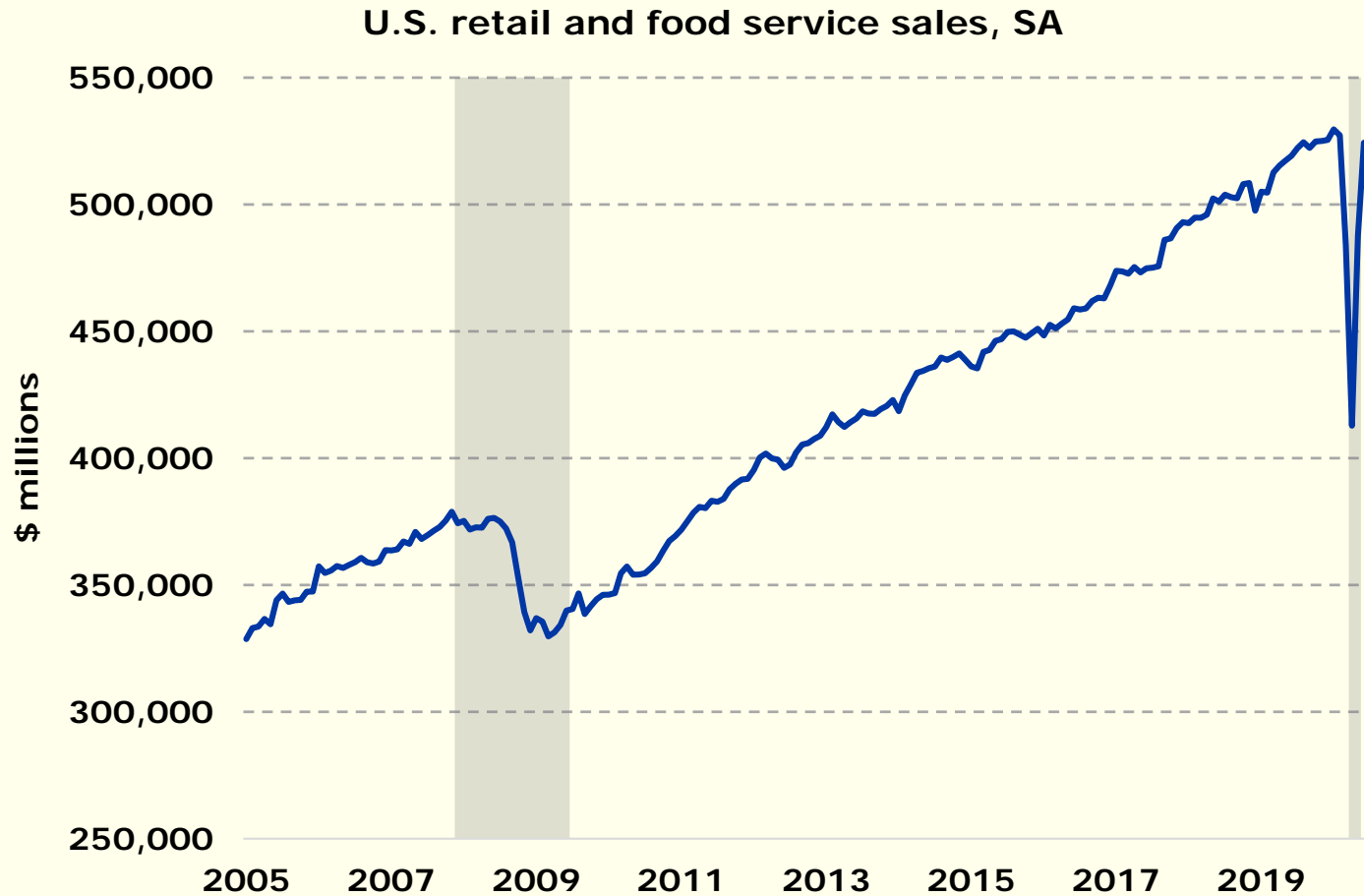


Sources: University of Michigan, Conference Board data through June 2020

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U.S. retail sales fell in March, April but increased in May and June

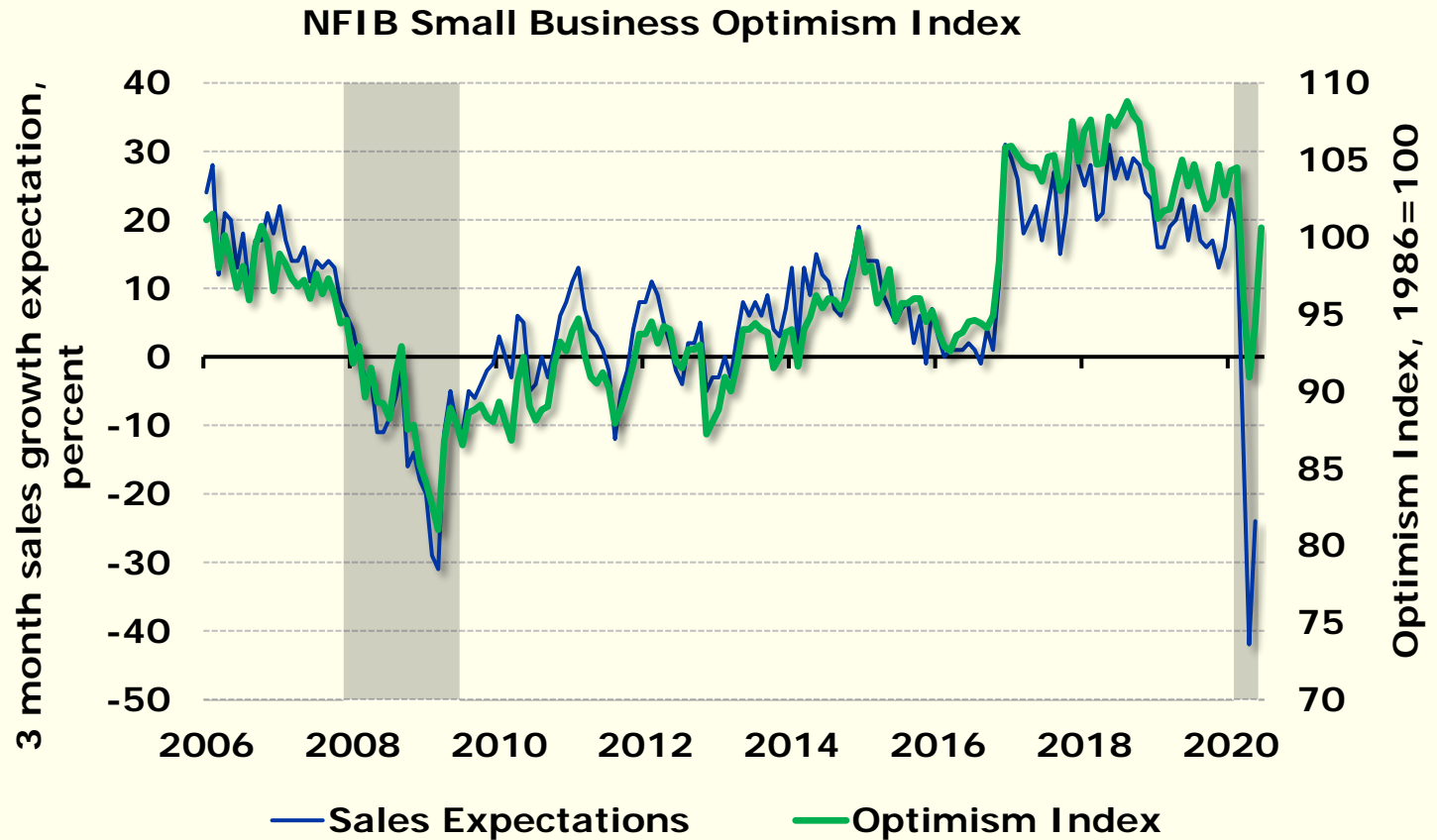


Source: U.S. Census Bureau; advance data through June 2020

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Small business optimism and sales expectations improved in June



Source: National Federation of Independent Business; data through June 2020

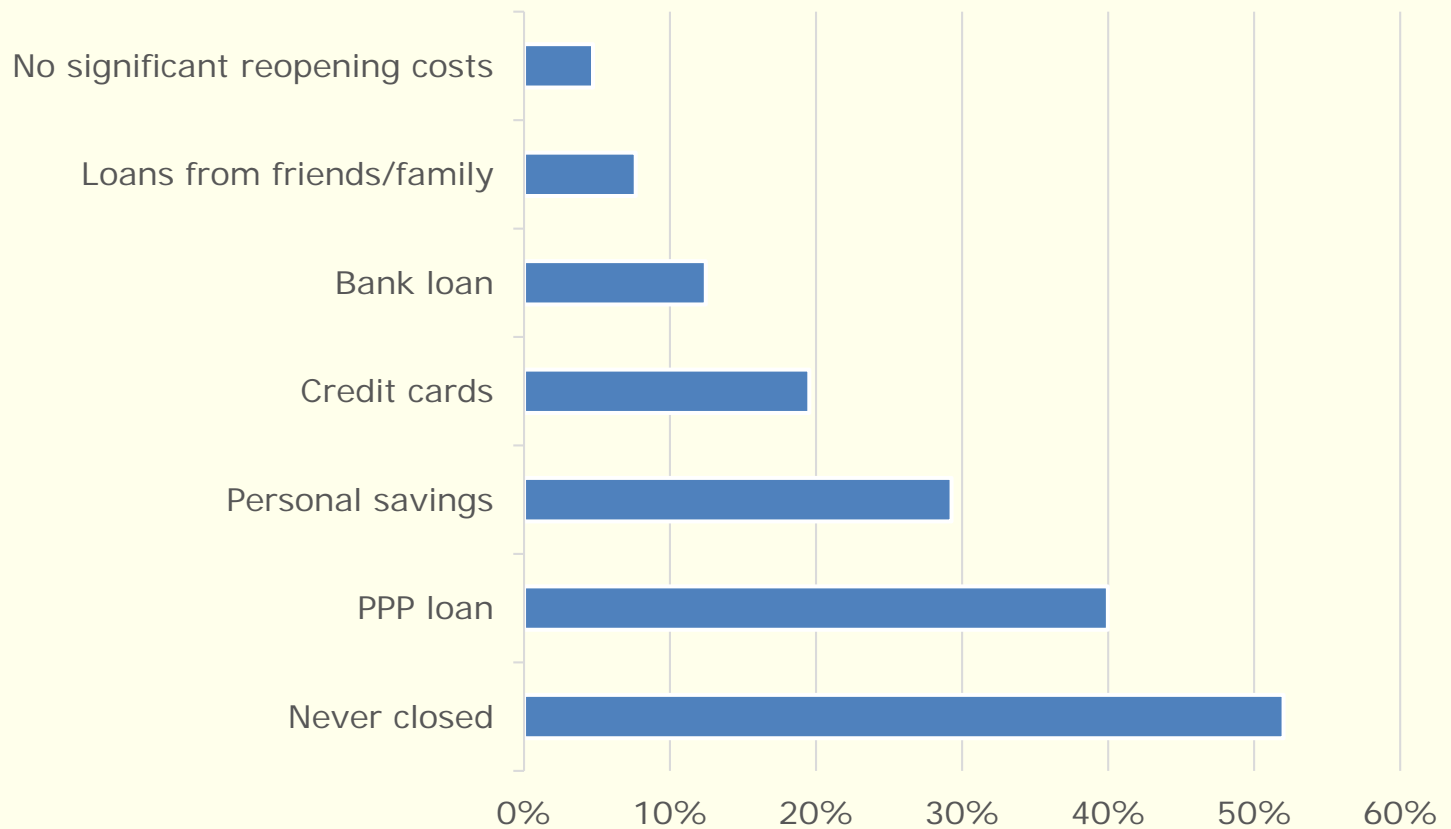
WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



How small businesses that closed due to COVID-19 will finance reopening

Adds to more than 100%; survey respondents could have multiple answers

Financing Reopening Costs



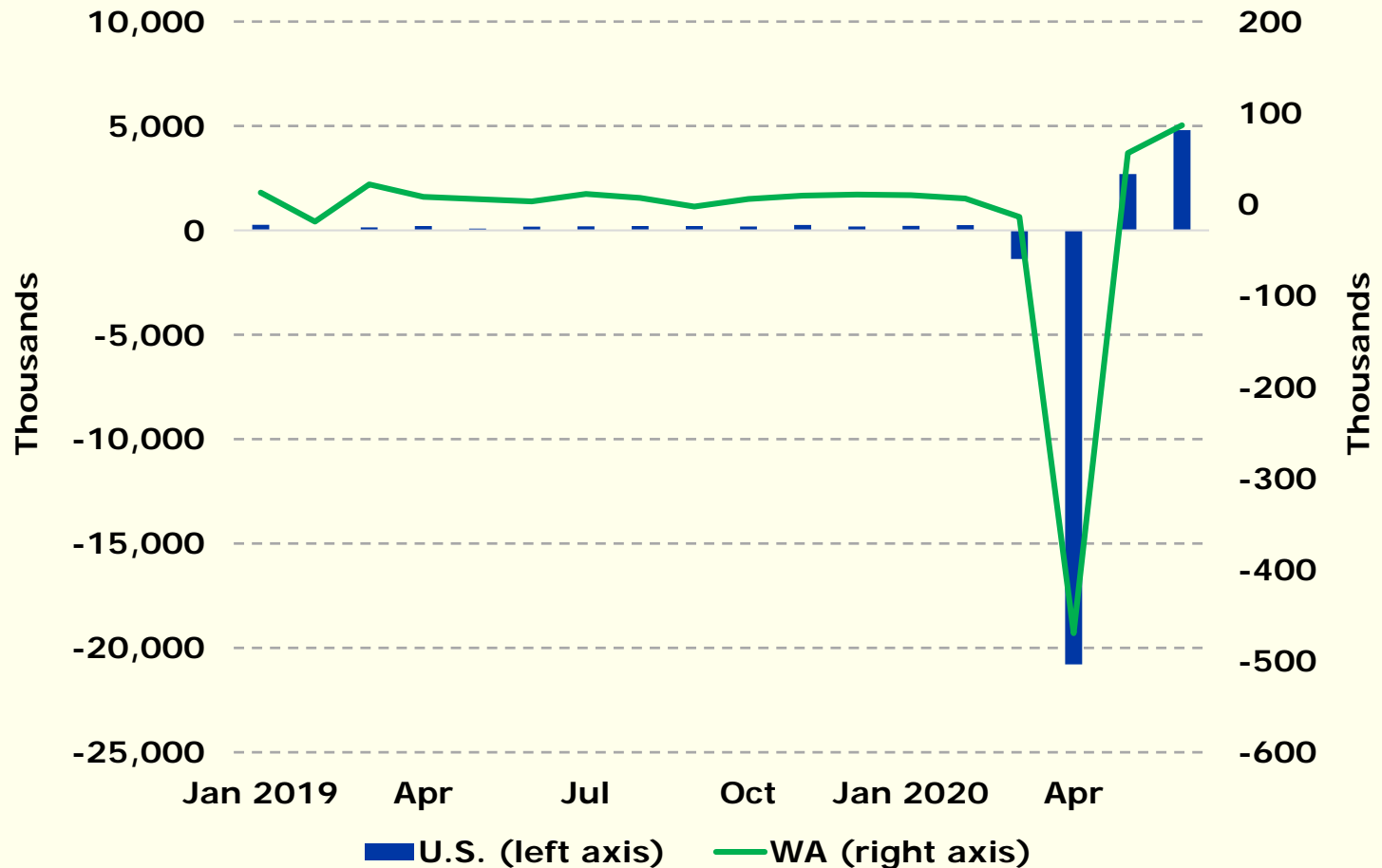
Source: Small Business for America's Future, COVID-19 Survey; June 2020

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March and April employment collapsed, but increased in May and June

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

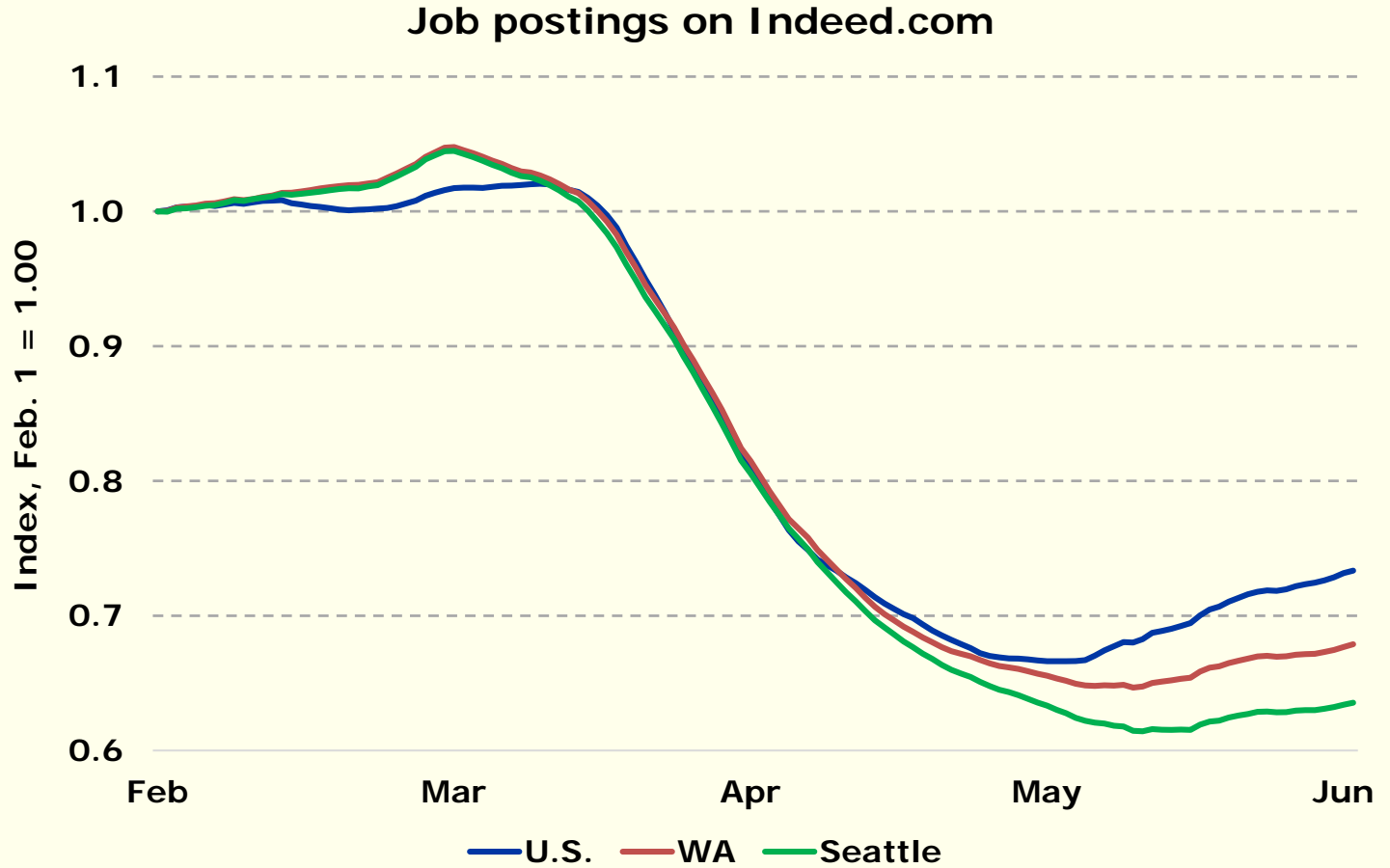


Source: Bureau of Labor Statistics, Employment Security Dept.; data Jan.2019 - Jun 2020

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



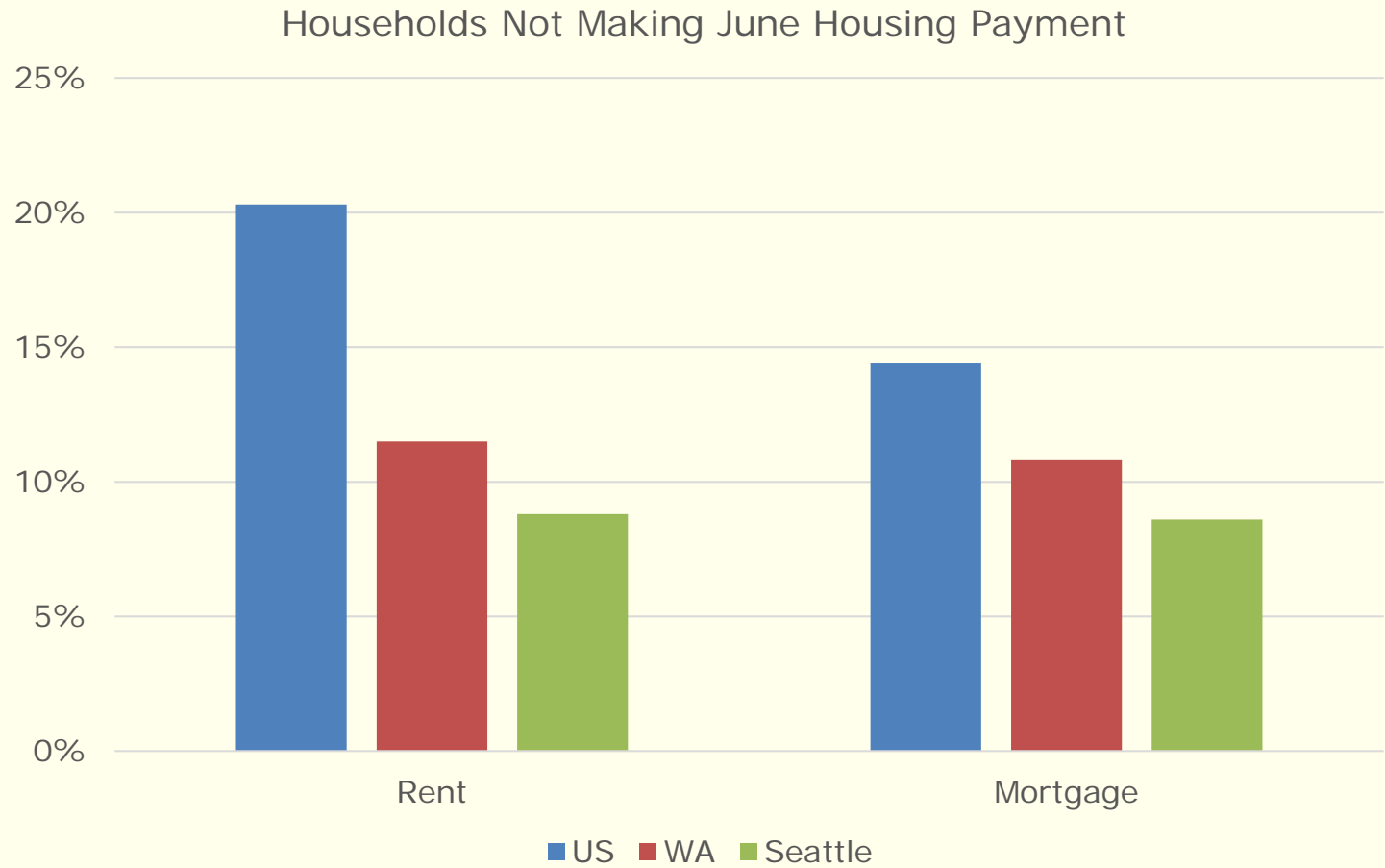
Source: Indeed.com; daily data Feb. 1 – Jun. 5, 2020

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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

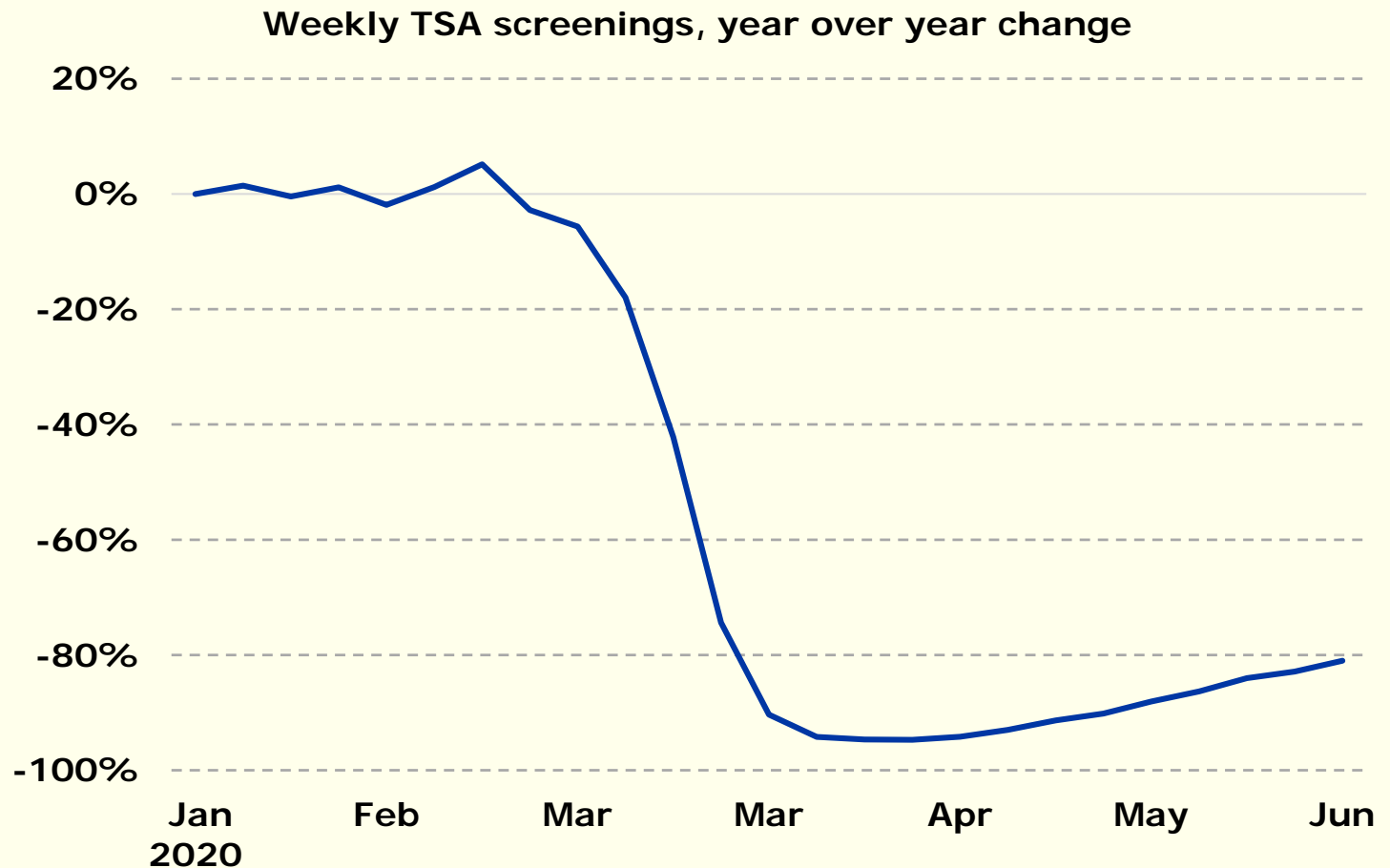


Source: U.S. Census, Household Pulse Survey, data collected July 9-14, 2020

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SeaTac passenger traffic has fallen dramatically but is showing slight improvement in May and June

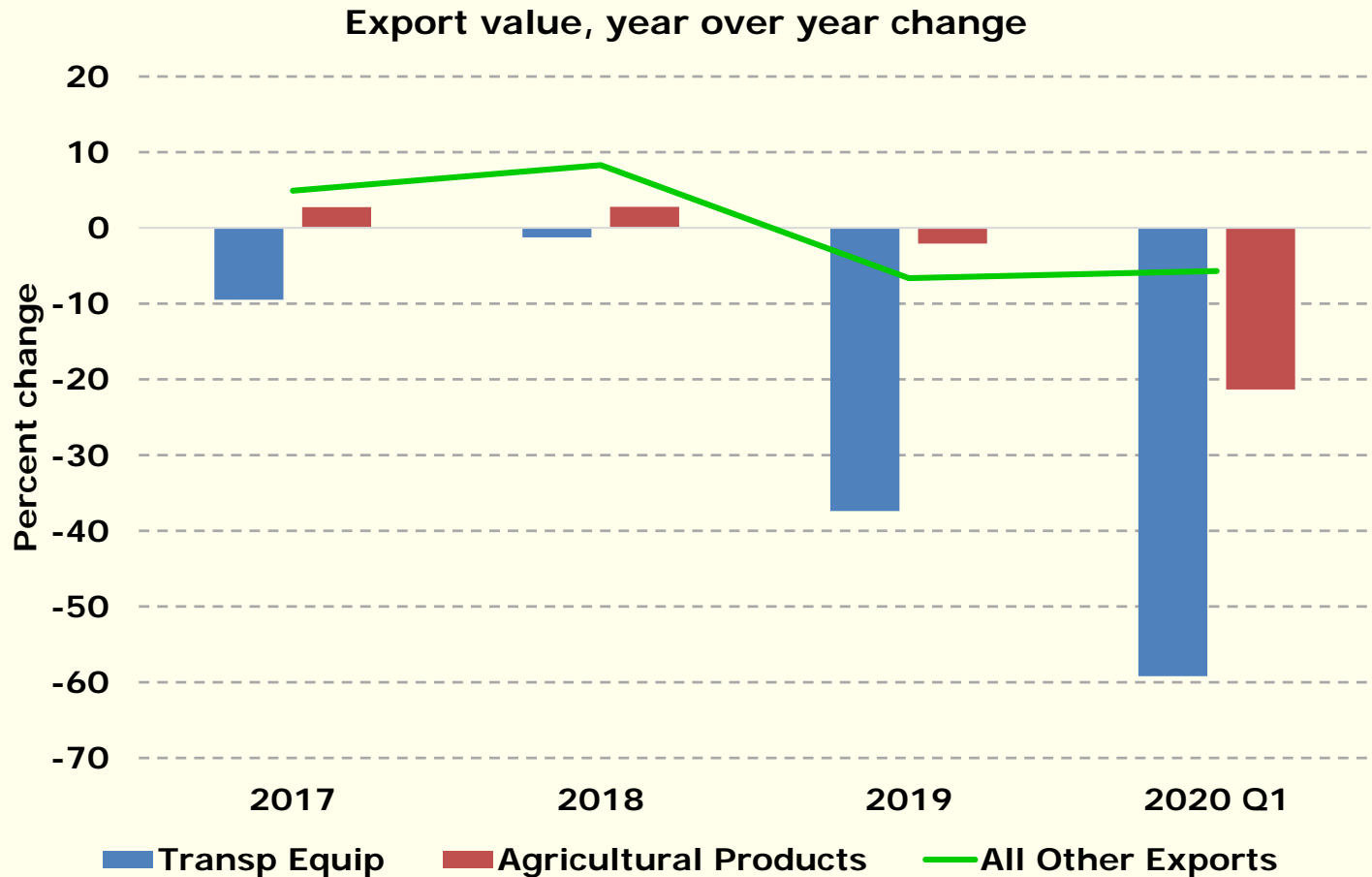


Source: Port of Seattle, data through week of June 14 2020

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WA exports have now decreased for six consecutive quarters

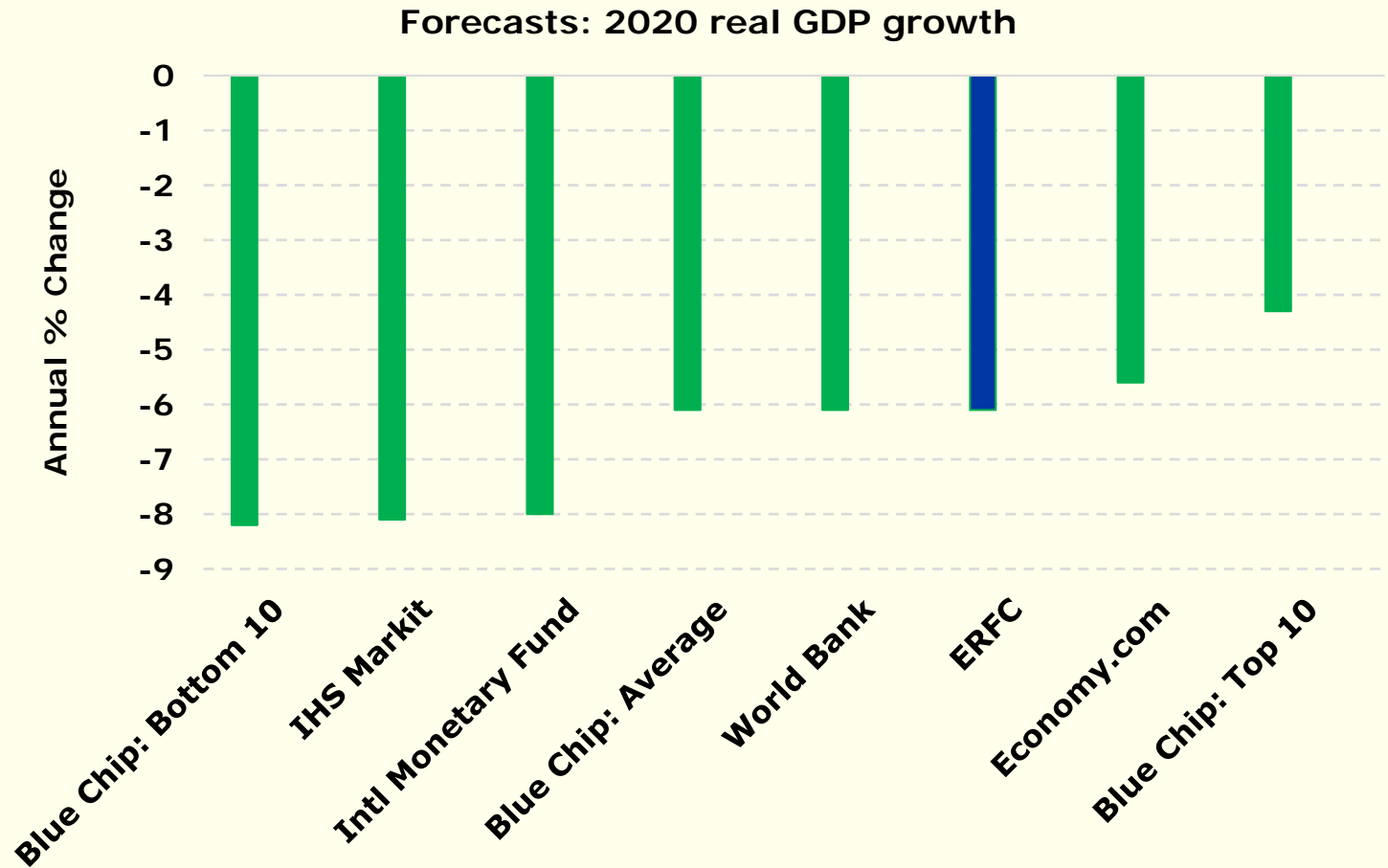


Source: WISERTrade, data through 2020 Q1

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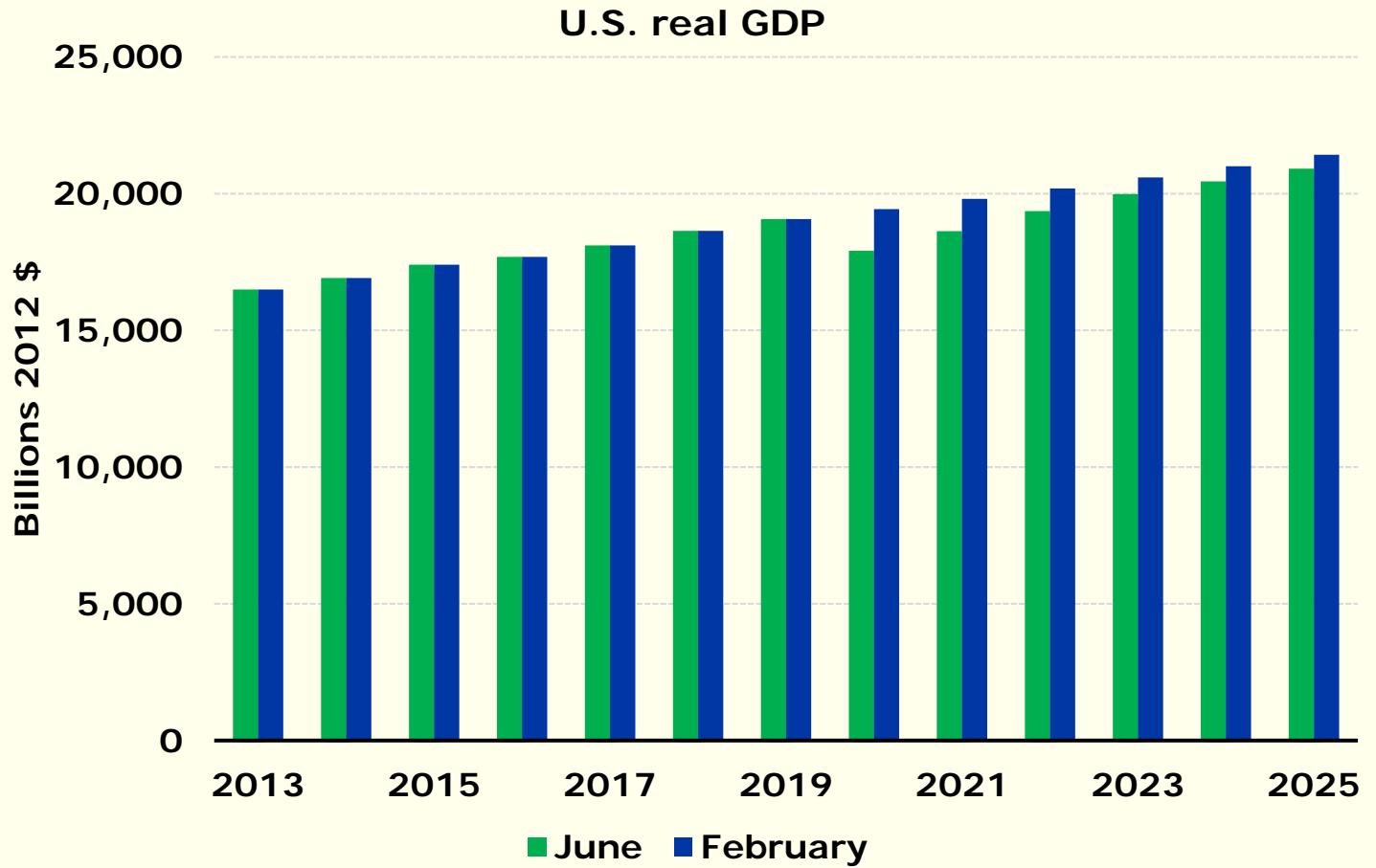


Forecasts of 2020 GDP growth vary considerably





GDP is almost 8% lower in 2020 compared to February forecast

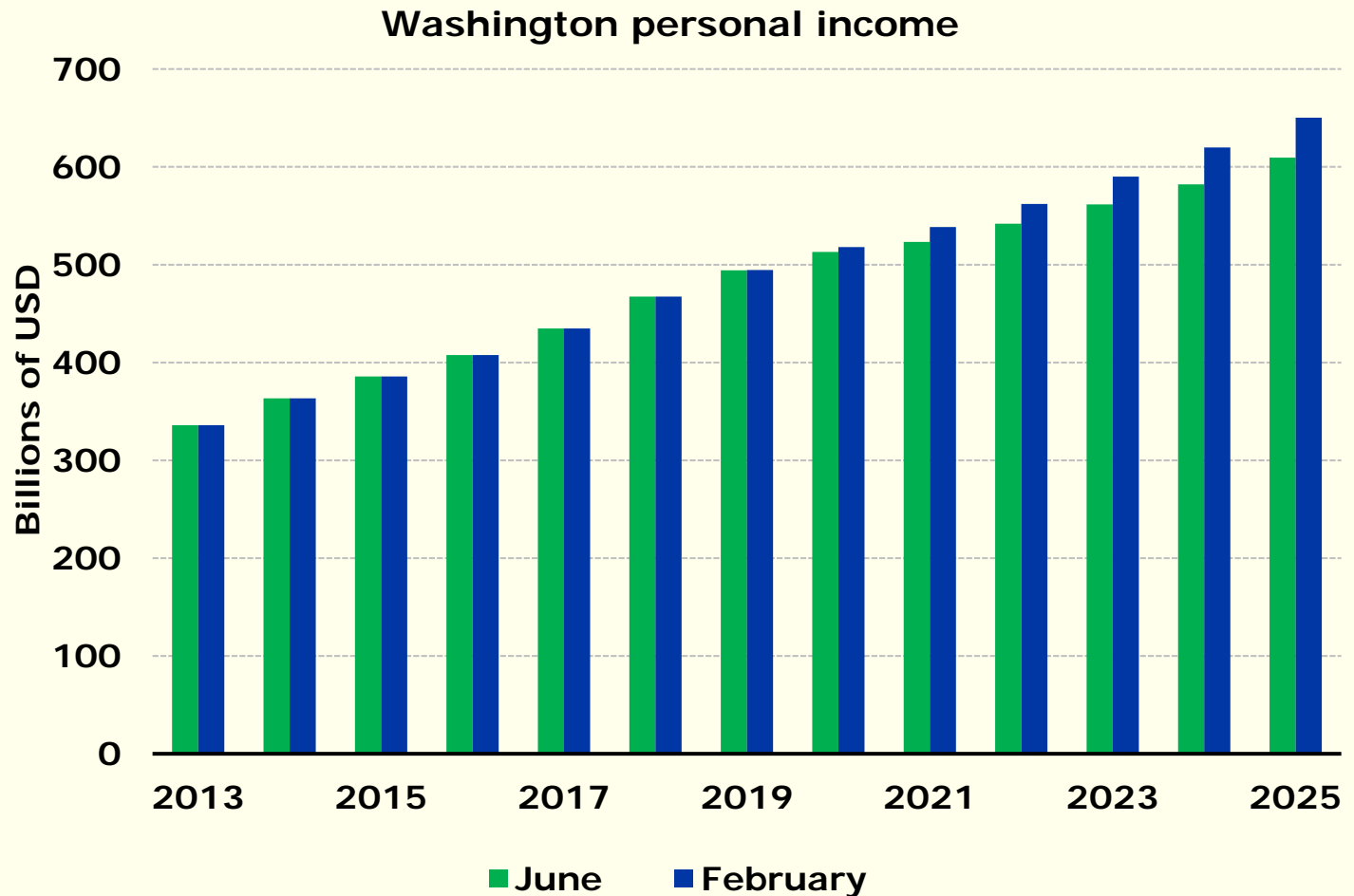


Source: ERFC June 2020 forecast; historical data through 2019

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Washington personal income is expected to remain below February forecast levels

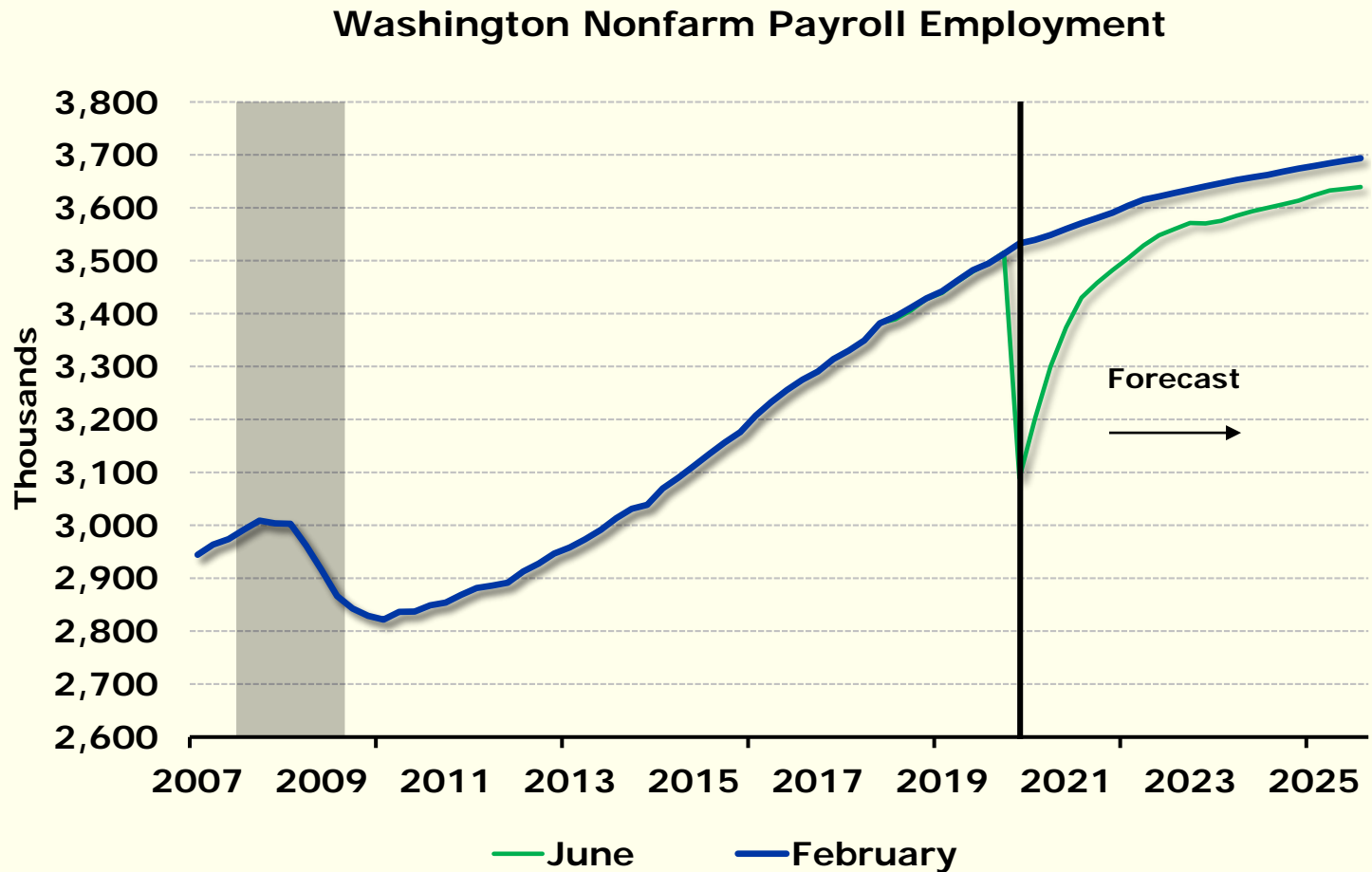


Source: ERFC June 2020 forecast; historical data through 2019

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Washington employment is expected to fall below 3.1 million in 2020 Q2 before gradually improving

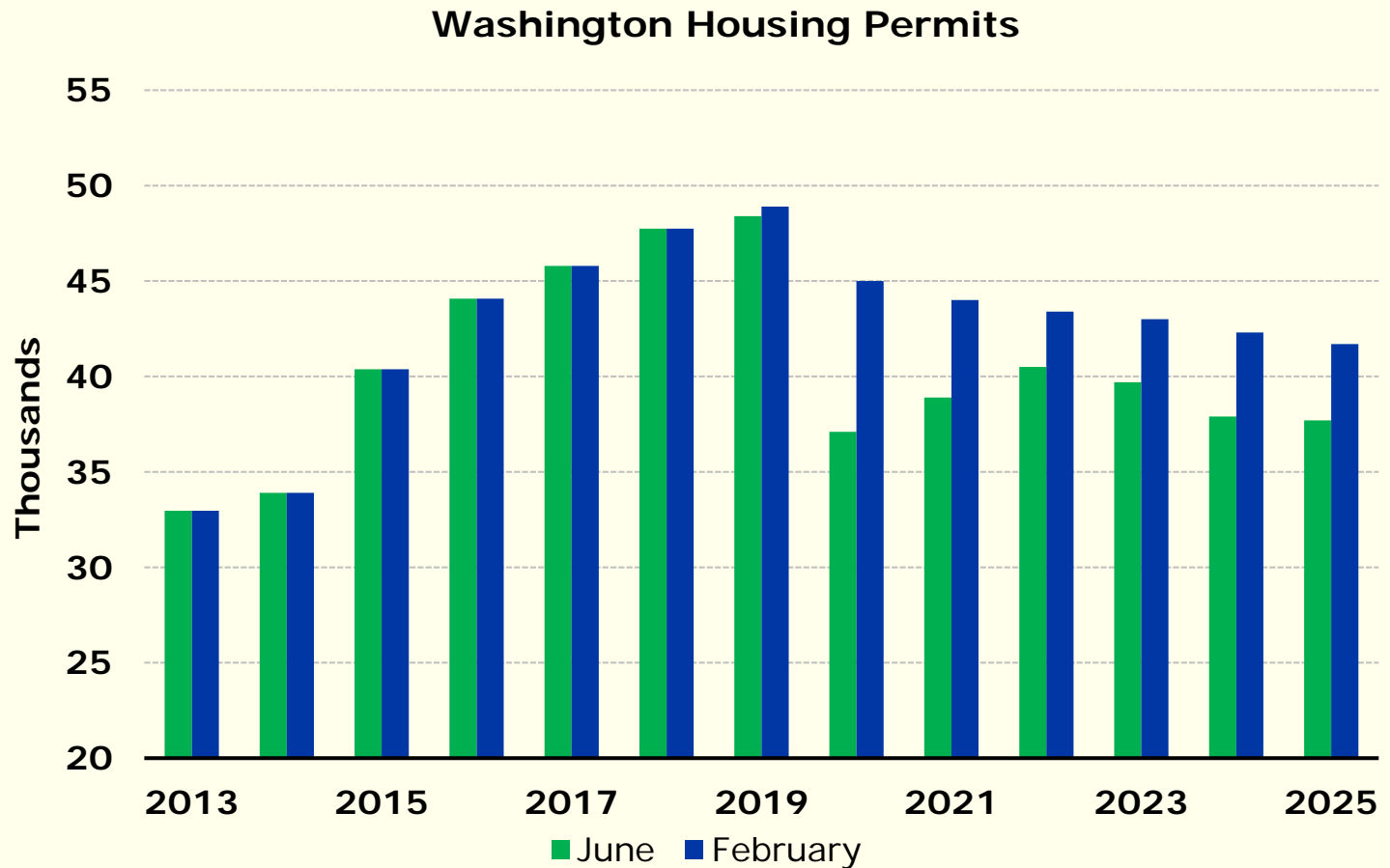


Source: ERFC June 2020 forecast; historical data through Q1 2020

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WA annual housing permits forecast for 2020-2025 averages 4,500 fewer units compared to February



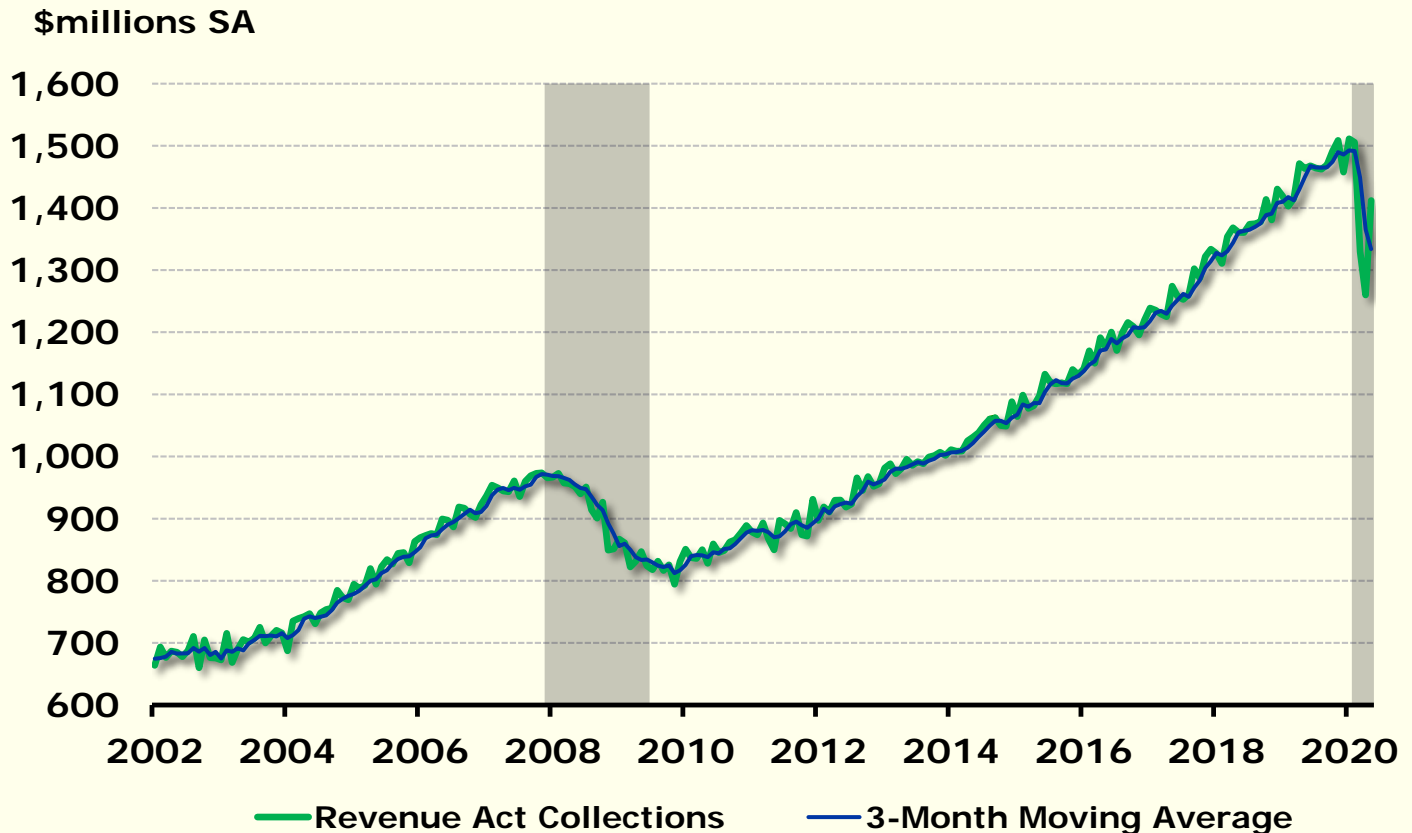
Source: ERFC June 2020 forecast; historical data through 2019

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



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.



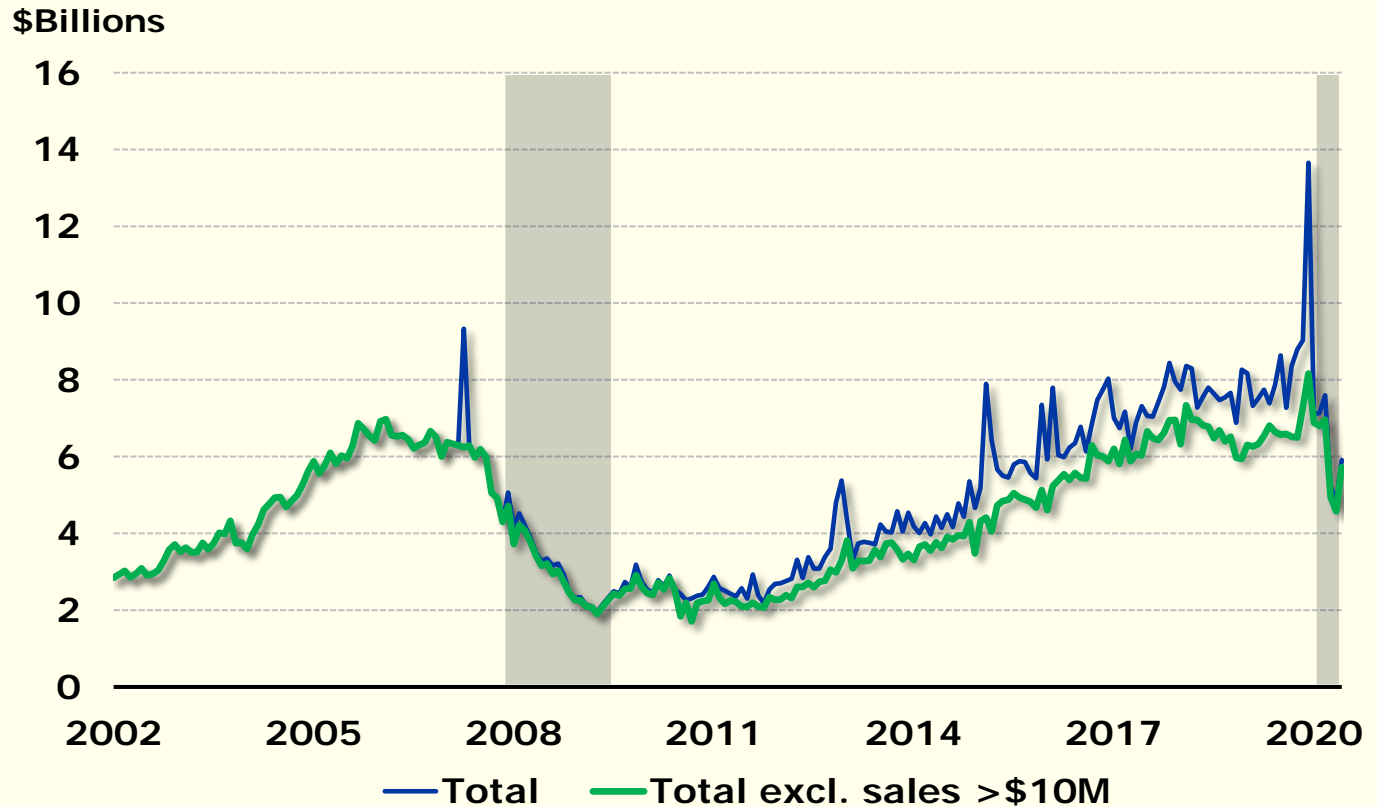
* Adjusted for large one-time transactions, amnesty payments, reporting frequency change and deferred payments, current definition of Revenue Act

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

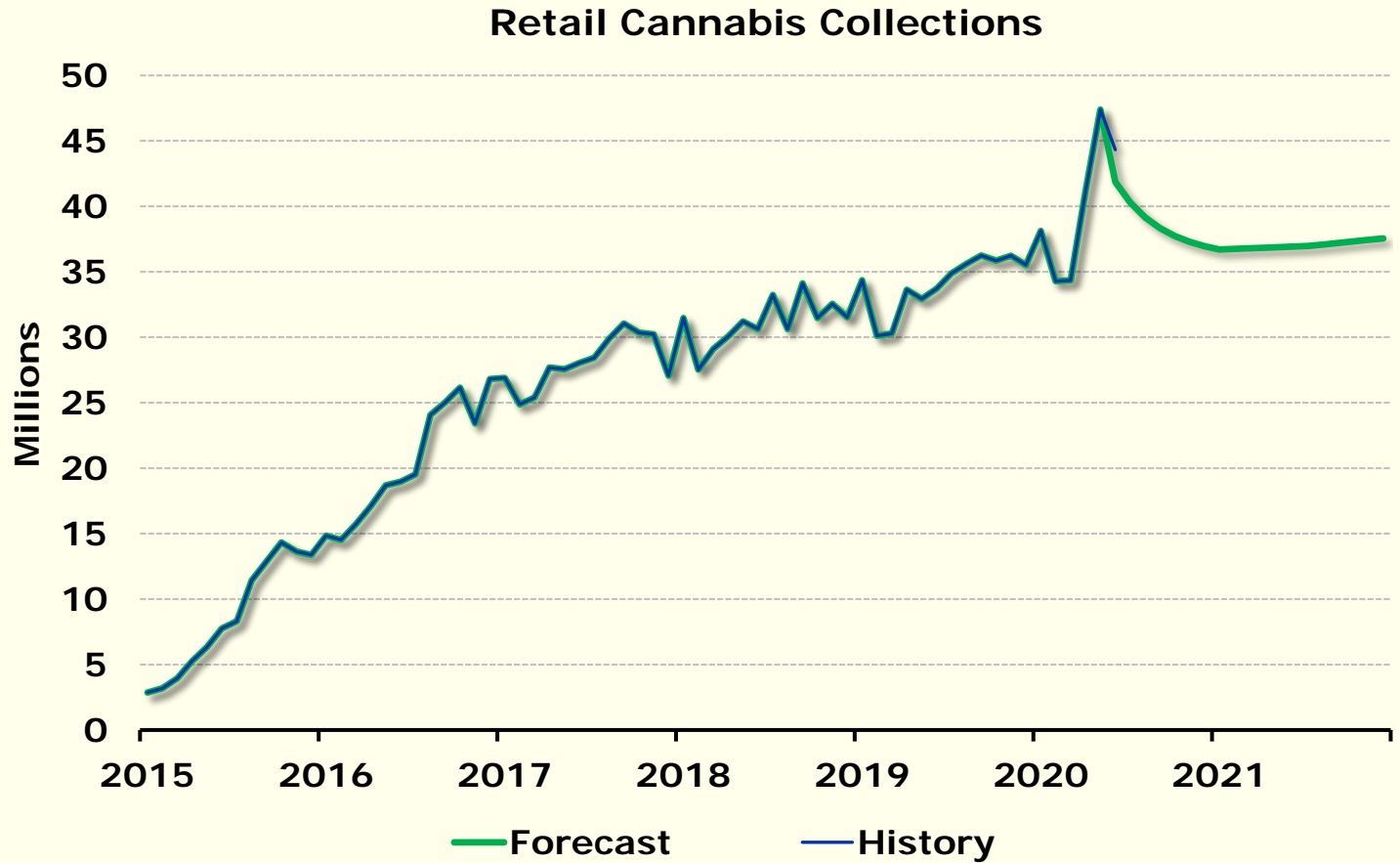


Source: ERFC; Monthly data through June 2020

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Cannabis revenue spiked



Source: ERFC June 2020 forecast; historical data through June 2020

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



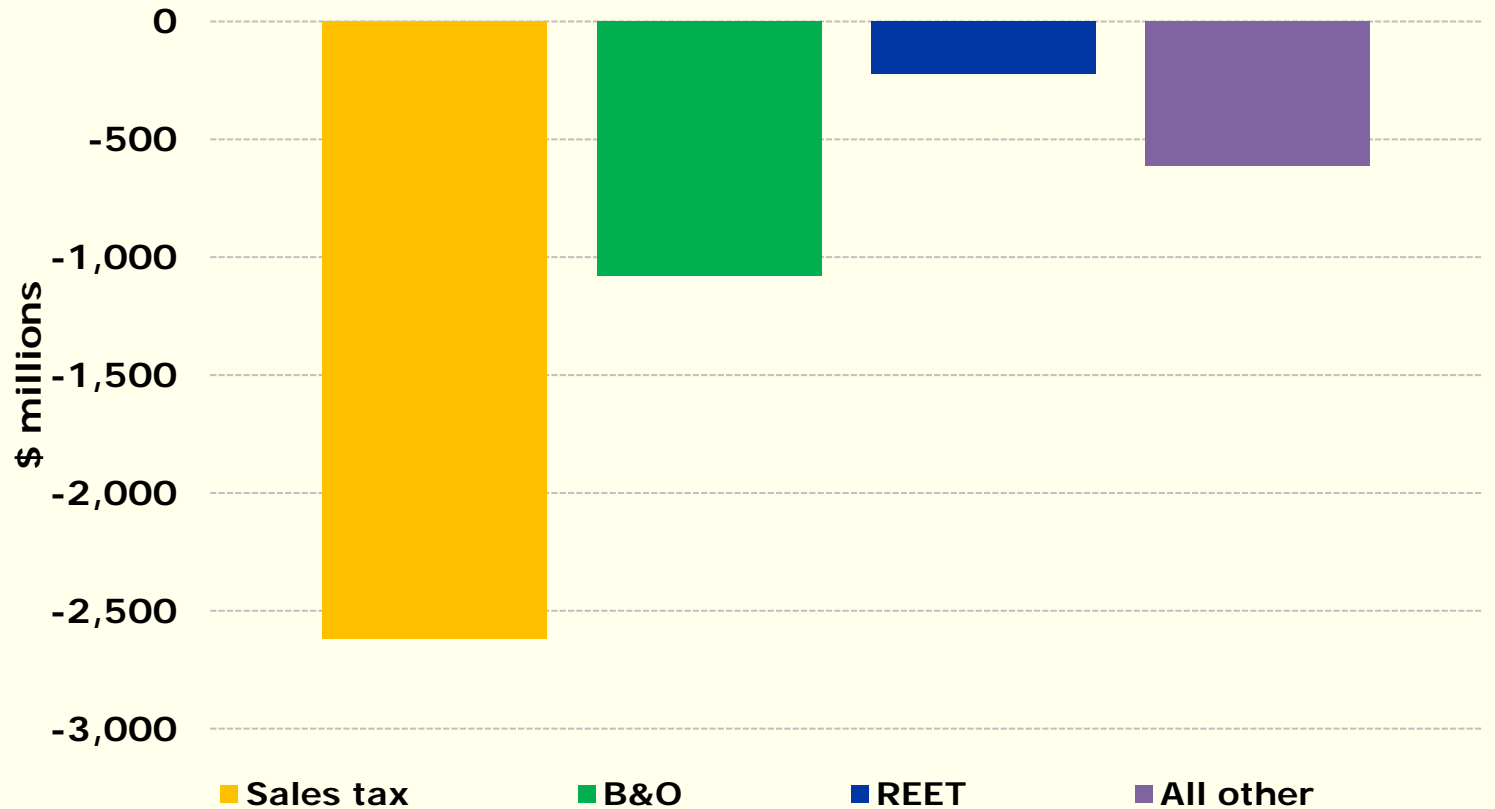
Operating budget revenue forecast (Near General Fund-State)

\$Millions

	<u>February 2020 Forecast</u>	<u>June 2020 Forecast</u>	<u>Total Change</u>
2019 – 2021 biennium	\$52,339	\$47,800	(\$4,539)
2021 – 2023 biennium	\$55,690	\$51,342	(\$4,348)



Components of change in June revenue forecast change for 2019 – 2021 biennium



Source: ERFC June 2020 forecast

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Questions



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

**www.erfc.wa.gov
360-534-1560**

Local Government
Partnership

July 28, 2020

Slide 25



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fund Washington's future"*

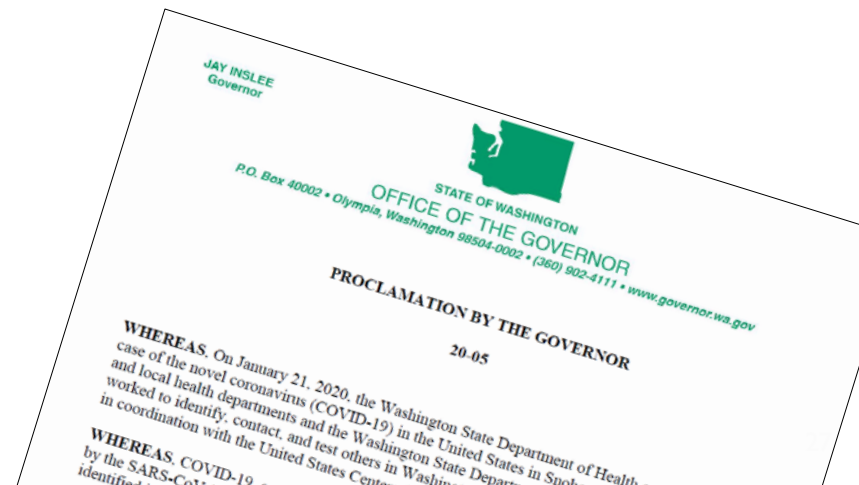
Recent Tax Filing Extensions and Local Tax Distributions

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.
- The governor declared a state of emergency due to COVID-19 on February 29, 2020.



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 I, 2020 filers:

- Annual 2019 – Extended to June 15, 2020
- Quarter I, 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.

🔍 🔒 🖨️ ⭐ 🔄 ? ✕

Local Tax Distribution Detail

Generate

Jurisdiction: Distribution Period:

Tax: Location:

Account ID: Name: NAICS:

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.

Download Results Download File Layout Filter 🔄

Name	Account ID	Location	Frequency	Filing Period	Tax Type	Debt Type	Taxable Amount	Accumulation	NAICS
MCDONALDS	600-600-600		Monthly	2/28/2019	45 - Regular Local Sales Tax	Excise Return	449,712.94	1,911.28	722513
MCDONALDS	600-600-600		Monthly	2/28/2019	46 - Regular Local Use Tax	Excise Return	1,301.18	5.53	722513
MCDONALDS	600-600-600		Monthly	2/28/2019	51 - Optional Local Sales Tax	Excise Return	449,712.94	1,911.28	722513
MCDONALDS	600-600-600		Monthly	2/28/2019	52 - Optional Local Use Tax	Excise Return	1,301.18	5.53	722513
								4 Rows	3,833.62

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:
 - Purpose
 - Structure
 - 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:
 - Confidentiality,
 - How to use Partnership Portal, and
 - Submitting “changes” under a retail taxes compact.
- Future Tribal Tax Fellowship.
- Provide tribal support agency-wide.
- Other assigned responsibilities.

Questions?





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2020 Excise Tax Legislation

Trice Konschuh
Tax Policy Specialist
TriceK@dor.wa.gov

Bills Passed – Excise Tax

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?





Department of
Revenue
Washington State

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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

Bills Passed – Property Tax

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

Questions? / More Information

The screenshot shows a web browser window with the URL dor.wa.gov/about/statistics-reports/summary-legislative-session-tax-legislation. The page header includes the Department of Revenue logo and navigation links: Laws & rules, Careers, Contact, About, and a Log in button. A search bar in the top right contains the text "summary of 2020 tax legislation" and is circled in red with a red arrow pointing to it. Below the header is a dark blue navigation bar with links: Home, Open a business, Manage a business, Taxes & rates, File & pay taxes, Education, and Forms & publications. The main content area features a breadcrumb trail: Home / About / Statistics & reports / Summary by legislative session of tax legislation, followed by a Print button. The main heading is "Summary by legislative session of tax legislation". Underneath, it says "Tax legislation by year:" followed by a list of years: 2020 legislation (highlighted in purple), 2019 legislation, 2018 legislation, 2017 legislation, and 2016 legislation.

[Summary of 2020 Tax Legislation](#)

Ten Things You Need to Know About Protecting Confidential Tax & Licensing Information

CONFIDENTIAL

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.



Tax and License Secrecy Clause Confidentiality Agreement

This form must be completed and signed by individuals with access to Confidential Information in the custody and control of the Department of Revenue, and approved by the appropriate designated authority.

Identification: Name: _____ Title: _____
Employer: _____ Phone: _____
Address: _____ Email: _____
City, State, Zip: _____

Scope: Department of Revenue Confidential Information covered by this agreement includes:

- Licensing information (RCW 19.02.115)
- Personally identifying information (RCW 42.56.590)
- Tax information (RCW 84.08.210, RCW 84.40.020, RCW 84.40.340)

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.



**10. Help is
available.**

**DOR Information Governance
(360) 534-1624**

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



Department of
Revenue
Washington State

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Business Licensing Service (BLS) Local Partnership Update

Summer 2020

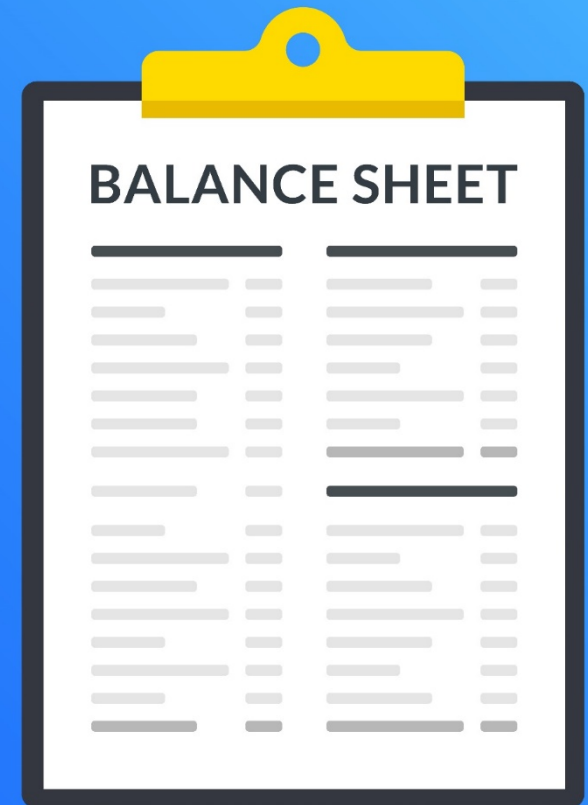
Agenda

- 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
 - 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

[Forgot?](#)

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](#)

Have **NO** business
to report?
 **Express file**
No login required.

Need to report your
**Paid Family & Medical
Leave (PFML)?**

[Go to paidleave.wa.gov](https://paidleave.wa.gov)

 **General Public**

- File a consumer use tax return
- Access secure messages

ClaimYourCash
Unclaimed Property

- File an unclaimed property claim or report



ATLAS upgrade in October



SYSTEM UPDATE

Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed diam nonummy nibh euismod tincidunt ut laoreet dolore magna aliquam erat volutpat. Ut wisi enim ad minim veniam, quis nostrud

System upgrade features

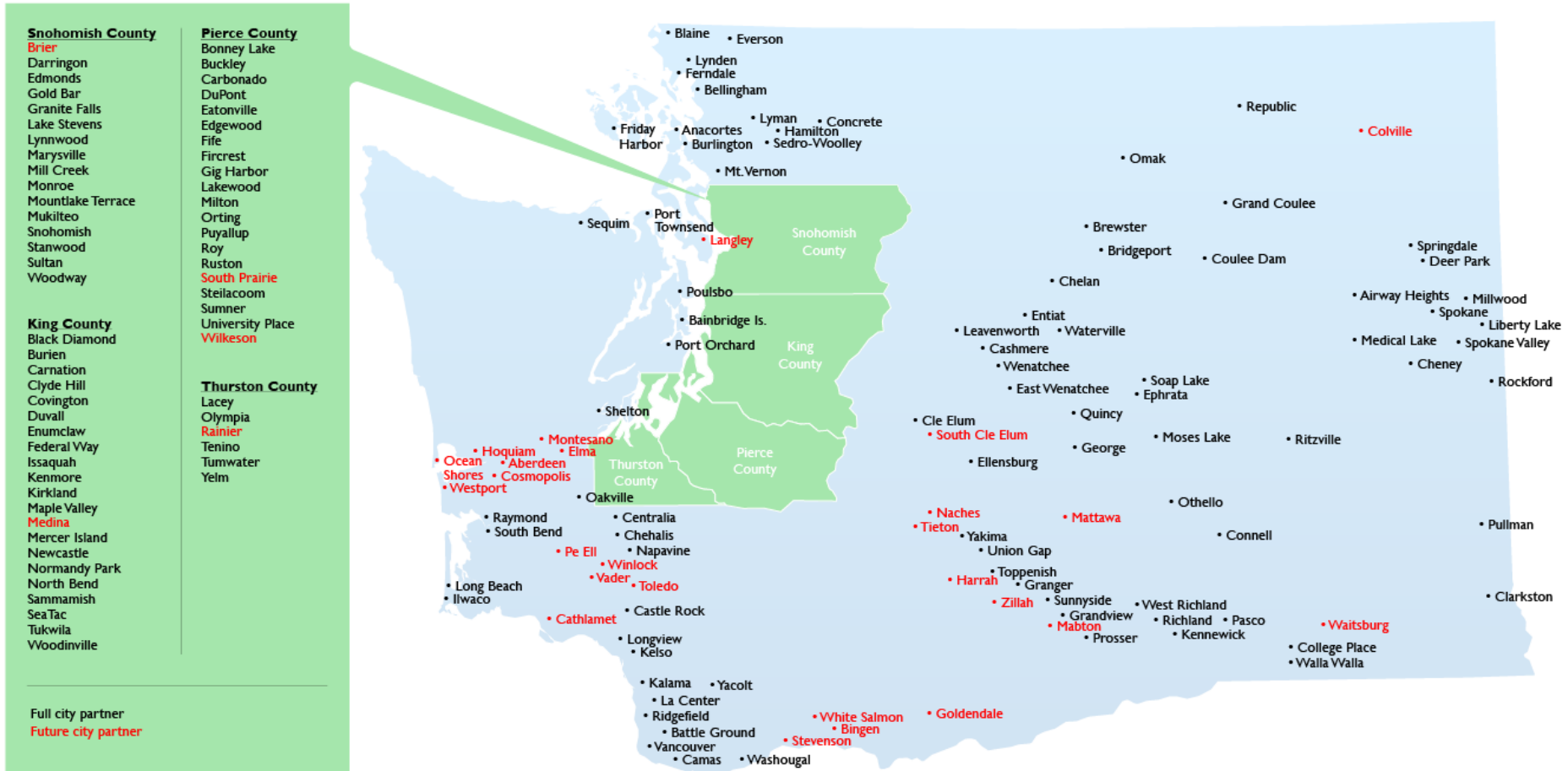
- Update to interface look and feel
- Expanding core functionality
- Easier for BLS maintenance

Look for email to register for the update webinar.

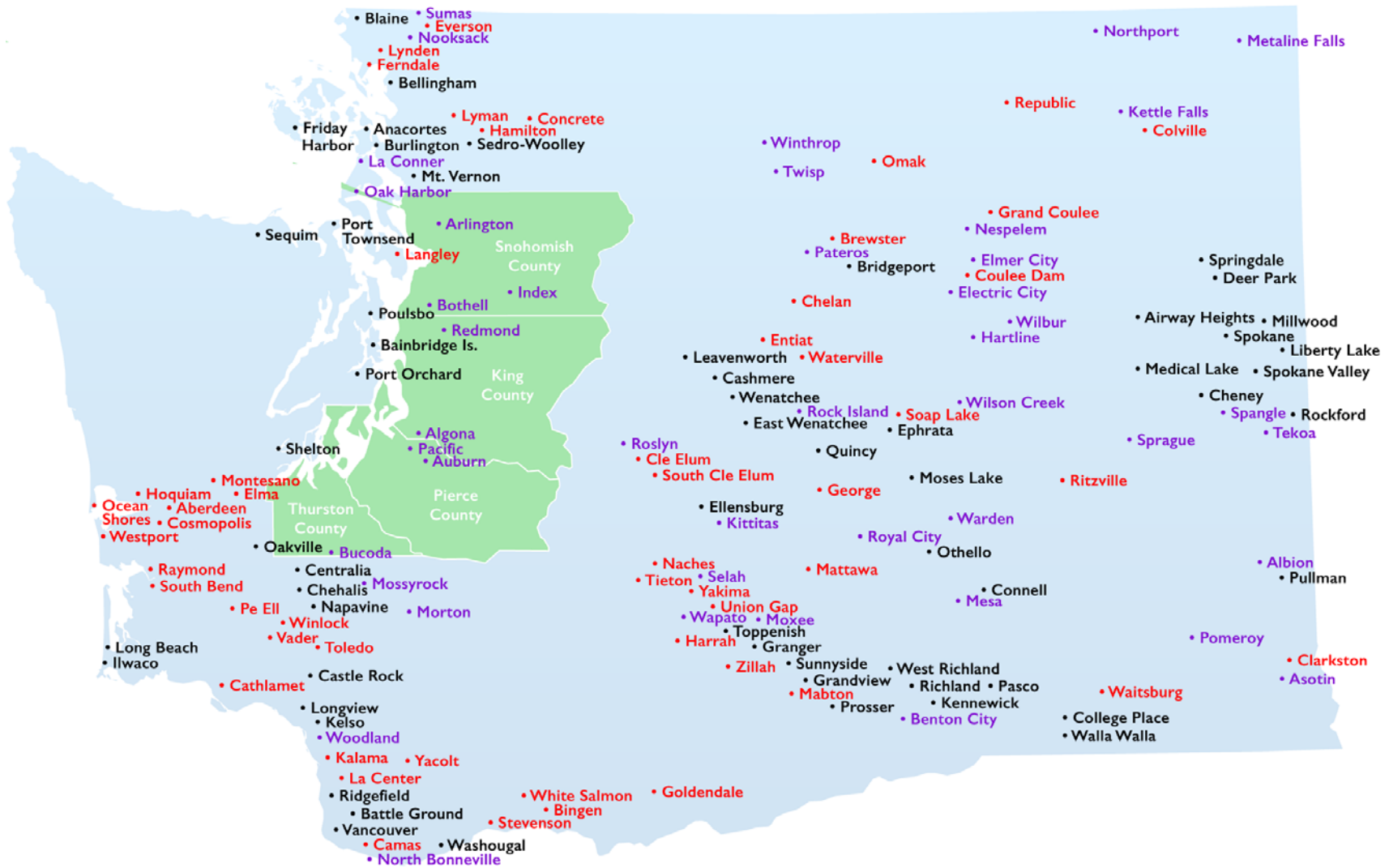
Partner training sessions

- 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



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.