COMPLETING A
10-YEAR ANALYSIS

Agency Training

January 7-9, 2015
Training Agenda

- Overview of the 10-year cost projection program and process
- Key guidelines for preparing a 10-year analysis
- Resources available to help you prepare a quality analysis
Overview of the 10-year cost projection program and process

Key guidelines for preparing a 10-year analysis

Resources that will help you prepare a quality analysis
A 10-year cost projection is...

An estimate of the 10-year cost to tax or fee payers of any proposed legislation that would impose new taxes or fees, or raise current taxes or fees.
10-year cost projections

In 2007, voters approved I-960. Requires OFM to:

• Prepare a 10-year cost projection for all bills raising taxes or fees. OFM relies on agencies – subject matter experts.
• Distribute the most current 10-year cost projection to all legislators, and to members of the media and public who request the projections.
• Notices must be distributed each time the bill moves through the legislative process.
• RCW 43.135.031
Process Summary

OFM Budget Operations staff read every bill and bill amendment.

Operations staff requests a 10-year analysis and fiscal note.

Agency staff prepare and submit the 10-year analysis and fiscal note.

OFM Budget Analysts review the analysis and fiscal note.

Operations staff does a technical review, and then creates and distributes the appropriate notice.
1. Not a component of the fiscal note and it must “stand” on its own.

2. Revenue calculations may be different.

3. By law, a 10-year analyses take precedence over fiscal notes.
Know the audience

Notices are sent to a listserv that includes legislators, and members of the public and press who join the listserv.

Do not assume the audience knows the context for the fee increase.
Overview of the 10-year cost projection program and process

Key guidelines for preparing a 10-year analysis

Resources that will help you prepare a quality analysis.
Guidelines: Revenue and Revenue Titles

Show each source of revenue separately, using a title that is meaningful to the public.

• Each source is considered a separate fee or tax.
• Use a descriptive title for the source, not the account name.
• Think in terms of who is paying the fee and for what purpose the fee is paid.

Show each account within the source, using the exact same tax or fee title.

• This is different than the procedure for fiscal notes.
Briefly describe what the bill does that triggers a 10-year cost analysis. The best narratives reference the relevant section numbers.

Briefly describe and quantify the cash receipts impact of the legislation on your agency, including rates, calculations and assumptions.
Guidelines: Netting Rules

Same bill, same account: Net tax increases and decreases against each other. It needs to be the same tax.

For the same tax, show the increases and decreases on the same line.

For different taxes, show the increases and decreases on separate lines using the appropriate tax titles.

Do not net fee increases and decreases against each other. Do not net changes in fees and taxes against each other.

Use narrative section to provide additional details or context.
Guidelines: No Cash Receipts

All agencies affected by a bill must submit a 10-year analysis.

If your agency does not administer or collect the tax or fee, check the “No Cash Receipts” box.

If your agency is responsible for administering or collecting a tax or fee but there are no cash receipts, you must provide an explanation in the narrative section.
Guidelines: Indeterminate Impact

Check the “indeterminate” box. In the narrative section:

• Describe why the bill triggers a 10-year analysis, who is affected and how.
• If available, include the cost to the individual tax or fee payer, usually in the form of the rate authorized in the bill.
• Explain why the cost to the individual tax or fee payer is indeterminate.
Guidelines: Partially Indeterminate

Check the “indeterminate” box. This is important, otherwise the system will not pull the narrative into the notice.

Use the narrative to:

- Describe what the measure does that triggers a 10-year
- Identify which cash receipts can be estimated and which cannot be estimated
- Explain why total cash receipts cannot be estimated
- Include assumptions

Include numbers in the grid for the parts that can be determined.
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Office of Financial Management

Budget

Budget performs an ongoing role in the planning, analysis, and presentation of capital budgets. It has the primary responsibility for making sure the Governor's budget proposal is presented to the Legislature and signed into law by the Governor. OFM monitors the executive and legislative intent.

See state budgets
- 2015-17 Governor's proposed budgets
- 2015 Governor's proposed supplemental budgets
- 2014 Enacted supplemental budgets
- 2013-15 Enacted budgets

Find budget inst
- Allotments
- Capital budget
- Operating budget
- Transportation budget
- Other
- Forms

Initiative 960

- For general I-960 instructions, see fiscal note and Initiative 960 instructions for agencies above.
- OFM Implementation Criteria for Initiative 960
- Ten-Year Analysis Tips
  - Analysis required on all bill versions
  - Indeterminate estimates
  - Narrative
  - Netting rules - how to treat decreases
  - Tax and fee titles
  - Tax or fee flags
  - Tools and resources

- Initiative 960 Ten-Year Analysis Training PowerPoint (Highlights of material covered in OFM training sessions)

Resources: [www.ofm.wa.gov/budget](http://www.ofm.wa.gov/budget)
For questions about a 10-year analysis, please contact:

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For technical assistance with FNS, please contact the DES Solutions Center at (360) 407-9100 or solutionscenter@des.wa.gov