

Multiple Agency Fiscal Note Summary

Bill Number: 5987 E S SB	Title: Transportation revenue
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Estimated Cash Receipts

Agency Name	2015-17		2017-19		2019-21	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Department of Revenue	0	203,000	0	999,000	0	1,023,000
Department of Licensing	0	551,482,780	0	1,069,181,810	0	1,047,897,250
Department of Transportation	0	0	0	(5,760,000)	0	(11,518,000)
Total \$	0	551,685,780	0	1,064,420,810	0	1,037,402,250

Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	1.3	256,900	256,900	.6	78,700	78,700	.0	0	0
Department of Licensing	17.2	0	4,203,502	15.6	0	4,688,620	15.1	0	4,563,695
Department of Transportation	.3	0	70,696	.3	0	(5,691,304)	.3	0	(11,447,304)
Total	18.8	\$256,900	\$4,531,098	16.5	\$78,700	\$(923,984)	15.4	\$0	\$(6,883,609)

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Impact

NONE

The Department of Licensing note was revised to correct language related to the Motor Vehicle Excise Tax (MVET) that may be imposed by a Regional Transit Authority.

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

Prepared by: Erik Hansen, OFM	Phone: 360-902-0423	Date Published: Revised 3/23/2015
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note
FNPID: 41828

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 5987 E S SB	Title: Transportation revenue	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jerry Long	Phone: 360-786-7306	Date: 03/03/2015
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 03/05/2015
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 03/05/2015
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 03/05/2015

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

ESSB 5987 creates the connecting Washington account and allows the account to retain its earnings from investments.

Estimated earnings from investments are indeterminable because projected cash flows are needed to make the estimate and are currently unavailable. Earnings for an account are a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period under review. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average daily balances, and hence different earnings.

For illustrative purposes, assume based on the February 2015 revenue forecast that approximately \$3,300 in FY 16, \$16,800 in FY 17, \$32,500 in FY 18, and \$35,000 in FY 19 in net earnings would be gained or lost annually for every \$1 million shift in average daily cash balances.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

ESSB 5987 creates the connecting Washington account and allows the account to retain its earnings from investments.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Department of Revenue Fiscal Note

Bill Number: 5987 E S SB	Title: Transportation revenue	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2016	FY 2017	2015-17	2017-19	2019-21
Motor Vehicle Account-State 00 - 00 -		203,000	203,000	999,000	1,023,000
Total \$		203,000	203,000	999,000	1,023,000

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	1.6	1.1	1.3	0.6	
Account					
GF-STATE-State 001-1	167,000	89,900	256,900	78,700	
Total \$	167,000	89,900	256,900	78,700	

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jerry Long	Phone: 360-786-7306	Date: 03/03/2015
Agency Preparation: Diana Tibbetts	Phone: 360-534-1520	Date: 03/03/2015
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 03/03/2015
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 03/03/2015

Request # 5987-3-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Note: This fiscal note reflects language in ESSB 5987, 2015 Legislative Session.

This legislation outlines newly proposed funding sources for state transportation revenues. It involves instituting several new taxes and fees, rate increases for some existing taxes and fees, creating new transportation fund accounts, revenue distributions to proposed and current funds, and funding options for local jurisdictions.

Most of the taxes and fees created and amended in this bill are or will be collected and administered by the Department of Licensing.

Section 210 is a new section to RCW 46.37 that requires a \$5 fee be imposed on each new tire sold that contains studs. The fee is paid by the buyer to the seller. The seller retains 10 percent of the fee and remits the remaining amount to the Department of Revenue (Department) on the business excise tax return. The Department must incorporate a reconciliation of the number of tires sold and the amount of revenue collected into the audit cycle.

The revenues from the fee are deposited into the motor vehicle fund created under RCW 46.68.070.

PART III LOCAL REVENUE OPTIONS

Currently, a transportation benefit district may impose up to a \$20 vehicle fee by a majority vote of the governing board of the district. Sections 301 and 302 increase the maximum fee to \$40, but not including any territory in which a motor vehicle fee is currently being collected under RCW 82.80.140. If the district is less than countywide, the fee must be distributed to the cities within the district by inter-local agreement effective prior to imposing the fee.

Section 304 amends RCW 82.14.045 allowing a Public Transportation Benefit Area (PTBA) located in a county with a population of 700,000 or more containing a city with a population of 75,000 or more to impose an additional tax of up to three tenths of a percent (in one tenth increments) in addition to the tax currently allowed in RCW 82.14.045(1) with voter approval.

Section 305 is a new section that allows PTBAs to establish passenger-only ferry service districts. The PTBA must be located in a county that only borders the western side of Puget Sound with a population of more than 200,000 and contains one or more WA state ferry terminals.

Section 306 outlines possible funding sources for passenger-only ferry service districts. These funding sources include:

- a local sales and use tax up to 0.3 percent
- a local parking tax
- passenger tolls
- charges for advertising and leased space on the ferries.

A passenger-only ferry district may not impose taxes without voter approval.

Sections 310 and 311 allow Sound Transit to levy a voter-approved annual motor vehicle excise tax of up three tenths of one percent of the value of every motor vehicle owned by a resident of the taxing district. The Department of Licensing would administer and collect the motor vehicle excise tax. This motor vehicle excise tax may be used for the repayment of bonds.

Section 312 allows Sound Transit to increase their sales and use tax for providing high capacity transportation service from a maximum of 0.9 percent up to 1.4 percent. If Sound Transit imposes the sales and use tax in excess of 0.9 percent, the authority may not receive any state funds provided in an omnibus transportation appropriations act.

Sections 313 - 320 allow Sound Transit to impose a voter-approved regular property tax levy. The maximum rate of the levy is \$0.10 per \$1,000 of assessed valuation.

EFFECTIVE DATES

Most of the bill will take effect July 1, 2016 although the studded tire fee in Section 210 is effective January 1, 2017.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS

- 78 percent of cars are used in western Washington
- 72.5 percent of light trucks are used in eastern Washington
- 9 percent of western Washington light duty vehicles use studded tires each year
- 25 percent of eastern Washington light duty vehicles use studded tires each year
- Studded tires are replaced every five years
- 4 percent of studded tire purchases that would otherwise be made will not happen after this fee goes into effect
- The Department of Licensing (DOL) would administer any vehicle fee or motor vehicle excise tax, and the resulting revenue impact would be included in their fiscal note.

DATA SOURCES

- Department excise tax data
- 2008 Department of Transportation Studded Tire Report
- Department of Transportation November 2014 Light Duty Vehicle Forecast

REVENUE ESTIMATES

This estimate does not include taxes and fees collected and administered by other agencies in this legislation.

Section 210

The studded tire fee would increase state revenues by an estimated \$203,000 in the 5 months of impacted collections in Fiscal Year 2017, and by \$495,000 in Fiscal Year 2018, the first full year of impacted collections.

Sections 301 - 320

Since it is unknown which counties might choose to levy the local taxes, the local impact is indeterminate. Due to the unknown utilization of any new local taxes, the state revenue increase from the receipts of any administrative fees, up to 1 percent, included in the contract for administration of the local taxes is unknown.

Snohomish County PTBA (Community Transit) is the only PTBA eligible to increase their local tax by up 0.3 percent to 1.2 percent in Section 304. For illustrative purposes, upon voter approval Community Transit could generate an additional \$26 million if they levied the tax at 1.2 percent rate.

Sound Transit could generate an additional \$350 million if voters choose to increase the local tax rate from 0.9 percent to 1.4 percent in Section 312.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2016 -	\$ 0
FY 2017 -	\$ 203
FY 2018 -	\$ 495
FY 2019 -	\$ 504
FY 2020 -	\$ 509
FY 2021 -	\$ 514

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS:

- 1,000 taxpayers are affected by section 210.
- 19,500 taxpayers are affected by section 301.
- 43,000 taxpayers are affected by sections 309-317.

FIRST YEAR COSTS:

The Department will incur total costs of \$167,000 in Fiscal Year 2016. These costs include:

Labor Costs – Time and effort equates to 1.61 FTEs.

- Amend three administrative rules.
- Attend implementation meetings, monitor timelines, develop new line, reason, refund and transaction codes; assist in form development, oversee computer systems, resolve computer system problems, and conduct testing for each return period.
- Reconcile taxpayer's accounts, amended returns, prepare refunds, issue assessments, respond to secure messages, correspondence, answer telephone questions, conduct account examinations, monitor reports and assist taxpayers with reporting.
- Prepare statistics, testing of new codes and taxes, and training excise tax examiners.
- Gather system requirements and program and test system changes.

Object Costs - \$8,600.

- Printing and mailing local sales tax changes.

SECOND YEAR COSTS:

The Department will incur total costs of \$89,900 in Fiscal Year 2017. These costs include:

Labor Costs – Time and effort equates to 1.07 FTE.

- Amend one administrative rule.
- Reconcile taxpayer's accounts, amended returns, prepare refunds, issue assessments, respond to secure messages, correspondence, answer telephone questions, conduct account examinations, monitor reports and assist taxpayers with reporting.
- Prepare statistics, testing of new codes and taxes, and training excise tax examiners.
- Contact delinquent taxpayers, send correspondence, update case notes and educate taxpayers on proper reporting requirements.

ONGOING COSTS:

Ongoing costs for the 2017-2019 Biennium equal \$78,700. These costs include:

Labor Costs - Time and effort equates to 0.55 FTE.

- Reconcile taxpayer's accounts, amended returns, prepare refunds, issue assessments, respond to secure messages, correspondence, answer telephone questions, conduct account examinations, monitor reports and assist taxpayers with

reporting.

- Prepare statistics, testing of new codes and taxes, and training excise tax examiners.
- Contact delinquent taxpayers, send correspondence, update case notes and educate taxpayers on proper reporting requirements.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	1.6	1.1	1.3	0.6	
A-Salaries and Wages	105,100	47,400	152,500	49,700	
B-Employee Benefits	31,500	14,200	45,700	14,800	
E-Goods and Other Services	20,000	21,400	41,400	12,200	
G-Travel		300	300	300	
J-Capital Outlays	10,400	6,600	17,000	1,700	
Total \$	\$167,000	\$89,900	\$256,900	\$78,700	

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2016	FY 2017	2015-17	2017-19	2019-21
ADM ASST 5	47,014	0.0	0.0	0.0		
EMS BAND 4	103,896	0.0	0.0	0.0		
EXCISE TAX EX 2	42,583		0.5	0.3	0.3	
EXCISE TAX EX 3	50,563		0.2	0.1	0.1	
EXCISE TAX EX 4	55,839	0.2		0.1		
HEARINGS SCHEDULER	32,688	0.0	0.0	0.0		
IT SPEC 4	63,195	0.4		0.2		
IT SPEC 5	69,756	0.9		0.5		
REVENUE AGENT 2	47,014		0.3	0.2	0.2	
TAX POLICY SP 2	61,628	0.0	0.0	0.0		
TAX POLICY SP 3	69,756	0.1	0.0	0.0		
TAX POLICY SP 4	75,080	0.0	0.0	0.0		
Total FTE's	719,012	1.6	1.1	1.4	0.6	

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Should this legislation become law, the Department will use the expedited process to amend four administrative rules: WAC 458-20-272, titled: "Tire fee - Core deposits or credits;" WAC 458-19-005, titled: "Definitions;" WAC 458-19-070, titled: "Five dollars and ninety cents statutory aggregate limit calculation;" and WAC 458-19-075, titled: "Constitutional one percent limit calculation." Persons affected by this rule-making include: agencies authorized to provide high capacity transportation services and businesses selling studded tires.

Individual State Agency Fiscal Note

Revised

Bill Number: 5987 E S SB	Title: Transportation revenue	Agency: 240-Department of Licensing
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2016	FY 2017	2015-17	2017-19	2019-21
All Other Funds-State 000-1	134,566,360	275,362,590	409,928,950	735,464,870	741,192,670
ORV & Nonhighway Vehicle Account-State 01B-1	462,950	939,990	1,402,940	2,537,070	2,582,240
Snowmobile Account-State 01M-1	147,970	305,450	453,420	839,170	871,500
Aeronautics Account-State 039-1	740	970	1,710	2,040	2,040
License Plate Technology Account-State 06T-1				113,880	38,200
State Patrol Highway Account-State 081-1		9,741,400	9,741,400	21,089,270	17,685,900
Transportation Innovative Partnership Account-State 08T-1		1,611,100	1,611,100	3,917,700	4,697,400
Recreational Vehicle Account-State 097-1		(6,590)	(6,590)	(162,460)	(246,060)
Transportation Partnership Account-State 09H-1		4,839,130	4,839,130	10,158,300	10,171,810
Rural Arterial Trust Account-State 102-1		(4,650)	(4,650)	(65,740)	(126,190)
Highway Safety Account-State 106-1		2,461,800	2,461,800	5,422,050	5,283,260
Motor Vehicle Account-State 108-1	1,937,380	31,020,130	32,957,510	90,172,060	61,473,800
Puget Sound Ferry Operations Account-State 109-1		595,130	595,130	1,281,690	1,109,690
Transportation Improvement Account-State 144-1		(4,650)	(4,650)	(65,740)	(126,190)
Capital Vessel Replacement Account-State 18J-1				3,047,100	2,782,400
DOL Services Account-State 201-1		(5,810)	(5,810)	151,360	44,230
Multimodal Transportation Account-State 218-1		79,141,600	79,141,600	179,882,200	184,957,700
Recreation Resources Account-State 267-1	1,167,320	2,371,340	3,538,660	6,405,430	6,526,580
NOVA Program Account-State 268-1	652,600	1,325,030	1,977,630	3,576,360	3,640,010
Transportation 2003 Account (Nickel Account)-State 550-1	298,060	2,555,440	2,853,500	5,415,200	5,336,260
Total \$	139,233,380	412,249,400	551,482,780	1,069,181,810	1,047,897,250

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	10.6	23.7	17.2	15.6	15.1
Account					
Highway Safety Account-State 106-1	46,526	41,422	87,948	89,035	100,297
Motor Vehicle Account-State 108-1	1,266,320	2,849,234	4,115,554	4,599,585	4,463,398
Total \$	1,312,846	2,890,656	4,203,502	4,688,620	4,563,695

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jerry Long	Phone: 360-786-7306	Date: 03/03/2015
Agency Preparation: Robert Press	Phone: 360-902-4023	Date: 03/23/2015
Agency Approval: Diamatris Winston	Phone: 360-902-3644	Date: 03/23/2015
OFM Review: Erik Hansen	Phone: 360-902-0423	Date: 03/23/2015

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	10.6	23.7	17.2	15.6	15.1
A-Salaries and Wages	492,322	1,039,524	1,531,846	1,479,743	1,474,997
B-Employee Benefits	161,772	358,855	520,627	496,965	488,448
E-Goods and Other Services	607,312	1,421,547	2,028,859	2,699,052	2,580,960
J-Capital Outlays	51,440	70,730	122,170	12,860	19,290
Total:	\$1,312,846	\$2,890,656	\$4,203,502	\$4,688,620	\$4,563,695

III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2016	FY 2017	2015-17	2017-19	2019-21
Customer Service Spec 2	36,756	2.0	10.0	6.0	2.5	
Customer Service Spec 3	40,524	0.2	1.0	0.6	0.5	
Customer Service Spec 4	44,712	0.2	1.0	0.6		
Excise Tax Examiner 1	39,516	5.0	5.0	5.0	5.0	5.0
Fiscal Analyst 1	42,545	0.7	1.4	1.1	3.5	6.3
Fiscal Analyst 5	63,192	0.4	0.4	0.4	0.4	0.4
Fiscal Tech 2	45,828	0.5	2.3	1.4	1.7	1.5
IT Specialist 2	58,656	0.2	0.3	0.3		
IT Specialist 4	69,438	0.2	1.1	0.7	0.8	0.7
IT Specialist 5	80,892	1.0	1.0	1.0	1.0	1.0
Tax Policy Spec 3	71,500	0.2	0.2	0.2	0.2	0.2
Total FTE's	593,559	10.6	23.7	17.2	15.6	15.1

III. C - Expenditures By Program (optional)

Program	FY 2016	FY 2017	2015-17	2017-19	2019-21
Mgmt & Support Services (100)	252,144	571,517	823,661	1,316,666	1,517,451
Information Services (200)	558,307	150,028	708,335	234,276	229,677
Customer Relations (300)	157,083	1,857,474	2,014,557	2,514,404	2,193,293
Programs & Services (600)	345,312	311,637	656,949	623,274	623,274
Total \$	1,312,846	2,890,656	4,203,502	4,688,620	4,563,695

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Part II: Explanation

This bill establishes and amends several transportation-related fees and taxes, and creates several new transportation accounts and the intermittent-use trailer license plate.

DOL's fiscal note for ESSB 5987 reflects the same expenditure and net revenue estimates as the revised SB 5987 and SSB 5987.

This engrossed substitute bill differs from the previous substitute version;

- Extending the sales tax deferral on the Tacoma Narrows, RCW 47.46.060 (section 404)
- Modifying the definition of "low-income" that a Transportation Benefit District (TBD) uses to determine eligibility for rebates, RCW 36.73.015 (section 303)
- Clarifying that the property tax priority for a taxing district within the Sound Transit boundary; doesn't allow Sound Transit to contract with the state for collection of property taxes; and clarifying the date on which property and sales and used taxes go into effect, RCWs 81.104.140 and 81.112.050 (sections 310, 319, and 320)

This bill differs from the original bill SB 5987 by making technical corrections including;

- Clarifying section 201 of this bill, \$8 weight fee, to be for vehicles less than or equal to 12,000 pounds and changes the distribution,
- Prohibits the use of funds be used for the state route 99 Alaskan Way viaduct replacement project
- Clarifies property taxes related to Sound Transit
- Expands the existing Complete Streets grant program

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

Section 101 of this bill amends RCW 82.36.025 by increasing the motor vehicle fuel tax for licensees, other than motor vehicle fuel distributors, by \$0.05 (5 cents) on July 1, 2015. This section expires as of July 1, 2016 (per section 410).

Section 102 of this bill amends RCW 82.38.030 by increasing the tax on fuel licensees by \$0.05 (5 cents) on July 1, 2015. This section expires as of July 1, 2016 (per section 410).

Section 103 of this bill also amends RCW 82.38.030 by increasing the tax on fuel licensees as follows:

July 1, 2016 - \$0.042 (4.2 cents)

July 1, 2017 - \$0.025 (2.5 cents)

Section 104 of this bill amends RCW 46.68.090 by establishing distribution of any net amount of the fuel taxes collected under RCW 82.36.025 (7) and RCW 82.38.030 (7) to the new Connecting Washington account created in section 106. This section becomes effective July 1, 2015 (per section 406). This section expires as of July 1, 2016 (per section 410).

Section 105 of this bill amends RCW 46.68.090 by establishing distribution of any net amount of the fuel taxes collected under RCW 82.38.030 (7), (8), and (9). This section is effective July 1, 2016 (per section 407).

Section 106 of this bill creates a new section in chapter 46.68 RCW which creates the Connecting Washington account within the Motor Vehicle fund. It also has a contingency for the following revenues to be deposited into the Connecting Washington account if the executive branch adopts, orders, or implements any fuel standard or sets carbon reduction requirements for fuel distributors or vehicles based upon or defined by the carbon intensity of the fuel or greenhouse gas emissions, including a low carbon fuel standard:

- Weight fees on light trucks under RCW 46.17.355 (7)
- The portion of increase in section 202 for passenger vehicle weight fees under RCW 46.17.365(1)
- Weight fees on passenger vehicles under RCW 46.17.365(3)

- The portion of the increase in sections 206-208 for CDLs under RCW 46.25.052, 46.25.060, and 46.25.100
- The portion of the increase in section 209 for EDL and identicard under RCW 46.20.202

Sections 107 and 108 of this bill reenact and amend RCW 43.84.092 to add the Connecting Washington account to those accounts and funds receiving their proportionate share of earnings based upon the average daily balance for the period.

Section 109 of this bill amends RCW 46.09.520 by increasing the amount of the fuel tax refund paid by off road vehicle users by \$0.05 (5 cents) on July 1, 2015. This section expires as of July 1, 2016 (per section 410).

Section 110 of this bill amends RCW 46.09.520 by increasing the amount of the fuel tax refund paid by off road vehicle users as follows:

July 1, 2016 - \$0.042 (4.2 cents)

July 1, 2017 - \$0.025 (2.5 cents)

Section 111 of this bill amends RCW 46.10.530 by increasing the amount of the fuel tax refund paid by snowmobile users as follows:

July 1, 2015 - \$0.05 (5 cents)

July 1, 2016 - \$0.042 (4.2 cents)

July 1, 2017 - \$0.025 (2.5 cents)

Section 112 of this bill amends RCW 79A.25.070 by increasing the amount of the fuel tax refund paid on marine fuel as follows:

July 1, 2015 - \$0.05 (5 cents)

July 1, 2016 - \$0.042 (4.2 cents)

July 1, 2017 - \$0.025 (2.5 cents)

Section 113 amends RCW 82.38.083 to repeal the special fuel handling loss deduction. This section becomes effective July 1, 2015 (per section 403).

Section 201 of this bill amends RCW 46.17.355 by increasing the gross weight fees for vehicles with a declared gross weight of 12,000 pounds or less and by establishing a freight project fee equal to 15 percent of the license fee, rounded to the nearest dollar, for vehicles with a declared gross weight of more than 10,000 pounds, unless specifically exempt. This section also directs distribution of a portion of the gross vehicle weight fee for vehicles 10,000 pounds or less.

Section 201 of this bill also amends RCW 46.17.355 to have an additional \$8.00 weight fee beginning July 1, 2022 for vehicles with a weight of less than 12,000 pounds. The fee must be distributed under RCW 46.68.035 (same as distribution for license fees by weight).

Section 202 amends RCW 46.17.365 to create a fee based on scale weight and removes the existing formula. The fee must be distributed under RCW 46.68.415 unless the executive branch adopts, orders, or implements any fuel standard or sets carbon reduction requirements for fuel distributors or vehicles based upon or defined by the carbon intensity of the fuel or greenhouse gas emissions, including a low carbon fuel standard. If that standard or requirement is set, the portion of the fee increased in this section is to be deposited into the Connecting Washington account.

Section 202 of this bill also amends RCW 46.17.365 to have an additional \$8.00 weight fee beginning July 1, 2022. The fee must be distributed to the multimodal account under RCW 47.66.070 unless the executive branch adopts, orders, or implements any fuel standard or sets carbon reduction requirements for fuel distributors or vehicles based upon or defined by the carbon intensity of the fuel or greenhouse gas emissions, including a low carbon fuel standard. If that standard or requirement is set, the fee is to be deposited into the Connecting Washington account.

Section 203 provides an effective date of sections 201 and 202 to apply to vehicle registrations that are due or become due on or after July 1, 2016.

Section 204 of this bill amends RCW 46.17.323 to include vehicles that use at least one method of propulsion that is capable of being reenergized by an external source of electricity. The deposit of proceeds is directed for the purpose of creating and funding electric vehicle infrastructure as provided in section 401. By July 1, 2026 or once the number of electric vehicles has reaches one-half of one percent of the vehicle population, whichever occurs first, or if the executive branch adopts, orders, or implements any fuel standard or sets carbon reduction requirements for fuel distributors or vehicles based upon or defined by the carbon intensity of the fuel or greenhouse gas emissions, including a low carbon fuel standard, proceeds must be deposited in the Motor Vehicle fund and distributed in accordance with subsection (3)(b).

Section 205 provides an effective date of section 204 to apply to vehicle registrations that are due or become due on or after July 1, 2017.

Section 206 amends RCW 46.25.052 to raise the fee for a Commercial Learner's Permit (CLP) examination from \$10 to \$40. The fee distribution will not change unless the executive branch adopts, orders, or implements any fuel standard or sets carbon reduction requirements for fuel distributors or vehicles based upon or defined by the carbon intensity of the fuel or greenhouse gas emissions, including a low carbon fuel standard. If so, the portion of the fee increased in this section is to be deposited into the Connecting Washington account.

Section 207 amends RCW 46.25.060 to raise the fee for the Commercial Driver's License (CDL) classified knowledge exams from \$10 to \$35 and raising the maximum from \$100 to \$250. The classified skills exam is raised from \$75 to \$225 for applicants whose primary use of a CDL is for public benefit not-for-profit corporations that are federally supported, head start programs or support early childhood education and assistance programs. The bill allows CDL applicants to take the CDL knowledge test up to two times for the one initial fee.

Section 207 also amends RCW 46.25.060 to cap the CDL fee at \$100 if the applicant's primary use is to drive a school bus. It also provides an applicant with two opportunities to take the examination for the payment of one fee. The fees must be deposited into the Highway Safety fund unless the executive branch adopts, orders, or implements any fuel standard or sets carbon reduction requirements for fuel distributors or vehicles based upon or defined by the carbon intensity of the fuel or greenhouse gas emissions, including a low carbon fuel standard. If so, the portion of the fee increased in this section is to be deposited into the Connecting Washington account.

Section 208 amends RWC 46.25.100 to increase the CDL requalification fee from \$20 to \$35. The fees must be deposited into the Highway Safety fund unless the executive branch adopts, orders, or implements any fuel standard or sets carbon reduction requirements for fuel distributors or vehicles based upon or defined by the carbon intensity of the fuel or greenhouse gas emissions, including a low carbon fuel standard. If so, the portion of the fee increased in this section is to be deposited into the Connecting Washington account.

Section 209 of this bill amends RCW 46.20.202 by changing the fee for Enhanced Driver's License (EDL) or enhanced ID to \$54. If issued, renewed or extended for a period other than six years, the fee is \$9 for each year. Requires the fees to be deposited in the Highway Safety fund unless the executive branch adopts, orders, or implements any fuel standard or sets carbon reduction requirements for fuel distributors or vehicles based upon or defined by the carbon intensity of the fuel or greenhouse gas emissions, including a low carbon fuel standard. If so, the portion of the fee increased in this section is to be deposited into the Connecting Washington account.

Section 210 creates a studded tire fee collected by the tire retailer at the time of sale, effective January 1, 2017 (per section 413). The Department of Licensing (DOL) is not tasked with collecting or tracking this fee - so is not impacted.

Section 211 amends RCW 46.17.050 by requiring DOL to collect the filing fee, the license plate technology fee, and the service fee prior to accepting a report of sale (ROS). Service fees collected by the department and the county/other agent are to be deposited into the Capital Vessel Replacement account. This section becomes effective July 1, 2017 (per section 414).

Section 212 amends RCW 46.17.060 by requiring DOL to collect the filing fee, the license plate technology fee, the license service fee and the service fee prior to accepting a transitional ownership record. Service fees collected by DOL and the county/other agent are to be deposited into the Capital Vessel Replacement account. This section becomes effective July 1, 2017 (per section 414).

Section 213 amends RCW 47.60.322 related to the Capital Vessel Replacement account to include the report of sale and transitional ownership record. This section becomes effective July 1, 2017 (per section 414).

Section 214 amends RCW 46.12.650 to extend the timeline to file a seller's report of sale from five to twenty-one business days, provide that a seller's report received after twenty-one days becomes effective on the date received, and provides that a report of sale is not considered properly filed unless the filing fee is paid. A report of sale received after the twenty-first day becomes effective the day it is received. This section becomes effective July 1, 2017 (per section 414).

Sections 215 and 216 create the intermittent-use trailer fee in chapter 46.16A RCW which:

- Requires the purchase of a registration
- Requires payment of the special license plate fee of \$187.50
- Requires a department issued plate or provide a state issued plate designed for general use in the year of the trailer's manufacture if the trailer is at least 30 years old.
- Allows intermittent-use trailer plates to not be renewed.
- Requires the plate be removed upon change in ownership and the new owner to obtain a new plate.
- Defines an intermittent-use trailer to mean use that is not general or daily, but seasonal or sporadic, and not more than once per week on average.
- Provides penalties for violations of this section.
- Becomes effective March 1, 2017 (per section 415)

Section 301 amends RCW 36.73.065 by authorizing districts to increase existing Transportation Benefit District (TBD) fees up to \$40 with a vote of the governing board of the district or if the \$20 fee has been imposed for at least 24 months.

Section 302 amends RCW 82.80.140 by increasing the authorized vehicle fee from \$20 to \$40.

Section 303 amends RCW 82.14.045 to allow the legislative body of a public TBD with a population of 700,000 or more that also contains a city with a population of 75,000 or more operating a transit system pursuant to chapter 35.95 RCW, to impose an additional sales and use tax upon approval by a majority of persons voting on the proposition. The tax amount may be one-tenth, two-tenths, or three-tenths of one percent of the selling price.

Section 304 adds a new section to chapter 36.57A RCW allowing the establishment of one or more passenger-only ferry service districts.

Section 305 adds a new section to chapter 36.57A RCW specifying revenue sources for passenger-only ferry service districts.

Section 306 adds a new section to chapter 82.14 RCW allowing, if approved by a majority of persons voting, a locality to fix and impose a sales and use tax.

Section 307 adds a new section to chapter 82.80 RCW which relates to the passenger-only ferry service district and creating a parking tax.

Section 308 adds a new section to chapter 36.57A RCW to allow a passenger-only ferry service district to issue general obligation bonds and revenue bonds.

Section 309 amends RCW 81.104.140 related to property tax within a high capacity transportation system.

Section 310 amends RCW 81.104.160 to authorize a Regional Transit Authority (RTA) with a population of more than one million five hundred thousand to submit a Motor Vehicle Excise Tax (MVET) to the vote of the people to not exceed three-tenths of one percent. The maximum rate does not apply to a pre-existing MVET. This rate does not apply to vehicles licensed under RCW 46.16A.455 except vehicles 6,000 lbs or less, RCW 46.16A.425 or 46.17.335 (2).

Section 311 amends RCW 81.104.170 to adjust the maximum rate of tax a RTA may impose when it includes a county with a population of more than 1.5 million.

Section 312 adds a new section to chapter 81.104 RCW related to property taxes within an RTA.

Section 317 amends RCW 84.04.120 to change the definition of "taxing district", related to property taxes.

Section 403 amends the effective date of portions of HB 1883. This section becomes effective July 1, 2015 (per section 406) and specifies that sections 101 through 109, 111 through 304 and 306 through 647 take effect July 1, 2016.

Section 404 repeals section 305 of HB 1883 (Aeronautics Account elimination) effective July 1, 2015 (per section 406).

Sections 406 through 417 specify additional effective dates for the sections above.

II. B – Cash Receipt Impact

Unless otherwise specified estimated cash receipts are provided through the Transportation Revenue Forecast Council's forecast horizon of Fiscal Year 2027.

The following funds, taxes and fees are impacted by this bill:

Fuel Taxes increased. (Sections 101 through 105). The total net revenue increase projected in Fiscal Year 2016 is \$107 million rising to \$290 million by Fiscal Year 2027

Fuel Licensee taxes increased. (Sections 102 through 105). The total net revenue increase projected in Fiscal Year 2016 is \$26 million rising to \$80 million by Fiscal Year 2027

Off Road Vehicle Fuel Tax Transfer Rate increased. (Sections 109 and 110). The total net revenue increase projected in Fiscal Year 2016 is \$1.1 million rising to \$3 million by Fiscal Year 2027

Snowmobile Fuel Tax Transfer Rate increased. (Section 111). The total net revenue increase projected in Fiscal Year 2016 is \$147,970 rising to \$445,360 by Fiscal Year 2027

Marine Fuel Tax Transfer Rate increased. (Section 112). The total net revenue increase projected in Fiscal Year 2016 is \$1.1 million rising to \$3.2 million by Fiscal Year 2027

Eliminate Allowance for Special Fuel Handling Loss. (Effective July 1, 2015, sections 113 and 403). Additional revenue of approximately \$2.5 million per year will go to the Motor Vehicle Account beginning in Fiscal Year 2017 rising to \$3.5 million by Fiscal Year 2027.

License Fee by Weight (up to 12,000 pounds) (section 201) increases vehicle weight fees as follows: for vehicles up to 4,000 pounds from \$38 to \$53; for vehicles up to 6,000 pounds from \$48 to \$73; for vehicles up to 8,000 pounds from \$58 to \$93; for vehicles up to 10,000 pounds from \$60 to \$93, for vehicles 12,000

pounds from \$77 to \$81. (Effective with registrations that are due or become due on or after July 1, 2016, sections 110 (1)(6)(7) and 605). The fees are distributed under RCW 46.68.035. The FY 2017 revenue from these new weight fees is \$32.9 million in Fiscal Year 2017 gradually increasing to over \$37.2 million by FY 2027.

*New: Freight Project Fee for vehicles more than 10,000 pounds (effective with registrations that are due or become due on or after July 1, 2016, section 201). This fee is calculated at 15 percent of the license fee. The FY 2017 revenue from this new fee would be \$9.3 million in FY 2017 gradually increasing to over \$10.5 million by FY 2027.

Additional Weight Fee for vehicles under 12,000 pounds (Effective July 1, 2022, section 201). The FY 2023 revenue from this new fee would be approximately \$11 million per fiscal year.

Passenger Weight Fee (Effective July 1, 2016, section 202). The revenue from this increased fee would be approximately \$79 million in FY 2017 gradually increasing to over \$99 million by FY 2027.

Additional Passenger Weight Fee (Effective July 1, 2022, section 202). The FY 2023 revenue from this new fee would be approximately \$45 million in FY 2017 gradually increasing to over \$47 million by FY 2027.

Expands Electric Vehicle (EV) fee to electric/plug in hybrid types of vehicles (effective with registrations that are due or become due on or after July 1, 2016, section 204). This \$100 fee is to be deposited into the Transportation Innovative Partnership Account until the total number of vehicles subject to the fee has reached one-half of one percent of the state's total registered vehicle fleet and then the proceeds must be deposited in the Motor Vehicle Fund. DOL projects that this shift in distribution will occur in Fiscal Year 2028. The total net revenue increase projected in Fiscal Year 2017 is \$0.5 million potentially rising to \$1.6 million by Fiscal Year 2027.

Commercial Driver's Learners Permit (CLP) fee (Effective July 1, 2016, section 206). CLP fees are raised from \$10 to \$40. These fees are distributed to the Highway Safety Fund. These increases are expected to be approximately \$286,000 per fiscal year.

Commercial Driver's Knowledge and Skills Examination fees (Effective July 1, 2016, section 207). The fees are raised for the commercial driver's license (CDL) classified knowledge exams from \$10 to \$35, for classified skills exams from \$100 to \$250, and the fee is raised for reduced skills exam CDLs obtained by not-for profit organizations from \$75 to \$225. These fees are distributed to the Highway Safety Fund. These increases are expected to be approximately \$1.3 million per fiscal year.

Commercial Driver's License Requalification Fee (Effective July 1, 2016, section 208). This fee increases from \$20 to \$35. This increase is expected to raise approximately \$3,700 per fiscal year.

Enhanced Driver's License and Enhanced Identification Fee (Effective July 1, 2016, section 209). The fees are raised for the EDL and the IDL from \$18 to \$54. These fees are distributed to the Highway Safety Fund. Assumed revenue changes are at the current rates of EDL issuance. These increases are expected to be approximately \$0.8 million per fiscal year.

Four fees that were not previously charged by DOL (for reports of sale); the Filing, DOL Service, License Plate Technology, and the service ("transaction") fees that are already charged by county auditors, agents and sub agents will now also be charged by DOL. (Effective July 1, 2016, sections 211 and 212). For reports of sale the filing fee is \$3 with \$1 going to the Highway Safety Fund and \$2 going to the Multimodal Account. The DOL Services fee is \$0.50 that will go to the DOL Services Account. The License Plate technology fee of \$ 0.25 is going to the License Plate Technology Account. The \$5 service ("transaction") fee will have revenue distributed to the Capital Vessel Replacement Account. Because of implementation dates, the expansion of these fees is not expected occur until FY 2018 when they will net approximately to \$2.8 million. This amount will be decrease in FY 2019 and remain stable year to year at approximately \$2.4 million.

*New: intermittent-use trailer license plate fee of \$187.50. (becomes effective March 1, 2017, sections 215, 216 and 415). Revenue is distributed in proportions directed by RCW 46.68.030 with the vast majority going to the Motor Vehicle Account. Per conversations with the Office of Financial Management, DOL is showing the impact that would occur if 30 percent of owners with eligible trailers opt for an intermittent-use trailer plate. Additionally, it is assumed that 30 percent of trailer owners, at the time of change in ownership, will also opt for this plate. This new intermittent-use plate replaces other currently provided trailer plates that require regular renewal. The bill specifies that the intermittent-use trailer license plates are not required to be renewed. While the FY 2017 revenue is projected at \$4.7 million, after several years, the limited demand for these new non-renewed plates will be mostly satisfied. Therefore after the large initial base of license plates are purchased, the sales for trailer plates will drop. Total net revenue for trailer plates will have a negative cash flow of approximately (\$209,440) by Fiscal Year 2020 and a negative cash flow of (\$678,920) by Fiscal Year 2031.

<u>Cash Receipts</u>	<u>FY 16</u>	<u>FY 17</u>	<u>15-17 Total</u>	<u>17-19 Total</u>	<u>19-21 Total</u>
Highway Safety	-	2,461,800	2,461,800	5,422,050	5,283,260
State Patrol Highway	-	9,741,400	9,741,400	21,089,270	17,685,900
Motor Vehicle	1,937,380	31,020,130	32,957,510	90,172,060	61,473,800
Puget Sound Ferry Operations	-	595,130	595,130	1,281,690	1,109,690
MultiModal	-	79,141,600	79,141,600	179,882,200	184,957,700
DOL Services	-	(5,810)	(5,810)	151,360	44,230
License Plate Technology	-	-	-	113,880	38,200
Nickel Account	298,060	2,555,440	2,853,500	5,415,200	5,336,260
ORV & Nonhighway Vehicle Account	462,950	939,990	1,402,940	2,537,070	2,582,240
Snowmobile Account	147,970	305,450	453,420	839,170	871,500
Transportation Innovative Partnership	-	1,611,100	1,611,100	3,917,700	4,697,400
RV Disposal Account	-	(6,590)	(6,590)	(162,460)	(246,060)
Transportation Partnership Account	-	4,839,130	4,839,130	10,158,300	10,171,810
Capital Vessel Replacement Account	-	-	-	3,047,100	2,782,400
Rural Arterial Trust Account	-	(4,650)	(4,650)	(65,740)	(126,190)
Transportation Improvement Account	-	(4,650)	(4,650)	(65,740)	(126,190)
Recreation Resources Account	1,167,320	2,371,340	3,538,660	6,405,430	6,526,580
NOVA Program Account	652,600	1,325,030	1,977,630	3,576,360	3,640,010
Connecting WA Account	134,566,360	275,362,590	409,928,950	735,464,870	741,192,670
Aeronautics Account	740	970	1,710	2,040	2,040
			-		
Total Revenue	139,233,380	412,249,400	551,482,780	1,069,181,810	1,047,897,250

Local Jurisdiction Revenue

Local jurisdiction revenues are indeterminate. It is unknown which local jurisdictions might collect or increase fees allowed by sections 301 through 317 of the bill. Contracts would need to be established with DOL for the administration and collection of any authorized revenue.

Increase in Transportation Benefit District (TBD) Fees—(Section 301). The table below is a scenario of what each county’s revenue might be if they each charged a TBD fee of \$40 per eligible vehicle. This assumes a TBD is in effect for a full year and includes those counties already charging a TBD fee. This potential revenue is not included in this fiscal note because it is local revenue. Counts are based on data made available in 2014 by DOL’s Research and Analysis section.

Estimated TBD Cash Receipts to Locals

County Name	Count	Proposed Revenue @ \$40
Adams	13,145	\$525,800
Asotin	17,627	\$705,080
Benton	149,137	\$5,965,480
Chelan	58,403	\$2,336,120
Clallam	58,763	\$2,350,520
Clark	314,880	\$12,595,200
Columbia	3,416	\$136,640
Cowlitz	86,092	\$3,443,680
Douglas	28,657	\$1,146,280
Ferry	5,564	\$222,560
Franklin	60,651	\$2,426,040
Garfield	2,079	\$83,160
Grant	61,712	\$2,468,480
Grays Harbor	50,024	\$2,000,960
Island	67,739	\$2,709,560
Jefferson	29,174	\$1,166,960
King	1,388,661	\$55,546,440
Kitsap	197,885	\$7,915,400
Kittitas	30,102	\$1,204,080
Klickitat	15,992	\$639,680
Lewis	59,992	\$2,399,680
Lincoln	9,296	\$371,840
Mason	53,769	\$2,150,760
Okanogan	30,104	\$1,204,160
Pacific	14,762	\$590,480
Pend Oreille	11,713	\$468,520
Pierce	516,883	\$20,675,320
San Juan	12,190	\$487,600
Skagit	99,007	\$3,960,280
Skamania	9,641	\$385,640
Snohomish	542,221	\$21,688,840
Spokane	344,690	\$13,787,600
Stevens	33,909	\$1,356,360
Thurston	210,434	\$8,417,360
Wahkiakum	3,878	\$155,120
Walla Walla	43,789	\$1,751,560
Whatcom	162,214	\$6,488,560
Whitman	24,697	\$987,880
Yakima	178,208	\$7,128,320
Total	5,001,100	\$200,044,000

Current Transportation Benefit Districts

Clarkston	Asotin
Prosser TBD	Benton
Wenatchee	Chelan
Battle Ground	Clark
Kelso and Kalama	Cowlitz
E Wenatchee	Douglas
Royal City	Grant
Electric City	Grant
Soap Lake	Grant
Des Moines TBD	King
Lake Forest Park TBD	King
Shoreline TBD	King
Burien TBD	King
Snoqualmie TBD	King
Seattle TBD	King
Kenmore	King
Maple Valley	King
Enumclaw	King
Mercer Island	King
Bremerton	Kitsap
Bainbridge Island	Kitsap
Kittitas	Kittitas
Orting	Pierce
Eatonville	Pierce
Tacoma and Dupont	Pierce
Carbonado	Pierce
Buckley	Pierce
Edgewood	Pierce
University Place	Pierce
Roy and Wilkeson	Pierce
Lakewood	Pierce
Anacortes #1	Skagit
Sedro-Woolley	Skagit
Edmonds TBD	Snohomish
Lynnwood TBD	Snohomish
Mountlake Terrace	Snohomish
Everett	Snohomish
Spokane TBD	Spokane
Olympia TBD	Thurston
Mabton TBD	Yakima
Grandview TBD	Yakima
Zillah	Yakima
Toppenish and Wapato	Yakima

NOTE: A Regional Transit Authority (RTA) can impose a local Motor Vehicle Excise Tax. That tax (section 310), needs approval by vote of the people. A Transportation Benefit District (TBD) can impose a vehicle fee. This fee needs approval by a majority of the TBD council or a vote of the people (dependent on the amount of the fee). The bill exempts specific vehicles from the MVET and the vehicle fee. These include vehicles subject to declared gross weight fees under RCW 46.17.355, except for those with a scale weight of 6,000 pounds or less, farm vehicles, fixed load vehicles and commercial trailers. Sound Transit RTA (comprising areas that include parts of King, Pierce and Snohomish counties) is currently the only local jurisdiction with an MVET.

Increase in MVET Revenue – The table below is an example showing how much revenue would be generated if a 1.5 percent MVET was imposed by an RTA across all of King County. The analysis is based on criteria for the valuation of vehicles found in RCW 82.44.035 using data from December 31, 2014. This data is based on use class. Only passenger cars and trucks are included in this scenario. This potential revenue is not included in this fiscal note because it is local revenue.

Use Class	Vehicle Count	Mean Value	Fleet Value	King Co MVET at Rate of 1.5% Annually
Passenger cars	1,317,303	\$8,084	\$10,648,854,526	\$159,732,818
Truck (scale weight of 6,000 pounds or less)*	196,449	\$5,856	\$1,150,408,208	\$17,256,123
			Total	\$176,988,941

II. C – Expenditures

Information Services Division (ISD)—Data System Modification Costs

Costs for system modifications to the new system the agency is implementing with the Business Technology Modernization (BTM) project are indeterminate: electric vehicle, report of sale and intermittent trailer plates. The project isn't far enough along to provide estimates at this time. Cost estimates will be available in the Fall of 2015, a few months after the project officially begins.

New and changed fees, gross weight fee changes, increases in costs for EDLs and EIDs will require modification of the Vehicle Field System (VFS), the Driver Field System (DFS), DOL revenue systems, online fee distribution reports, the License Services Office (LSO) Reconciliation System, the Driver Refund System, and the Driver online system. These changes will require planning, programming and user acceptance testing, and these costs are estimated on the following Information Services Division table below.

The agency will use appropriated funds to hire contract programmers to accomplish this work and/or to support current staff implementing this legislation. Appropriated funds may also be used to hire agency temporary staff to support permanent staff assigned to implementation of this legislation.

The following is a breakdown of the contracted IS startup costs:

Cost Category	Description	FY 16 Months	FY 17 Months	Rate	Cost
Developer/Tester	Modify programming and coding to all major systems; test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	17.2	-	\$18,444	\$317,237
Analyst	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	3.0	-	\$25,752	\$77,256
Project Manager	Manage schedule and contracts	1.8	-	\$27,492	\$48,111
QA Oversight*	Plan and carry out activities to assure project deliverables; e.g. preventative defect activities, align quality measures and business objectives.	0.8	-	\$31,668	\$23,751
Project Contingency	OCIO designated rate of 10%				\$46,636
		22.7	-		\$512,991

* DOL includes QA oversight costs estimates for fiscal note evaluations per the requirement of OCIO Policy 132. DOL has requested an exemption to this requirement for legislative requests and will adjust cost estimates as appropriate following a determination from the OCIO.

Below are detailed data system modification cost estimates.

	Developer/ Tester	Analyst	Project Manager	QA Oversight	Project Contingency	Total
Driver CDL	\$35,044	\$10,301	\$5,498	\$0	\$5,084	\$55,927
Fuel Tax Increases	\$18,444	\$6,438	\$6,873	\$0	\$3,176	\$34,931
Gross Weight/Freight Fee	\$156,774	\$32,190	\$20,619	\$23,751	\$23,333	\$256,667
Passenger Weight Fee	\$55,332	\$12,876	\$6,873	\$0	\$7,508	\$82,589
EDL/EID Increase	\$51,643	\$15,451	\$8,248	\$0	\$7,535	\$82,877
Report of Sales						Indeterminate
Intermittent Trailer Plate						Indeterminate
Electric Hybrid						Indeterminate
Total	\$317,237	\$77,256	\$48,111	\$23,751	\$46,636	\$512,991

Customer Relations Division

The Customer Service Center will need additional staff to answer increased calls resulting from the changes in this bill. DOL's past experience with fee changes has shown that they initially resulted in approximately 30 percent of registered vehicle owners calling or emailing to ask questions about the fees. The number of calls declines in subsequent years as owners become familiar with the changes. A Customer Service Specialist 2 (CSS2) can answer 1,500 calls per month. With over six million registered vehicles in the state, the number of yearly calls is expected to approximate 1.8 million or about 150,000 calls per month requiring ten CSS2s (10.0 FTEs). In addition, a Customer Service Specialist 3 (1.0 FTE) will be needed to support the CSS2s and answer the more difficult questions and a Customer Service Specialist 4 (1.0 FTE) will be needed as a supervisor. These Customer Service Specialists will all be needed in FY 2017 with hiring beginning May 1, 2016. During FY 2018, only 5 of the CSS2s will be needed. Starting in FY 2019, no additional Customer Service Center staff is requested.

Approximately 27 percent to 29 percent of customers renew their vehicle registrations, driver licenses, and identification cards online and pay with a credit card. Approximately 75 percent of Reports of Sale are filed online. The credit card fees of 2.2 percent are based on the amount of the charge. The following table shows the expected increase in credit card costs:

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Report of Sale Revenue	\$4,232,300	\$3,323,800	\$3,014,800	\$3,014,800	\$3,014,800	\$3,014,800
Report of Sale 75% On-line	\$3,174,225	\$2,492,850	\$2,261,100	\$2,261,100	\$2,261,100	\$2,261,100
2.2 % Credit Card Fee (Fund 108)	\$69,833	\$54,843	\$49,744	\$49,744	\$49,744	\$49,744

Vehicle Renewal Fees						
License Weight Fees (4000-10,000 Pounds)	\$40,092,600	\$40,226,000	\$40,275,400	\$40,292,300	\$40,415,000	\$40,549,100
Passenger Weight Fees	\$86,394,800	\$88,476,700	\$90,341,100	\$91,447,000	\$92,552,800	\$93,682,300
License Weight Fees by Weight Over 10,000 Pounds	\$10,200,000	\$10,233,900	\$10,245,800	\$10,249,200	\$10,279,200	\$10,312,100
Electric Vehicle Fees	\$0	\$0	\$0	\$0	\$0	\$0
Hybrid Vehicle Fees	\$59,600	\$62,900	\$66,400	\$70,100	\$74,000	\$78,100
License Plate Technology Fee Increase	\$6,433,000	\$6,541,200	\$6,638,800	\$6,704,400	\$6,771,600	\$6,838,300
DOL Services Account Fee Increase	\$12,866,000	\$13,082,400	\$13,277,600	\$13,408,900	\$13,543,100	\$13,676,600
Total Vehicle Renewal Fees	\$156,046,000	\$158,623,100	\$160,845,100	\$162,171,900	\$163,635,700	\$165,136,500
Vehicle Renewal Fees 29% On-line	\$45,253,340	\$46,000,699	\$46,645,079	\$47,029,851	\$47,454,353	\$47,889,585
2.2% Credit Card Fees (Fund 108)	\$995,573	\$1,012,015	\$1,026,192	\$1,034,657	\$1,043,996	\$1,053,571

Enhanced Driver Licenses Revenue	\$853,900	\$836,400	\$800,900	\$769,100	\$775,800	\$797,700
EDL Revenue 27% On-line	\$230,553	\$225,828	\$216,243	\$207,657	\$209,466	\$215,379
2.2% Credit Card Fees (Fund 106)	\$5,072	\$4,968	\$4,757	\$4,568	\$4,608	\$4,738

Total Credit Card Fees	\$1,070,479	\$1,071,826	\$1,080,693	\$1,088,969	\$1,098,348	\$1,108,053
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Programs and Services Division

While DOL still does some CDL testing, no fiscal impact to DOL is anticipated from Sections 206 through 208 of this bill which only increases the cost, not the number of CDL tests. DOL currently partners with contracted Third Party Testers (TPTs) to conduct these tests for applicants. In most instances, the TPTs will collect the increased fee without reimbursement from DOL.

DOL is now able to estimate the following impact of boundary line issues related to MVET refunds, previous fiscal impact estimates have been listed as indeterminate. The Vehicle and Vessel Licensing Unit will need a total of 5 Excise Tax Examiner 1s (ETE1) in the Refunds Unit. One ETE1 FTE will be needed for boundary line refunds and the other 4 FTEs will be needed to process appeal refunds. Currently the unit processes 550 shortages and about 100 refunds a month for the Regional Transit Authority. DOL assumes about the same number of boundary line issues for the local MVET because the same GIS system will be used. Sixty percent of the shortages and refunds come from King County, which are roughly 400 transactions per month. At an average of 15 minutes per transaction, one FTE could review 480 transactions per month (7,200/15 minutes per transaction). The unit would need 1 FTE in the Refunds Unit for the boundary line refunds. For the refunds that will be generated through the appeals process DOL is assuming half of the appeals would result in a refund. At an average of 15 minutes per transaction, one FTE could key in 1,440 per month. At 5,416 transactions per month/1,440 per FTE requiring 4 FTEs in the Refunds Unit.

DOL previously listed Hearings Unit impacts related to conducting appeals and determinations as indeterminate, however no additional resource needs are anticipated.

DOL Professional and Administrative Support

DOL's forecasting unit will need a Tax Policy Specialist 3 at 0.2 FTE in FY 2016 and ongoing. This position will track the new revenue forecasts for the service fees that DOL and auditors will now collect for title and registration transactions. These fees will now be collected for reports of sale (DOL Service fee, License Plate Technology fees, Filing fee, and a service "transaction" fee), electric hybrid vehicle, change of ownership registration reset and related fees, and change of ownership plate fees. The Tax Policy Specialist

3 will work with stakeholders and manage the forecast of revenue from these additional activities, including updating the OFM revenue allotment system for initial allotments and quarterly forecasts. The new revenue streams will be part of the transportation forecast, which requires a 16-year forecast, presentation, and approval of the Transportation Revenue Forecast Council.

DOL's Revenue Accounting will need a Fiscal Analyst 1 (0.7 FTE in FY 2016 increasing to 1.4 FTE in FY 2017.) This position will be needed to enter additional information into spreadsheets due to 51 additional revenue account codes, to record the new fees and fee distributions, and to reconcile and report those fees to other agencies and the State Treasurer.

DOL's Research and Analysis section will need 1 ITS5 FTE for research, analysis and reporting on hybrids.

DOL is now able to estimate the fiscal impact of accounting and administrative tasks related to supporting the administration of MVET, previous fiscal impact estimates have been listed as indeterminate. DOL's Accounting Office will need a Fiscal Analyst 5 (0.4 FTE ongoing) to answer questions from state agencies (Department of Transportation and Office of State Treasurer), cities and counties specifically regarding MVET distributions. This person will also perform reconciliations, monitor and report driver and vehicle revenue distributions and refunds. This position will work directly with Information Service Division staff to resolve issues related to MVET. Revenue Accounting assumes that the number of dishonored checks will increase and posting them to the Vehicle Field System will require additional verification of reconciliations, monitoring, and working with counties and subagents.

DOL administrative support (indirect cost) is included at a rate of 12 percent of the direct program costs proposed in this fiscal note. This 12 percent is split 7 percent for Management and Support Services functions and 5 percent for Information Services functions. These costs are allocated to cover agency wide handling and processing of vendor payments; equipment purchase, delivery, storage and set-up; technical assistance to employees; contract administration; security; handling of mail; and other indirect support service functions as needed. These costs are included in the expenditure details section below.

The amount received in either Management Support Services or Information Services may not be sufficient to actually hire a new staff person. However, depending on the needs of the division this indirect funding could be used to pay current staff for overtime or extending or increasing the use of temporary and seasonal employees. Expenditures of this nature are reflected as FTE usage in the statewide AFRS reports. Costs have been added to provide standard office equipment, supplies, materials, facilities and other staff related expenses.

Additionally there will be ongoing expenses for new Intermittent Plate and tab inventory. Per conversations with the Office of Financial Management, DOL is showing the impact that would occur if 30 percent of owners with eligible trailers opt for an intermittent-use trailer plate. Additionally, it is assumed that 30 percent of trailer owners, at the time of change in ownership, will also opt for this plate. Costs are standard at \$0.048 per monthly tab, \$0.048 for a yearly tab and \$1.236 per plate. This adds up to \$116,596 for FY 2017.

Indeterminate Expenses related to MVET: (NOT included in the figures below for this fiscal note)

NOTE: Credit card fees resulting from new local jurisdiction revenue transacted when renewing registrations online are indeterminate for DOL expenditures related to MVET and for TBD fee increase. DOL will reassess resource needs as jurisdictions add MVETs and may submit a budget request for additional resources at a later date.

Part III: Expenditure Detail

III. A – Expenditures by Object or Purpose

	FY 16	FY 17	15-17 Total	17-19 Total	19-21 Total
FTE Staff Years	10.6	23.7	17.2	15.6	15.1
Salaries and Wages	492,322	1,039,524	1,531,846	1,479,743	1,474,997
Employee Benefits	161,772	358,855	520,627	496,965	488,448
Goods and Services	607,312	1,421,547	2,028,859	2,699,052	2,580,960
Equipment	51,440	70,730	122,170	12,860	19,290
TOTAL	1,312,846	2,890,656	4,203,502	4,688,620	4,563,695

III. A (1) – Detail of Expenditures by Sub-Object for Goods & Services

Object E Breakdown:	FY 16	FY 17	15-17 Total	17-19 Total	19-21 Total
EA Plates & Tabs		116,596	116,596	216,580	65,818
EA Office Supplies	7,275	15,000	22,275	19,650	19,350
EB Phone/Install/Usage	6,760	13,615	20,375	13,030	13,335
ED Facility/Lease Costs	58,035	119,660	177,695	156,754	154,362
EG Training	5,161	10,640	15,801	13,939	13,725
EH Rentals, Leases (incl. IT EQ lea	3,475	6,214	9,689	13,175	14,669
EL Interagency DP Svcs	3,375	6,960	10,335	9,117	8,979
EN Personnel Services	3,069	5,813	8,882	8,107	8,205
ER Application Programmers	512,991		512,991		
EY Software Maintenance	4,760	6,160	10,920	1,120	1,680
EZ Other Goods & Svcs	2,411	1,120,889	1,123,300	2,247,580	2,280,837
Total Goods & Svcs	607,312	1,421,547	2,028,859	2,699,052	2,580,960

Additional information about assumptions and impacts is available directly from the Department of Licensing at 902-3644.

III. B – FTE Detail

Job Classification	Salary	FY 16	FY 17	15-17 Total	17-19 Total	19-21 Total
Tax Policy Spec 3	71,500	0.2	0.2	0.2	0.2	0.2
Fiscal Analyst 1	42,545	0.7	1.4	1.1	3.5	6.3
IT Specialist 5	80,892	1.0	1.0	1.0	1.0	1.0
Fiscal Analyst 5	63,192	0.4	0.4	0.4	0.4	0.4
IT Specialist 4	69,438	0.2	1.1	0.7	0.8	0.7
IT Specialist 2	58,656	0.2	0.3	0.3	0.0	0.0
Customer Service Spec	36,756	2.0	10.0	6.0	2.5	0.0
Customer Service Spec	40,524	0.2	1.0	0.6	0.5	0.0
Customer Service Spec	44,712	0.2	1.0	0.6	0.0	0.0
Excise Tax Examiner 1	39,516	5.0	5.0	5.0	5.0	5.0
Fiscal Tech 2	45,828	0.5	2.3	1.4	1.7	1.5
Total FTEs		10.6	23.7	17.2	15.6	15.1

III. B – Expenditures by Program (optional)

Program	FY 16	FY 17	15-17 Total	17-19 Total	19-21 Total
100 - Mgmt & Support Services	252,144	571,517	823,661	1,316,666	1,517,451
200 - Information Services	558,307	150,028	708,335	234,276	229,677
300 - Customer Relations	157,083	1,857,474	2,014,557	2,514,404	2,193,293
600 - Programs & Services	345,312	311,637	656,949	623,274	623,274
<i>Total</i>	1,312,846	2,890,656	4,203,502	4,688,620	4,563,695

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

None

Individual State Agency Fiscal Note

Bill Number: 5987 E S SB	Title: Transportation revenue	Agency: 405-Department of Transportation
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2016	FY 2017	2015-17	2017-19	2019-21
Tacoma Narrows Toll Bridge Account-State 511-1				(5,760,000)	(11,518,000)
Total \$				(5,760,000)	(11,518,000)

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.3	0.3	0.3	0.3	0.3
Account					
Multimodal Transportation Account-State 218-1	36,348	34,348	70,696	68,696	70,696
Tacoma Narrows Toll Bridge Account-State 511-1	0	0	0	(5,760,000)	(11,518,000)
Total \$	36,348	34,348	70,696	(5,691,304)	(11,447,304)

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jerry Long	Phone: 360-786-7306	Date: 03/03/2015
Agency Preparation: Lizbeth Martin-Mahar	Phone: 360-705-7942	Date: 03/10/2015
Agency Approval: Doug Vaughn	Phone: 306-705-7500	Date: 03/10/2015
OFM Review: Erik Hansen	Phone: 360-902-0423	Date: 03/11/2015

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This engrossed substitute bill increases transportation revenue by raising new and certain existing state and local taxes and fees. The bill makes the following changes to current law.

1. Creates the Connecting Washington Account and provides contingent effective dates;
2. Motor vehicle and special fuel taxes are increased by 11.7 cents over three years (\$0.05 per gallon effective July 1, 2015, \$0.042 per gallon effective July 1, 2016, and \$0.025 per gallon effective July 1, 2017) with proceeds going to the Connecting Washington Account;
3. Handling loss is repealed;
4. Off-road fuel tax refunds are increased by 11.7 cents in conjunction with the proposed fuel tax rate increase;
5. Light vehicle weight fees are increased a varying amount depending on vehicle weight (the maximum increase is \$35) plus an \$8 fee beginning in 2022;
6. Freight project fee on heavy duty trucks is established at 15 percent of the combined license fee;
7. Current \$100 electric vehicle fee is extended to hybrid vehicles - funds are deposited to the Transportation Innovative Partnership Account;
8. Commercial driver's license, enhanced driver's license and identocard fees are increased;
9. Studded tire fee of \$5 per tire is created (to be paid at time of purchase);
10. Service fees are established for report of sale and transitional ownership transactions;
11. Intermittent-use trailer fee is established;
12. Local revenue options related to transportation benefit districts, community transit sales tax, passenger only ferry service districts, and Sound Transit funding; and
13. Extends the beginning of the repayment of the Tacoma Narrows Bridge sales tax deferral out thirteen years until December 31, 2031 instead of 2018.

In addition, part four of this engrossed substitute bill establishes a Washington Electric Vehicle (EV) Infrastructure Bank to provide financial assistance for the installation of publicly accessible EV charging stations within the state. Section 403 requires EV infrastructure receiving financial assistance to include both Direct Current (DC) fast-charging stations and Level 1 or 2 EV supply equipment and identifies the entities that must be consulted in developing policies and priorities for deployment of public charging station locations.

The Washington State Department of Transportation's (WSDOT) Public-Private Partnerships office is directed to administer all funds, including electric vehicle registration renewal fees deposited into the Transportation Innovative Partnership Account. Prior to providing financial assistance, the department must submit a business plan to the Legislative Transportation Committees and to the Governor's Office.

In addition, the section requires WSDOT to transmit an annual progress report to the Legislature and Governor by December 1 of each year.

Section 403 establishing and directing the implementation of the EV Infrastructure Bank and annual progress reports expires July 1, 2026.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Section 404 amends RCW 47.46.060 by extending the deferral of sales taxes on the Tacoma Narrows Bridge (TNB) construction an additional 13 years. WSDOT would begin paying the deferred taxes December 31, 2031 (fiscal year 2032) rather than December 31, 2018 (fiscal year 2019). The delayed payments of \$5.7 million per year would be taken into consideration during future toll rate setting decisions. WSDOT assumes future toll rates will not be increased to accommodate the deferred sales tax payments and, therefore, estimates the average toll rate savings equivalent due to the deferred tax payments would be a range between \$0.34 and \$0.37 per trip. Please see the attachment for more detail. These estimates are based on the most recent traffic and revenue forecasts. Any changes in future traffic or toll rates could affect the projected savings.

The cash receipts related to new transportation revenue in this engrossed substitute bill will not be collected by WSDOT. Rather, the new revenue in this bill will be reported on the Department of Licensing and Department of Revenue fiscal notes.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The engrossed substitute bill establishes the EV Infrastructure Bank and sets forth policy and operational direction. Assuming the EV Infrastructure Bank receives appropriations in the enacted budget, there would be a staffing impact for the Public-Private Partnerships program (Program K) to set up and administer the provisions of the bill. Although the staffing impact is modest, because WSDOT's budget is appropriated by program, and Program K is a small two-person program, the addition of this work could not be accomplished within existing capacity.

It is estimated that 0.25 FTE for a Transportation Planning Specialist 4 (TPS4) would be needed for the 2015-17 biennium and subsequent biennia to develop, establish, and administer the program.

In addition, section 404 amends RCW 47.46.060 by extending the deferral of sales taxes on the Tacoma Narrows Bridge (TNB) construction an additional 13 years. WSDOT would begin paying the deferred taxes in 2031 rather than 2018. While the deferral extension does not diminish the tax burden, the delayed payments are reflected as expenditure reductions beginning in fiscal year 2019 forward. The numbers in the table represent the planned sales tax expenditures that are shifted to 2031 and beyond. These numbers are taken from the most recent TNB financial plan.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.3	0.3	0.3	0.3	0.3
A-Salaries and Wages	19,248	19,248	38,496	38,496	38,496
B-Employee Benefits	6,350	6,350	12,700	12,700	12,700
C-Professional Service Contracts					
E-Goods and Other Services	4,750	4,750	9,500	9,500	9,500
G-Travel					
J-Capital Outlays	6,000	4,000	10,000	(5,752,000)	(11,508,000)
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$36,348	\$34,348	\$70,696	(\$5,691,304)	\$(11,447,304)

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2016	FY 2017	2015-17	2017-19	2019-21
Transportation Planning Specialist 4	76,992	0.3	0.3	0.3	0.3	0.3
Total FTE's	76,992	0.3	0.3	0.3	0.3	0.3

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Tacoma Narrows Bridge

Toll rate equivalents of deferred sales tax payments

FY	2019	2020	2021	2022	2023	2024	2025	2026	2027	Average
Transactions	15,399,000	15,630,000	15,825,000	16,023,000	16,223,000	16,426,000	16,631,000	16,798,000	16,967,000	
Deferred Sales Tax	\$5,759,241	\$5,759,241	\$5,759,241	\$5,759,241	\$5,759,241	\$5,759,241	\$5,759,241	\$5,759,241	\$5,759,241	
Average Rate	\$0.37	\$0.37	\$0.36	\$0.36	\$0.36	\$0.35	\$0.35	\$0.34	\$0.34	\$0.36

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5987 E S SB	Title: Transportation revenue
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Part I: Jurisdiction—Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities: Increase in licensing revenue received by cities from the Motor Vehicle Fund (MVF); potential increase in local law enforcement costs for traffic violations related to intermittent-use trailers; increased ordinance and election costs for public transportation revenue provisions
- Counties: Same as above except counties may receive complete street grant funds for county roads
- Special Districts: Allows transportation benefit districts (TBD), public transportation benefit areas (PTBA), and regional transportation authorities (RTA) to seek voter-approval of new and increased tax and fee revenue to develop public transportation systems. Seattle TBD low-income transportation rebate program expanded to include those at or below 75 percent of median household income.
- Specific jurisdictions only: Community Transit PTBA, Kitsap Transit Passenger-Only Ferry (POF) District (PTBA), Sound Transit (RTA), and Seattle Transportation Benefit District (TBD)
- Variance occurs due to: Voter approval of local revenue provisions

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs: One-time ordinance/resolution and election costs to implement local option fees and taxes
- Legislation provides local option: Seeking voter-approval for vehicle fees, sales and use tax, property tax, and motor vehicle excise tax (MVET).
- Key variables cannot be estimated with certainty at this time: Which revenue propositions may be approved by voters; which jurisdictions may pursue local revenue options; the number of new traffic violations; future transportation appropriations that may contain local elements; total number of people within Seattle TBD that would apply for transportation rebates

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Amber Siefer	Phone: 360-725-2733	Date: 03/10/2015
Leg. Committee Contact: Jerry Long	Phone: 360-786-7306	Date: 03/03/2015
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 03/10/2015
OFM Review: David Dula	Phone: (360) 902-7437	Date: 03/11/2015

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

DIFFERENCES BETWEEN NEW AND PREVIOUS VERSION OF BILL:

Section 303 changes the definition of "low-income" used for transportation rebate programs from 45 to 75 percent of the median household income for the purpose of determining eligibility of rebates, taxes, fees and tolls. This section is applicable to transportation benefit districts (TBDs) that contain a city with a population of 500,000 or more, which is currently Seattle TBD.

Section 310 exempts the regular property tax authorized in Section 313 from provisions stating that funding may not adversely affect transit agencies, and the option to contract with the state for collection of voter-approved local option revenue.

Section 320 makes all taxes, obligations, and liabilities payable to an RTA by a city subject to establishment of taxing district boundaries and effective dates for local sales and use tax changes. These restrictions are also applied to elections for annexation. The ability of RTAs to exclude a city that has provided a resolution requesting exclusion is removed.

SUMMARY OF CURRENT BILL:

This bill imposes additional motor vehicle fuel tax on licensees; repeals the handling loss deduction from the motor vehicle fuel tax; increases vehicle weight fees and driver-related fees; creates a new freight project fee, report of sale and transitional ownership fees, studded tire fee, and enhanced driver's license fee; expands the electric vehicle fee to include plug-in electric hybrids; and allows for owners of intermittent-use trailers to pay a one-time registration fee for a permanent license.

Section 301 allows a transportation benefit district (TBD) to impose a vehicle fee of up to \$40 by majority vote of a governing body so long as a \$20 fee has been in effect for at least 24 months.

Section 302 allows a TBD to increase an authorized vehicle fee from \$20 up to \$40.

Section 304 allows Community Transit in Snohomish County, a public transportation benefit area (PTBA), to impose an additional sales and use tax of up to 0.3 percent with voter approval.

Sections 305 to 309 allow Kitsap Transit Passenger-Only Ferry (POF) Service District, a PTBA, to establish one or more POF districts within the boundaries of the PTBA, and to collect new fees and taxes to implement a POF investment plan after seeking voter approval as well as issue general obligation and revenue bonds.

Sections 310 to 313 allow Sound Transit, a regional transportation authority (RTA), to impose a voter-approved regular property tax, motor vehicle excise tax (MVET), and to adjust the maximum rate of tax that may be imposed, for the development of high-capacity transportation systems. If Sound Transit imposes a voter-approved tax exceeding 0.9 percent up to the authorized amount of 1.4 percent, it will not be eligible to receive any state funds provided in an omnibus transportation appropriations act.

Sections 314 and 315 exempt the taxes authorized under Section 313 for RTAs from levy limitations provided under RCW 84.52.043.

Section 319 allows cities that operate transit systems, county transportation authorities, metropolitan municipal corporations, public transportation benefit areas, high capacity transportation corridor areas, and regional transit authorities to pledge revenues received from the property tax authorized in section 313, to retire bonds that are used to finance high capacity transportation service.

Sections 401 and 402 allow the complete streets grant program to be used for county roads and city streets.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

Most of the taxes and fees created and amended in this bill, including the new studded tire fee, would be collected and administered by the Department of Licensing (DOL). At the county level, auditors are tasked with collecting and administering taxes and fees on the part of DOL. Auditors generally retain a portion of the fees and charges they collect to cover their administrative costs. Collection of other new fees outlined in this bill, such as the freight project fee, may shift to county auditors overtime depending upon DOL implementation. However, it is not possible to determine what, if any, burden will shift to county auditors at this time.

It is not known whether the voters in affected jurisdictions would authorize the proposed ballot measures in this bill. It is assumed that

one-time ordinance and/or election expenditures may result in any jurisdiction that chooses to implement new or increased fee or tax revenue options provided in the bill. A range of costs are provided at the end of this section.

NEW FEES:

New Section 215 creates the intermittent-use trailer license plate and requires owners to purchase a registration and pay the special license fee, in order to receive a DOL issued plate. County auditors may incur indeterminate and negligible administrative costs for license applications of intermittent-use trailers. The Local Government Fiscal Note Program (LGFN) assumes the associated fee will be collected by the DOL. Local law enforcement officers may issue new traffic citations for intermittent-use trailer license plate violations. Costs for new traffic violations are discussed below.

INCREASED FEES:

Section 204 expands the electric vehicle (EV) fee to electric/hybrid types of vehicles. County auditors already provide renewal services, and the impact of the implementation of this new fee on county auditor workload is expected to be minimal.

NEW TRAFFIC VIOLATION COSTS:

Local law enforcement officers may issue new traffic citations for intermittent-use trailer license plate violations. The average number of hours spent for investigation, processing and paperwork, court time, and officer and staff time for traffic violations in the misdemeanor category is 9.5 hours, for a total personnel cost of \$173 per traffic citation. LGFN assumes traffic infractions resulting from noncompliance of this section would create a negligible increase in costs for local law enforcement agencies. For illustrative purposes, assuming there are 500 new traffic violations per this bill, the total cost to local law enforcement agencies would be \$86,500 (\$173 x 500).

ORDINANCE AND RESOLUTION COSTS:

An LGFN unit-cost data estimate the cost of passing an ordinance ranges from approximately \$350 for a simple ordinance to \$1,400 for a moderate ordinance to upwards of \$3,600 for a large or complex ordinance. Ordinance cost estimates take into account attorney, professional staff, council or commission member, and administrative staff time needed to draft the ordinance and associated reports, hold public, advisory, and legislative meetings, solicit and incorporate public input, and execute or enforce the ordinance. Estimates also include publication and public notice media costs. These costs include attorney, staff, management, and governing body time, plus the costs of required media publication notices and one special public meeting. Were a public hearing of the same complexity to be included, the costs would increase to approximately \$1,040 to \$4,990 total.

LOCAL ELECTION COSTS:

County auditor election departments conduct elections on behalf of special taxing districts, cities, counties, state government, and federal government. Each county bills its local jurisdictions for a prorated share of the cost of each election. Election costs include both fixed and variable costs related to a specific election. The cost to a jurisdiction varies significantly depending on how many other jurisdictions share the specific election date. If there are many sharing a date, each jurisdiction's share of the costs are lower. November general elections have the most participating jurisdictions so the cost to individual jurisdictions is lower. Conducting a one-issue election on a special election date usually leads to much higher costs.

For example, if a city of around 25,000 population located in one of the Puget Sound counties ran its election in November it would likely cost between \$2,000 and \$4,000. The same election held on a special election date by itself might cost as much as \$75,000, ranging from \$0.20 per voter to almost \$3 per voter.

Alternatively, in a county with 1.1 million voters the cost would likely be \$1.1 million if the election were held in November. Costs in the August primary would likely range from \$1.3 million to \$1.6 million (depending on how many other jurisdictions participate). Running a stand-alone election on a special election date in May or June would cost \$3 million. These costs range from \$1 to \$3 per voter.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

The definition change of "low-income" for Seattle Transportation Benefit District's rebate program would mean more people over a wider distribution of income levels would be eligible for transportation rebates. Therefore, this would likely expand the amount of revenue that is used to provide incentives and subsidies for transportation.

All local jurisdictions that might collect or increase fees and taxes as allowed by this bill are unknown. The following narrative provides information on possible revenue impacts to local governments.

According to estimates provided by the Department of Revenue, if Snohomish County PTBA chose to increase their local tax up to 1.2 percent, an additional \$26 million could be levied with voter approval. Additionally, Sound Transit could generate \$350 million if voters

approved an increase in the local tax rate to 1.4 percent.

LGFN assumes that if local governments receive a relatively stable percent of new and increased licensing revenue, this bill would result in a significant but indeterminate overall increase in revenue for cities, counties, and certain special districts receiving funds from the Motor Vehicle Fund.

Based on DOL estimates provided for SB 5987, the new intermittent-use trailer license plate fee would result in an initial increase in revenue to the Motor Vehicle Account (MVA). However, revenue loss would be seen by FY 2020 because the new fee does not have to be renewed, and would replace other license fees that currently are required to be renewed. It is not possible to determine exactly how much of the new initial fee revenue would be received by local governments from the MVA because those funds are dispersed based on appropriations.

LOCAL TRANSPORTATION FEES and TAXES:

DOL estimates that if all counties were to charge a \$40 vehicle fee per RCW 82.80.140, the potential revenue impact would be \$200,044,000. This assumes a transportation benefit district (TBD) is in effect for a full year and includes those counties already charging a TBD fee.

Motor vehicle excise tax (MVET) and regular property tax may be imposed by Sound Transit for the development of high capacity transportation systems. DOL estimates that King County could receive approximately \$177 million annually if the MVET alone was raised to 1.5 percent.

The bill further authorizes voter-approved tax increases and new taxes to be collected by Community Transit and Kitsap Transit. Kitsap Transit may also collect passenger tolls and charge for advertising and leased space on ferries.

CONNECTING WASHINGTON ACCOUNT:

New Section 106 establishes the connecting Washington account within the MVA.

ELECTRIC VEHICLE INFRASTRUCTURE BANK:

New Section 403 establishes the electric vehicle (EV) infrastructure Bank to provide financial assistance for the installation of publicly accessible electric vehicle charging stations.

BACKGROUND:

In November 2014, voters approved Seattle Transportation District Proposition 1, imposing an annual vehicle-license fee up to an additional \$60 per vehicle, with a \$20 rebate for low-income individuals, with an expected revenue impact of \$24 million.

SOURCES:

Senate Bill Report ESSB 5987

Department of Transportation staff

Municipal Research Services Center staff

Seattle Office of the Mayor "Preserving Metro Transit Service" <http://murray.seattle.gov/metro/#sthash.y2P6sgDl.dpbs>

LGFN unit cost data models

Office of Financial Management April 1 population estimates

Local Government Fiscal Note SSB 5987 (2015) which includes:

Department of Revenue Fiscal Note

Local Government Fiscal Note SB 5987 (2015)

Local Government Fiscal Note SB 5358 (2015)