

GOVERNMENTAL OPERATIONS

Agency 140

Department of Revenue  
Recommendation Summary

Dollars in Thousands	Annual FTEs	General Fund State	Other Funds	Total Funds
<b>2017-19 Original Appropriations</b>	<b>1,311.8</b>	<b>279,450</b>	<b>54,313</b>	<b>333,763</b>
<b>Maintenance Other Changes:</b>				
1. AGO Litigation Expenses	0.0	1,235	0	1,235
2. Carryforward level adjustment	0.0	(13,803)	0	(13,803)
<b>Maintenance -- Other Total</b>	<b>0.0</b>	<b>(12,568)</b>	<b>0</b>	<b>(12,568)</b>
<b>Maintenance Comp Changes:</b>				
3. Move Pension Fund Shift to Agencies	0.0	(13,488)	13,488	0
4. Updated PEBB Rate	0.0	(672)	(75)	(747)
5. Wellness \$25 Gift Card	0.0	4	0	4
6. Paid Family Leave--Employer Premium	0.0	15	1	16
<b>Maintenance -- Comp Total</b>	<b>0.0</b>	<b>(14,141)</b>	<b>13,414</b>	<b>(727)</b>
<b>Maintenance Central Services Changes:</b>				
7. Audit Services	0.0	(4)	0	(4)
8. Legal Services	0.0	(12)	(1)	(13)
9. CTS Central Services	0.0	(20)	(3)	(23)
10. DES Central Services	0.0	2	0	2
11. OFM Central Services	0.0	26	3	29
12. Workers' Compensation	0.0	39	5	44
13. OFM Human Resource Services	0.0	1	0	1
14. DES Rate Compensation Changes	0.0	13	0	13
<b>Maintenance -- Central Svcs Total</b>	<b>0.0</b>	<b>45</b>	<b>4</b>	<b>49</b>
<b>Total Maintenance Changes</b>	<b>0.0</b>	<b>(26,664)</b>	<b>13,418</b>	<b>(13,246)</b>
<b>2017-19 Maintenance Level</b>	<b>1,311.8</b>	<b>252,786</b>	<b>67,731</b>	<b>320,517</b>
<b>Policy Other Changes:</b>				
15. Business Licensing Account	0.0	13,634	(13,634)	0
16. Carbon Reduction	0.0	628	0	628
<b>Policy -- Other Total</b>	<b>0.0</b>	<b>14,262</b>	<b>(13,634)</b>	<b>628</b>

**GOVERNMENTAL OPERATIONS**

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**Department of Revenue (cont.)**

**Recommendation Summary**

Dollars in Thousands	Annual FTEs	General Fund State	Other Funds	Total Funds
<b>Policy Comp Changes:</b>				
17. PERS & TRS Plan 1 Benefit Increase	0.0	81	8	89
<b>Policy -- Comp Total</b>	<b>0.0</b>	<b>81</b>	<b>8</b>	<b>89</b>
<b>Policy Central Services Changes:</b>				
18. Legal Services	0.0	17	2	19
19. CTS Central Services	0.0	78	9	87
20. DES Central Services	0.0	18	3	21
21. OFM Central Services	0.0	72	7	79
22. CTS Fee for Service Adjustment	0.0	36	4	40
<b>Policy -- Central Svcs Total</b>	<b>0.0</b>	<b>221</b>	<b>25</b>	<b>246</b>
<b>Total Policy Changes</b>	<b>0.0</b>	<b>14,564</b>	<b>(13,601)</b>	<b>963</b>
<b>2017-19 Policy Level</b>	<b>1,311.8</b>	<b>267,350</b>	<b>54,130</b>	<b>321,480</b>

**POLICY CHANGES**

**1. AGO Litigation Expenses**

Funding is provided for extraordinary legal costs for services provided by the Attorney General's Office (AGO) associated with ongoing tax litigation. (General Fund-State)

**2. Carryforward level adjustment**

General Fund-State funding is reduced to reflect a technical adjustment from the 2016 supplemental budget. (General Fund-State)

**3. Move Pension Fund Shift to Agencies**

In the enacted 2017-19 budget, the legislature shifted a portion of General Fund pension costs to the Pension Funding Stabilization Account, and instructed the Office of Financial Management to allocate this change to agency budgets. This item implements that requirement. (General Fund-State; Pension Funding Stabilization Account-State)

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**Department of Revenue (cont.)****Recommendation Summary****4. Updated PEBB Rate**

The funding rate for the Public Employees' Benefits Board (PEBB) insurance program is adjusted for fiscal year 2019 to reflect updated actuarial projections, administrative costs and payments to third-party administrators. The funding is sufficient for a new virtual diabetes prevention program and a change in the waiting period for dental crown replacements in the Uniform Dental Program (UDP) from seven to five years. The change would bring UDP into alignment with the current waiting period in the managed dental plans. This reduces the fiscal year 2019 funding rate from \$957 per month to \$906. (General Fund-State; Timber Tax Distribution Account-State; Business License Account-State; other accounts)

**5. Wellness \$25 Gift Card**

Some employees are eligible, under the terms of their collective bargaining agreements, to earn a \$25 gift card after completing a health risk assessment. This item provides funding for agencies to pay the employer's share of Social Security and Medicare taxes on the gift cards. (General Fund-State)

**6. Paid Family Leave--Employer Premium**

A paid family and medical leave program was created by Chapter 5, Laws of 2017, 3rd Special Session. Beginning January 1, 2019, the state, as an employer, will be responsible for payment of employer premiums for employees not covered by a collective bargaining agreement. This item provides funding for this obligation. (General Fund-State; Business License Account-State)

**7. Audit Services**

Agency budgets are adjusted to reflect each agency's allocated share of charges for state government audits. (General Fund-State; Timber Tax Distribution Account-State; Business License Account-State; other accounts)

**8. Legal Services**

Agency budgets are adjusted to reflect each agency's anticipated share of legal service charges. (General Fund-State; Business License Account-State)

**9. CTS Central Services**

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Consolidated Technology Services Agency (WaTech) for the Office of the Chief Information Officer, Office of Cyber Security, state network, enterprise systems, security gateways and geospatial imaging services. (General Fund-State; Timber Tax Distribution Account-State; Business License Account-State; other accounts)

**10. DES Central Services**

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Department of Enterprise Services (DES) for campus rent, utilities, parking and contracts; a capital project surcharge; financing cost recovery; public and historic facilities; real estate services; risk management services; small agency financial and human resource services; personnel service rates; the Perry Street child care center; and the department's enterprise applications. (General Fund-State)

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**Department of Revenue (cont.)****Recommendation Summary****11. OFM Central Services**

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Office of Financial Management for the One Washington project. (General Fund-State; Timber Tax Distribution Account-State; Business License Account-State; other accounts)

**12. Workers' Compensation**

Agency budgets are adjusted to reflect each agency's estimated charges from the Department of Labor and Industries for workers' compensation. (General Fund-State; Timber Tax Distribution Account-State; Business License Account-State; other accounts)

**13. OFM Human Resource Services**

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Office of Financial Management for personnel service rates. (General Fund-State)

**14. DES Rate Compensation Changes**

Funding is provided to cover compensation and central service cost increases that were included in the 2017-19 biennial budget in lines of business at the Department of Enterprise Services that have a fee for service structure. (General Fund-State)

**15. Business Licensing Account**

One-time funding is provided for administering Chapter 209, Laws of 2017 (Municipal General Business Licenses) and to support the business licensing account through the transition of the Secretary of State's Office migrating to its new business licensing and annual reporting system. (General Fund-State; Business License Account-State)

**16. Carbon Reduction**

Funding is provided for administering the carbon reduction tax. (General Fund-State)

**17. PERS & TRS Plan 1 Benefit Increase**

For eligible Public Employees' and Teachers' Retirement System Plan 1 members, this item provides a one-time ongoing increase of 3%, up to a maximum of \$62.50 per month. (General Fund-State; Timber Tax Distribution Account-State; Business License Account-State; other accounts)

**18. Legal Services**

Agency budgets are adjusted to reflect each agency's anticipated share of legal service charges. (General Fund-State; Business License Account-State; Unclaimed Personal Property Account-Non-Appr)

**19. CTS Central Services**

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Consolidated Technology Services Agency (WaTech) for the Office of the Chief Information Officer, Office of Cyber Security, state network, enterprise systems, security gateways and geospatial imaging services. (General Fund-State; Timber Tax Distribution Account-State; Business License Account-State; other accounts)

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## Department of Revenue (cont.)

### Recommendation Summary

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#### **20. DES Central Services**

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Department of Enterprise Services (DES) for campus rent, utilities, parking and contracts; a capital project surcharge; financing cost recovery; public and historic facilities; real estate services; risk management services; small agency financial and human resource services; personnel service rates; the Perry Street child care center; and the department's enterprise applications. (General Fund-State; Timber Tax Distribution Account-State; Business License Account-State; other accounts)

#### **21. OFM Central Services**

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Office of Financial Management for the One Washington project. (General Fund-State; Timber Tax Distribution Account-State; Business License Account-State; other accounts)

#### **22. CTS Fee for Service Adjustment**

Rates for wireless, virtual private network, and server infrastructure services are increased effective January 1, 2018 to align revenues with WaTech's cost of providing services. Monthly rates per device or service will increase for wireless to \$50, Centrex services to \$45 and virtual private network to \$285 per tunnel per month with a \$500 setup fee. (General Fund-State; Timber Tax Distribution Account-State; Business License Account-State; other accounts)