

Multiple Agency Fiscal Note Summary

Bill Number: 5974 E S SB AMH FEYJ H2869.1	Title: Transportation resources
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Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	(18,700,000)	(18,700,000)	0	(41,200,000)	(41,200,000)	0	(6,700,000)	(6,700,000)	0
Department of Licensing	0	0	129,150,000	0	0	527,793,000	0	0	547,110,000
Department of Transportation	0	0	(1,383,233)	0	0	(3,110,577)	0	0	(3,336,451)
Total \$	(18,700,000)	(18,700,000)	127,766,767	(41,200,000)	(41,200,000)	524,682,423	(6,700,000)	(6,700,000)	543,773,549

Agency Name	2021-23		2023-25		2025-27	
	GF- State	Total	GF- State	Total	GF- State	Total
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 Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	3.8	1,934,384	1,934,384	1,934,384	6.5	2,688,443	2,688,443	2,688,443	5.3	1,561,382	1,561,382	1,561,382
Department of Revenue	.5	117,300	117,300	117,300	.6	101,300	101,300	101,300	.1	16,600	16,600	16,600
Department of Enterprise Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
Utilities and Transportation Commission	.3	0	0	68,443	.5	0	0	136,886	.5	0	0	136,886
Department of Licensing	.4	0	0	815,000	5.7	0	0	1,983,000	6.9	0	0	2,368,000
Department of Health	.5	136,000	136,000	136,000	.9	255,000	255,000	255,000	.8	232,000	232,000	232,000
Superintendent of Public Instruction	.1	14,000	14,000	14,000	.1	21,000	21,000	21,000	.1	14,000	14,000	14,000
Department of Transportation	11.5	0	0	3,193,962	23.0	0	0	6,120,366	23.0	0	0	6,279,494
Freight Mobility Strategic Investment Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Ecology	.6	145,614	145,614	160,175	1.3	291,228	291,228	320,350	1.3	291,228	291,228	320,350
Department of Agriculture	.0	9,400	9,400	9,400	.1	18,800	18,800	18,800	.1	18,800	18,800	18,800
Total \$	17.7	2,356,698	2,356,698	6,448,664	38.7	3,375,771	3,375,771	11,645,145	38.1	2,134,010	2,134,010	10,947,512

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Total									
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Utilities and Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Department of Health	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Freight Mobility Strategic Investment Board	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Department of Agriculture	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
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 Breakout

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Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Final 3/15/2022
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Individual State Agency Fiscal Note

Bill Number: 5974 E S SB AMI FEYJ H2869.1	Title: Transportation resources	Agency: 103-Department of Commerce
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	7.7	3.8	6.5	5.3
Account					
General Fund-State 001-1	0	1,934,384	1,934,384	2,688,443	1,561,382
Total \$	0	1,934,384	1,934,384	2,688,443	1,561,382

Estimated Capital Budget Impact:

NONE

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:	Phone:	Date: 03/03/2022
Agency Preparation: Marla Page	Phone: 360-725-3129	Date: 03/03/2022
Agency Approval: Joyce Miller	Phone: 360-725-2710	Date: 03/03/2022
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 03/04/2022

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.

Differences between the engrossed substitute bill 5974 AMH FEYJ H2869.1 and the engrossed substitute bill :

There are no differences between the engrossed substitute senate bill 5974 AMH FEYJ H2869.1 and the engrossed substitute senate bill that effect the impact to the Department of Commerce.

Summary of the engrossed substitute senate bill 5974 AMH FEYJ H2869.1 :

This bill relates to transportation resources.

The bill provides direction and requirements on the spending for a portion of the funding generated under the Climate Commitment Act; removes the requirement to consider and enact legislation dealing with compliance obligations for emissions-intensive and trade-exposed industries under the Climate Commitment Act; repeals the current motor vehicle fuel tax exemption for exported fuel and replaces it with a credit system in which a \$0.06 per gallon tax would apply to some portion of exported fuel.

The bill also makes a variety of other changes associated with financing and spending assumptions, and with certain transportation policies, as provided in the Move Ahead WA transportation package.

Section 413(1) amends RCW 70A.535.120 to state that the Department of Revenue (DOR) may issue an order declaring an emergency deferral of compliance with the carbon intensity standard under section 408. The governor's office and the Department of Commerce (department) must be consulted in declaring an emergency declaration and must be declared no more than 15 days after determining the following :

Extreme and unusual circumstances that prevent the distribution of an adequate supply of renewable fuels needed for regulated parties to comply with the clean fuels program ;

Extreme and unusual circumstances resulting in a natural disaster, an act of God; and

Is in the public interest to grant the deferral due to project temporary shortfalls in the supply of renewable fuels in the state.

Section 413(4) states that an emergency deferral may be terminated prior to the expiration date if new information determines that the shortage that provided the basis for the emergency deferral has ended, and DOR must consult with the governor's office and the department in making an early termination decision.

Section 415 is a new section requiring the Interagency Electric Vehicle Coordinating Council in section 428 to complete a scoping plan by December 31, 2023 for the state to achieve a target for establishing all publicly and privately owned passenger and light duty vehicles of model year 2030 or later that are sold, purchased, or registered in Washington state to be electric vehicles. This study would build upon, to the extent feasible, the Department of Ecology's zero emissions vehicle program.

Section 427 is a new section explaining the Interagency Electric Vehicle Coordinating Council would be responsible for coordinating the state's transportation electrification efforts to ensure the state is leveraging state and federal resources to the best extent possible and to ensure zero emissions incentives, infrastructure, and opportunities are available and accessible to all Washingtonians.

Section 428 is a new section creating an Interagency Electric Vehicle Coordinating Council (council) co-led by the department and Washington State Department of Transportation (WSDOT) with participation from the following agencies :

Office of Financial Management (OFM);
Department of Ecology (Ecology);
Department of Enterprise Services (DES);
State Efficiency and Environmental Performance Office (SEEP);
Department of Agriculture (Agriculture);
Department of Health (DOH);
Utilities and Transportation Commission (UTC);
Representative from Office of Superintendent Public Instruction (OSPI) for student transportation; and
Other agencies with key roles in electrifying the transportation sector.

Section 428(2) is a new section requiring the department and WSDOT to assign staff in each agency to lead the council's coordination work and provide ongoing reports to the governor and legislature including other appropriate legislative committees.

Section 429 is a new section establishing the responsibilities of the council to include :

Development of a statewide transportation electrification strategy to ensure readiness for all new vehicle sales to be zero emissions beginning 2035;
Identification of all EV grant related funding ;
Coordination of EV related grant funding criteria across agency grant programs ;

Section 429(2) is a new section requiring the council to provide an annual report to appropriate committees of the legislature summarizing electric vehicle implementation progress, gaps and resource needs.

Section 501 is a new section stating Sections 415 and 427 through 429 of this act constitute a new chapter in RCW Title 43.

Section 502 is a new section stating that any provision of this act or its application is held invalid, the remainder of this act is not affected.

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.

Section 415 – Scoping Plan

The bill requires the Interagency Electric Vehicle Coordinating Council (council) created in section 428 to complete a scoping plan by December 31, 2023 to meet a statewide target of 100 percent of new vehicles be electric starting in model year 2030. The council is co-led by the Department of Commerce (department) and Washington State Department of Transportation (WSDOT). This would require the department to do a comprehensive study of any obstacles to achieve the 100 percent target. The department assumes that it would hire a consultant and provide consultation and coordinate with the contractor to complete comprehensive study. This study would build upon, to the extent feasible, the Department of Ecology's zero emissions vehicle program.

The department assumes the work outlined in Section 415 will require the following :

1.0 FTE Senior Energy Policy Specialist (2,088 hours) in FY23-FY27 to provide expert consultation and assist in the development of the scoping plan to include any obstacles there may be to achieve the statewide target of 100 percent. This

position would work with contractor in identifying obstacles.

1.0 FTE Management Analyst 4 (2,088 hours) in FY23-FY27 assist in completion of the scoping plan, including provide analysis for any complex issues and/or obstacles for completion of the plan.

Salaries and Benefits:

FY23-FY24: \$266,536 per fiscal year

Professional Service Contracts:

One professional service contract, \$250,000 in FY23 and FY24 for a third party consultant to provide expert analysis on any obstacles to achieve the 100 percent target in the scoping plan. The department assumes a rate of \$250 per hour for the professional service contracts.

FY23-FY24: \$250,000 per fiscal year

Goods and Services:

FY23-FY24: \$25,167 per fiscal year

Equipment:

The department assumes the purchase of two standard workstations for the new staff in FY23.

FY23: \$8,000

Intra-Agency Reimbursements:

FY23-FY24: \$90,622 per fiscal year

Sections 428 and 429 – Establishing Interagency Electric Vehicle Coordinating Council and Responsibilities

General Assumptions:

The bill establishes the Interagency Electric Vehicle Coordinating Council. Both WSDOT and the department will co-lead this council.

The department assumes the work outlined in Section 428 and Section 429 will require the following :

The department assumes meetings for full council and will meet for eight hours once a month for a total of 12 full days per year, starting in FY23 and continuing on an ongoing basis. To support the development of a statewide transportation electrification strategy, the department assumes the council will create subcommittees for different parts of the work. During FY23 and FY24, whose subcommittees will meet for four hours, twice a month, for a total of 24 half day meetings per year. The department assumes all meetings will be virtual but could transition to in person /hybrid meetings in future years.

The department assumes a consultant would be hired to support the development of a statewide transportation electrification strategy. The consultant would work with the interagency electric vehicle coordinating council, and consult with local, state and national transportation specialists.

HEAL Act Outreach

The department assumes coordination with the Environmental Justice Council will be needed and listening sessions will be needed to inform the development of the community-driven programs to address zero emissions transportation needs and

priorities in overburdened communities. The department estimates three listening sessions at four hours per session will be needed.

The department also assumes the Council will assist with promoting the listening sessions, surveys, and other outreach methods to members of overburdened communities.

The department assumes the annual report will be co-drafted by the Washington State Department of Transportation and the department. The report will be reviewed and approved by the full council and submitted to governor's office and legislature by December 1st each year starting in 2023.

The department assumes that it would hire a consultant to support process facilitation and drafting strategy documents. The department assumes that it would use information developed in preparing the scoping plan under Section 415 in preparing the initial statewide transportation electrification strategy. Additional consultant services would be required to develop the full electrification strategy and support stakeholder engagement by the coordinating council. This would require \$1 million (\$500,000) per year in FY23 and FY24.

Statewide Transportation Electrification Strategy, Annual Reports, Staffing Assumptions

To accomplish this work the department estimates :

1.0 FTE Senior Energy Policy Specialist (2,088 hours) in FY23-FY27 to provide strategic and creative thinking having a long-term impact on transportation policy and program investments, and develop policy having broad organization-wide application for design and delivery of programs and services affecting statewide transportation electrification. Additional responsibilities may include, Co-lead council meetings, coordinate with executive level leaders at state agencies; Lead development and implementation of the statewide transportation electrification strategy; Oversee the consultants responsible for modeling in the strategy development work; Assist on annual reports; Participate in all Council meetings; Provide general policy guidance.

1.0 FTE Management Analyst 5 (2,088 hours) in FY23-FY27 to provide expert level analyses to management, staff and both internal and external customers regarding highly complex, multidimensional transportation electrification issues impacting agency/institution-wide programs and policies. Additional responsibilities may include, Making recommendations regarding highly complex transportation electrification issues including organizational change, process improvement and policy development; Providing expert advice and consultation to executive management, internal departments and outside organizations on the work of the council; Serving as the agency representative for work groups, teams or projects with other public and private entities concerning transportation electrification on behalf of executive management; and presents findings and recommendations to executive management; Overseeing the production of complex reports for use by diverse groups such as highest levels of management, boards, commissions, elected officials, and /or other governmental entities.

1.0 FTE Management Analyst 4 (2,088 hours) in FY23-FY27 to, under general direction, provide senior level professional analyses to management, staff and customers regarding complex issues that impact programs and policies. Additional responsibilities may include, Leading production of annual reports; Assisting with the statewide transportation electrification strategy development and implementation; Helping coordinate meeting logistics; Conducting data analysis and research needed to consolidate, maintain, and disseminate information publicly about electrification of vehicles related state and federal goals, programs, policies, and funding; Serving as a consultant to executive management, developing and implementing systems for interagency collaboration on transportation electrification, and formulating goals and objectives; Presenting recommendations to management regarding multidimensional issues which cross departmental lines at Commerce (land use, infrastructure, economic development, energy) that do not have readily available solutions.

0.5 FTE Administrative Assistant 3 (1,044 hours) in FY23-FY7 to provides administrative support for meetings, materials, and interagency coordination.

1.0 FTE Program Specialist 5 (2,088 hours) in FY23-FY27 to co-lead public and private outreach work, coordinating with community organizers and the environmental justice council to develop community-driven programs to address zero emissions transportation needs and priorities in overburdened communities. Working with local governments to explore procurement opportunities and work with local government and community programs to support electrification

Salaries and Benefits:

FY23-FY27: \$538,480 per fiscal year

Professional Service Contracts:

The department assumes a third party consultant will be needed to support the development of a statewide transportation electrification strategy, approximately \$500,000 in FY23 and FY24. The department assumes a rate of \$250 per hour for the professional service contracts.

FY23-FY24: \$500,000 per fiscal year

Goods and Services:

FY23-FY27: \$56,496

Equipment:

The department assumes the purchase of four standard workstations for the new staff in FY23 and the purchase of replacement laptops/tablets in FY27 based on the department's replacement cycle.

FY23: \$16,000

FY27: \$5,264

Intra-Agency Reimbursements:

FY23-FY27: \$183,083 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

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Total Costs:

FY23: \$1,934,384

FY24: \$1,910,384

FY25-FY26: \$778,059 per fiscal year

FY27: \$783,323

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	0	1,934,384	1,934,384	2,688,443	1,561,382
Total \$			0	1,934,384	1,934,384	2,688,443	1,561,382

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		7.7	3.8	6.5	5.3
A-Salaries and Wages		601,750	601,750	1,002,485	801,470
B-Employee Benefits		203,266	203,266	341,011	275,490
C-Professional Service Contracts		750,000	750,000	750,000	
E-Goods and Other Services		81,663	81,663	138,159	112,992
G-Travel					
J-Capital Outlays		24,000	24,000		5,264
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		273,705	273,705	456,788	366,166
9-					
Total \$	0	1,934,384	1,934,384	2,688,443	1,561,382

III. C - Operating FTE 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 2022	FY 2023	2021-23	2023-25	2025-27
Administrative Assistant 3	50,588		0.5	0.3	0.5	0.5
Administrative Services - Indirect	69,552		1.2	0.6	1.0	0.8
EMS Band 2	118,114		2.0	1.0	1.5	1.0
Management Analyst 4	82,901		2.0	1.0	1.5	1.0
Management Analyst 5	91,525		1.0	0.5	1.0	1.0
Program Specialist 5	82,901		1.0	0.5	1.0	1.0
Total FTEs			7.7	3.8	6.5	5.3

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Department of Revenue Fiscal Note

Bill Number: 5974 E S SB AMI FEYJ H2869.1	Title: Transportation resources	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2022	FY 2023	2021-23	2023-25	2025-27
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax		(18,700,000)	(18,700,000)	(41,200,000)	(6,700,000)
Electric Vehicle Account-State 01 - Taxes 01 - Retail Sales Tax		11,700,000	11,700,000	26,300,000	3,800,000
Multimodal Transportation Account-State 01 - Taxes 01 - Retail Sales Tax		7,000,000	7,000,000	14,900,000	2,900,000
Total \$					

Estimated Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.9	0.5	0.6	0.1
Account					
GF-STATE-State 001-1		117,300	117,300	101,300	16,600
Total \$		117,300	117,300	101,300	16,600

Estimated Capital Budget Impact:

NONE

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:	Phone:	Date: 03/03/2022
Agency Preparation: Marianne McIntosh	Phone: (360) 534-1505	Date: 03/04/2022
Agency Approval: Valerie Torres	Phone: (360) 534-1521	Date: 03/04/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/05/2022

Request # 5974-4-1

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 House amendment AMH FEYJ H2869.1 to ESSB 5974, 2022 Legislative Session.

This fiscal note only addresses those sections of the bill that impact the Department of Revenue (Department).

CURRENT LAW:

During January, April, July and October of each year, the law requires the Department to calculate the total exempt state sales and use tax for the prior quarter for the following:

- Retail sales and use tax on qualifying purchases of new or used clean alternative fuel vehicles;
- Retail sales and use tax on qualifying purchases or installs of electric vehicle batteries and fuel cells, installs and maintenance of electric charging or hydrogen fueling vehicle infrastructure, purchases of zero emission buses and constructing or maintaining renewable hydrogen production facilities; and
- Beginning July 1, 2022, retail sales and use tax on qualifying purchases of new or used hydrogen fuel cell vehicles.

The Department informs the State Treasurer of the total amount to transfer from the electric vehicle account and the multimodal account to the general fund. The State Treasurer must complete the transfer by the last day of the month in which the Department completed the calculation.

By February, May, August, and November 25th of each year, the law requires the Department to calculate the total tax credit amount for the prior calendar quarter for the commercial alternative vehicle and infrastructure vehicle tax credit and the commute trip reduction tax credit. The Department must notify the State Treasurer of these amounts. At the end of each calendar quarter, the State Treasurer must transfer the amount from the multimodal account to the general fund.

Hazardous substance tax (HST) collected from non-petroleum products and those petroleum products that remain taxable on the wholesale price must be deposited into the model toxics control capital account. HST collected from the volumetric tax on petroleum products must be deposited as follows:

- \$50 million per biennium into the motor vehicle fund to be used exclusively for transportation stormwater activities and projects. This occurs until the beginning of the biennium after the enactment of an additive transportation funding act, in which the combined total of new revenue deposited into the motor vehicle fund and multimodal transportation account exceeds \$2 billion dollars per biennium attributable solely to an increase in revenue from the act.

The remaining proceeds are deposited as follows:

- 60% into the model toxics control operating account.
- 25% into the model toxics control capital account.
- 15% into the model toxics control stormwater account.

Transportation benefit districts can currently levy a voter approved local sales tax of 0.2%.

COMPARISON OF HOUSE AMENDMENT AMH FEYJ H2869.1 WITH THE ENGROSSED SUBSTITUTE BILL:

The changes in the house amendment do not impact the Department.

PROPOSAL:

Sections 302-311

Beginning July 1, 2022, the bill removes the quarterly transfer requirement for the following:

- Clean alternative fuel vehicles and hydrogen fuel cell vehicles retail sales and use tax exemptions;
- Electric vehicle batteries and fuel cells, electric charging or hydrogen fueling vehicle infrastructure, zero emission buses

Request # 5974-4-1

and renewable hydrogen production facilities retail sales and use tax exemptions;

- Commercial alternative fuel vehicle and infrastructure tax credit; and
- Commute trip reduction tax credit.

Section 312

The bill redefines "additive transportation funding act" to an act enacted after June 30, 2023.

Section 406 and 407

The bill allows the transportation benefit district board to approve, with a majority vote, to fix, impose, or extend the local tax up to 0.1%. With majority voter approval, local jurisdictions may increase the transportation benefit district local tax up to 0.3%.

EFFECTIVE DATE:

The sections of the bill impacting the Department take effect on July 1, 2022.

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:

- Transfers cease from electric vehicle and multimodal accounts beginning July 1, 2022.
- Clean alternative fuel vehicle sales and use tax exemption expires August 1, 2025; therefore, two months impact in Fiscal Year 2026 for sales. Qualifying leased vehicles continue to receive exemption through August 1, 2028.
- Growth for clean alternative fuel new and used vehicle sales mirrors the November 2021 Transportation forecast for electric and plug-in vehicle registrations.
- Utilized the average sales for California in 2015 per fueling station to calculate the number of new vehicles sold each year based on the cumulative number of fueling stations. Based on this calculation, approximately 625 qualified vehicles will be sold by June 30, 2029, when the exemption expires. Should more fueling stations be built than assumed, then expect to see an increase in hydrogen FCEV sales and the cap met earlier than June 30, 2029.
- Currently, only three types of hydrogen fuel cell vehicle are available to purchase or lease. Consumers will more likely lease than purchase a new vehicle due to the new technology. This was the case when electric vehicles arrived on the market.
- Average lease term is 36 months. To adjust for leases signed over the course of a fiscal year, sales tax is allocated over four fiscal years with 6 months of payments reflected in the first and fourth year and 12 months of payments reflected in the second and third year.
- Commercial alternative fuel vehicle or infrastructure tax credit grows 9% annually.
- Commute trip reduction credit expires June 30, 2024. The annual cap for the credit is \$2.75 million and met each year.
- The exemption for electric vehicle and hydrogen fuel cell vehicle infrastructure and zero emission buses expires July 1, 2025.
- Per Grand View Research, the annual growth for electric vehicle and hydrogen fuel cell vehicle infrastructure is 38.9%
- Based on the CALSTART Report the annual growth for zero emission buses is 27%.
- The timing of the future passage of a qualifying "additive transportation funding act" is unknown. It is assumed that no qualifying act passes within the timeframe of this fiscal note.
- Sections 406 and 407 of the bill result in no impact to state revenues, although the Department retains 0.1% of collections to cover administrative costs of collecting local taxes. Local revenue impact is indeterminate.

DATA SOURCES:

- Department of Revenue, Excise tax returns
- Office of Financial Management, November 2021 Transportation Revenue Forecast
- Department of Licensing, Vehicle title data

- Grand View Research, "US Electric Vehicle Charging Infrastructure Market Size, Share & Trend Analysis Report"
<https://www.grandviewresearch.com/industry-analysis/us-electric-vehicle-charging-infrastructure-evci-market>
- CALSTART, "CALSTART Report shows 27% growth in full-size zero emission buses in US"
<https://calstart.org/calstart-report-shows-27-growth-in-full-size-zero-emission-buses-in-us/>

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

FIRST YEAR COSTS:

The Department will not incur any costs in Fiscal Year 2022.

SECOND YEAR COSTS:

The Department will incur total costs of \$117,300 in Fiscal Year 2023. These costs include :

- Labor Costs - Time and effort equates to 0.9 FTE.
 - Resolve corrections to account, out of balance, and amended returns; prepare refunds and assessments; and respond to secure messages, correspondence, and telephone questions.
 - Assist in local tax research and contacting local jurisdictions.
 - Computer system testing, monitoring, and maintenance.
- Object Costs - \$28,100 .
 - Contract computer system programming.

ONGOING COSTS:

Ongoing costs for Fiscal Year 2024 equal \$101,300 and include similar activities described in the second-year costs. Time and effort equates to 0.8 FTE in Fiscal Year 2024.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.9	0.5	0.6	0.1
A-Salaries and Wages		52,600	52,600	62,300	10,800
B-Employee Benefits		18,900	18,900	22,400	3,800
C-Professional Service Contracts		22,000	22,000		
E-Goods and Other Services		17,500	17,500	15,200	1,800
J-Capital Outlays		6,300	6,300	1,400	200
Total \$		\$117,300	\$117,300	\$101,300	\$16,600

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 2022	FY 2023	2021-23	2023-25	2025-27
EXCISE TAX EX 2	54,108		0.4	0.2	0.3	0.1
EXCISE TAX EX 3	59,688		0.4	0.2	0.3	
MGMT ANALYST4	70,956		0.1	0.1		
Total FTEs			0.9	0.5	0.6	0.1

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

Individual State Agency Fiscal Note

Bill Number: 5974 E S SB AMI FEYJ H2869.1	Title: Transportation resources	Agency: 179-Department of Enterprise Services
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Part I: Estimates

☒ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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:	Phone:	Date: 03/03/2022
Agency Preparation: Michael Diaz	Phone: (360) 407-8131	Date: 03/07/2022
Agency Approval: Ashley Howard	Phone: (360) 407-8159	Date: 03/07/2022
OFM Review: Tyler Lentz	Phone: (360) 790-0055	Date: 03/08/2022

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 .

Section 209 amends RCW 46.17.200 and 2014 c 80 s 4 to increase specific license plate fees, unless the owner or type of vehicle is exempt from payment. These increases are de minimus to the Department of Enterprise Services (DES), therefore no fiscal impact.

Section 415 is a new section that requires the interagency electric vehicle coordinating council created in section 429 of this act to complete a scoping plan by December 31,2023, to achieve a target that all publicly and privately owned passenger and light duty vehicles of model year 2030 or later that are sold, purchased, or registered in Washington state be electric vehicles. The target corresponds with current business plans and strategies, as directed in executive order 21-04, and therefore assumed to have no immediate fiscal impact to DES.

Section 428 is a new section that creates an interagency electric vehicle coordinating council, co-led by the Department of Commerce and the Department of Transportation, as well as a list of participating agencies. The Department of Enterprise Services (DES) is listed as a participant on this council.

Section 429 is a new section that lays out the roles and responsibilities of the council. These include developing a statewide transportation electrification strategy, annual reporting, and identifying grant funding. DES assumes that participation on the council can be done with existing resources, therefore no fiscal impact.

Section 501 is a new section that adds sections 415 and 427 through 429 as a new chapter in RCW 43. No fiscal impact to DES.

Section 512 is a new section that sections 209, 415, and 427 through 429 of this act take effect July 1, 2022. No fiscal impact to DES.

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 - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5974 E S SB AMI FEYJ H2869.1	Title: Transportation resources	Agency: 215-Utilities and Transportation Commission
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	0.5	0.3	0.5	0.5
Account					
Public Service Revolving Account-State 111-1	0	68,443	68,443	136,886	136,886
Total \$	0	68,443	68,443	136,886	136,886

Estimated Capital Budget Impact:

NONE

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:	Phone:	Date: 03/03/2022
Agency Preparation: Kim Anderson	Phone: 360-664-1153	Date: 03/07/2022
Agency Approval: Amy Andrews	Phone: 360-481-1335	Date: 03/07/2022
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 03/07/2022

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 amendment of the engrossed substitute bill does not change the UTC assumptions or fiscal impacts.

Section 428 creates an interagency electric vehicle coordinating council and requires participation from the UTC. Lead Agency Dept of Commerce assumes full council will meet for eight hours once a month for a total of 12 full days per year. The council will create subcommittees for different parts of the work. Those subcommittees will meet for four hours, twice a month, for a total of 24 half day meetings a year. UTC assumes there will be 9 subcommittees, and staff will attend 4 of them. UTC assumes staff will attend all Council meetings. UTC assumes preparation for each meeting will be equal to the length of the meeting.

Section 429 charges the council with the creation of a statewide transportation electrification strategy and sharing of information about electrification and grant funding opportunities. Also requires the creation of an industry electric vehicle advisory committee with utility members to advise the council. The council must provide an annual legislative report on progress, gaps, and resource needs. UTC assumes the time required to review the report will be covered by the meeting preparation time already included under Section 428.

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.

Section 428 creates an interagency electric vehicle coordinating council and requires participation from the UTC. Lead Agency Dept of Commerce assumes full council will meet for eight hours once a month for a total of 12 full days per year. The council will create subcommittees for different parts of the work. Those subcommittees will meet for four hours, twice a month, for a total of 24 half day meetings a year. UTC assumes there will be 9 subcommittees, and staff will attend 4 (roadmap, policy barriers, outreach, equity). UTC assumes staff will attend all Council meetings. UTC assumes preparation for each meeting will be equal to the length of the meeting.

Interagency electric vehicle council and subcommittee meeting participation
FY23 and each year thereafter

\$68,443 (Regulatory Analyst 3, 0.46 FTE; Deputy Asst Director Conservation, 0.05 FTE)

Potential AAG consultation costs are included in Obj. E.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
111-1	Public Service Revolving Account	State	0	68,443	68,443	136,886	136,886
Total \$			0	68,443	68,443	136,886	136,886

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.5	0.3	0.5	0.5
A-Salaries and Wages		62,856	62,856	125,712	125,712
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services		5,587	5,587	11,174	11,174
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	68,443	68,443	136,886	136,886

III. C - Operating FTE 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 2022	FY 2023	2021-23	2023-25	2025-27
Deputy Asst. Director Conservation	95,089		0.1	0.0	0.1	0.1
Regulatory Analyst 3	90,883		0.5	0.2	0.5	0.5
Total FTEs			0.5	0.3	0.5	0.5

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5974 E S SB AMI FEYJ H2869.1	Title: Transportation resources	Agency: 240-Department of Licensing
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Part I: Estimates



No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT		FY 2022	FY 2023	2021-23	2023-25	2025-27
Aeronautics Account-State	039-1		1,453,000	1,453,000	3,171,000	3,170,000
Motor Vehicle Account-State	108-1				250,650,000	266,938,000
Agency Financial Transaction Account-State	24k-1		98,000	98,000	495,000	554,000
Move Ahead WA Account-State New-1			116,891,000	116,891,000	239,551,000	239,360,000
Move Ahead WA Account Flexible-State New-1			10,708,000	10,708,000	33,926,000	37,088,000
Total \$			129,150,000	129,150,000	527,793,000	547,110,000

Estimated Operating Expenditures from:

		FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.0	0.7	0.4	5.7	6.9
Account						
Highway Safety Account-State -1	106	0	230,000	230,000	0	0
Motor Vehicle Account-State -1	108	0	487,000	487,000	1,488,000	1,814,000
Agency Financial Transaction Account-State	24K-1	0	98,000	98,000	495,000	554,000
Total \$		0	815,000	815,000	1,983,000	2,368,000

Estimated Capital Budget Impact:

NONE

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:	Phone:	Date: 03/03/2022
Agency Preparation: Don Arlow	Phone: (360) 902-3736	Date: 03/08/2022
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 03/08/2022
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 03/10/2022

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 .

See attached fiscal note

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 .

See attached fiscal note

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 - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
106-1	Highway Safety Account	State	0	230,000	230,000	0	0
108-1	Motor Vehicle Account	State	0	487,000	487,000	1,488,000	1,814,000
24K-1	Agency Financial Transaction Account	State	0	98,000	98,000	495,000	554,000
Total \$			0	815,000	815,000	1,983,000	2,368,000

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.7	0.4	5.7	6.9
A-Salaries and Wages		46,000	46,000	713,000	876,000
B-Employee Benefits		17,000	17,000	266,000	326,000
C-Professional Service Contracts					
E-Goods and Other Services		752,000	752,000	1,004,000	1,166,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	815,000	815,000	1,983,000	2,368,000

III. C - Operating FTE 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 2022	FY 2023	2021-23	2023-25	2025-27
Auditor 5	65,928					1.5
Excise Tax Examiner 2	61,224				3.1	3.1
Excise Tax Examiner 3	67,560				1.0	1.0
Fiscal Analyst 2	54,108		0.5	0.3	1.0	1.0
Management Analyst 3	69,264				0.3	
Tax Policy Specialist 3	93,132		0.2	0.1	0.3	0.3
Total FTEs			0.7	0.4	5.7	6.9

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

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 .

See attached fiscal note

Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: ESSB 5974 AMH Bill Title: Transportation resources
FEYJ H2869.1

Part 1: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts:

Fund Name	FUND #	FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
Motor Vehicle: Fuel Tax	108	-	-	-	178,362,000	188,991,000
Motor Vehicle: Special Fuel Tax	108	-	-	-	72,288,000	77,947,000
Aircraft Fuel Tax	039	-	1,453,000	1,453,000	3,171,000	3,170,000
Move ahead WA account	MAWA	-	116,891,000	116,891,000	239,551,000	239,360,000
Move ahead WA flexible acct: Photo Only	MAWAF	-	7,438,000	7,438,000	24,523,000	27,443,000
Move ahead WA flexible acct: ADRs	MAWAF	-	3,270,000	3,270,000	9,403,000	9,645,000
Agency Financial Transaction	24K	-	98,000	98,000	495,000	554,000
Account Totals		-	129,150,000	129,150,000	527,793,000	547,110,000

Estimated Expenditures:

	FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
FTE Staff Years	-	0.7	0.4	5.7	6.9

Fund Name	Fund	FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
Highway Safety	106	-	230,000	230,000	-	-
Motor Vehicle	108	-	487,000	487,000	1,488,000	1,814,000
Agency Financial Transaction	24K	-	98,000	98,000	495,000	554,000
Account Totals		-	815,000	815,000	1,983,000	2,368,000

The revenue 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 the fiscal impact is **less than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☒ 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.
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact: Linda Hamilton	Phone: (360) 515-8620	Date: 3/3/2022
Agency Preparation: Don Arlow	Phone: (360) 902-3736	Date: 3/8/2022
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date: 3/8/2022

Request #	1
Bill #	5974 ESSB AMH FEYJ H2869.1

Part 2 – Explanation

This bill provides additional transportation revenue by modifying several fee structures. Taxes and fees collected by the Department of Licensing (DOL) support the state’s transportation budget.

ESSB 5974 AMH FEYJ H2869.1 compared to ESSB 5974: ESSB 5974 as amended on the House floor modifies several provisions of the Senate’s engrossed bill, including:

- Provides for a fuel tax exemption for biofuels exported to other states within the United States.
- Reduces the original license plate fee increase for used cars. An original issue license plate for a used car would pay \$40 per license plate rather than \$50 per license plate.
- Delays removal of the fuel tax exemption and replacement of it with a partial fuel tax credit for fuel produced in Washington and exported to other states, and related provisions, by five months until July 1, 2023.

Changes to both cash receipts and expenditures are included in this fiscal note. The biofuels component of the bill is indeterminate.

2.A – Brief Description Of What The Measure Does That Has Fiscal Impact

Part I, Climate Commitment Act Allocations, does not have a fiscal impact on DOL.

Part II

Exported Fuel Tax, Aircraft Fuel Tax, Stolen Vehicle Check, Dealer Temporary Permit, Enhanced Driver’s License and Identocard, Driver’s Abstract, License Plate, Documentary Service, and Other Driver and Vehicle Fees

Section 202 Amends RCW 82.38.020:

- (1) Defines “biofuel” as fuel derived from biomass that has at least 40 percent lower greenhouse gas emissions based on a full life-cycle analysis when compared to petroleum fuel used for similar purposes.
- (35) Defines “United States” as a state of the US, the District of Columbia, the Commonwealth of Puerto Rico, or a territory subject to US jurisdiction. This also includes federally recognized tribal reservations and federal trust lands within the US that exist now or in the future.

Section 203 Amends RCW 82.38.030:

- (9)(a) Eliminates language that fuel must be removed at the rack for tax to be imposed.
- (9)(b)(ii) Includes language that fuel is removed from a refinery if it’s removed by bulk transfer as well as at the refinery rack.
- (10) Taxes are not imposed under subsection (9) of this section when the fuel is a biofuel and the removal is for export.

Section 204 Amends RCW 82.38.035:

- (1) through (5) update references to RCW 82.38.030(9) from (7).
- (10) Requires DOL to adopt rules under RCW 82.38.260 to ensure compliance with exported fuel including audits and data reporting.

Section 205 Adds a new section to chapter 82.38 RCW:

- (1) Allows a credit for fuel exported from the state which is equal to the number of gallons exported multiplied by the total rate of the tax imposed, minus six cents per gallon.
 - Fuel distributed to federally recognized Indian tribal reservations located in the state, aren't considered exported from the state.
- (2) If the total rate of a comparable fuel tax imposed by the importing state exceeds the total tax imposed under this chapter minus six cents per gallon, the credit is equal to the number of gallons exported multiplied by the total rate of tax imposed by the importing state.
- (3) The amount of credit earned may not exceed the tax due under this chapter with respect to the fuel exported.
- (4) Allows DOL to adopt rules under chapter 34.05 RCW regarding the administration of the credit.

Section 206 Amends RCW 82.38.180:

- (1)(a) Refunds may not be made for fuel used by a motor vehicle under a comparable registration requirement in an importing state.
- (3)(a) Allows individuals who purchased motor vehicle fuel on which a tax was paid, to file a claim with DOL for a tax refund for fuel under a comparable regulation in an importing state to provide transportation services for people with special transportation needs.
- (6) DOL shall establish rules that determine the minimum acceptable requirements and conditions on refunds subject to the section's authority.

Section 207 Amends RCW 46.68.090:

- (8) Revenues generated from the fuel tax imposed on fuel exported from the state under chapter 82.38 RCW must be deposited into the Move Ahead WA account created in section 401 of this act.

Section 208 Amends RCW 82.42.020:

Increases the excise tax on aircraft fuel distributors from 11 to 18 cents per gallon of fuel sold, delivered, or used in this state.

Section 209 Amends RCW 46.17.200:

- (1) Increases the fee for the original issuance of a license plate from \$10 to \$50, increases the fee for a replacement license plate from \$10 to \$30, increases the fee for the original issuance of a motorcycle plate from \$4 to \$20, and increases the fee for a replacement motorcycle plate from \$4 to \$12. Section 209 (1)(e) adds an original issue license plate fee of \$40 for each plate if the vehicle is a used car as defined in RCW 46.04.660.

(3) \$40 of the original issue license plate fee. \$30 of the original issue license plate fee imposed under subsection (1)(e) of this section, and \$16 of the original issue motorcycle license plate fee must be deposited in the Move Ahead WA account.

(4) \$20 of the replacement license plate fee and \$8 of the replacement motorcycle license plate fee must be deposited in the Move Ahead WA account.

Section 210 Amends RCW 46.17.120:

(1) Increases the stolen vehicle check fee from \$15 to \$50. \$15 of the fee required by this section must be distributed under RCW 46.68.020, \$35 of the fee required by this section must be deposited in the move ahead WA account.

Section 211 Amends RCW 46.17.400:

(1) Increases the fee for a dealer temporary permit from \$15 to \$40.

(2) Distributions:

- \$5 of the \$40 dealer temporary permit fee must be credited to the payment of vehicle license fees at the time application for registration is made.
- \$25 of the \$40 dealer temporary permit fee must be deposited in the move ahead WA account.

The remainder must be deposited to the state patrol highway account created in RCW 46.68.030.

Section 212 Amends RCW 46.20.202:

(4) Beginning on October 1, 2022, the fee for an EDL/EID is increased from \$32 to \$56 (yearly cost increased from \$4 to \$7).

(5) (a) The first \$4 per year of issuance, to a maximum of \$32 of the EDL/EID fee must be deposited into the Highway Safety Fund.

(b) \$24 of the EDL/EID fee must be deposited into the move ahead WA flexible account. If the EDL/EID is issued, renewed, or extended for a period other than eight years, the amount deposited into the move ahead WA flexible account is \$3 for each year that the EDL/EID is issued, renewed, or extended.

Section 213 Amends RCW 46.52.130:

(5) (a) Increases the fee for an abstract of driving record (ADR) from \$13 to \$15, depositing \$2 of the fee in the move ahead WA flexible account and the remainder shall be distributed as follows:

- (i) Fifty percent to the highway safety fund
- (ii) Fifty percent deposited according to RCW 46.68.038.

(b) Beginning July 1, 2029, the director shall collect an additional \$2 fee for each abstract of a person's driving record. The \$2 additional driver's abstract fee must be deposited in the move ahead WA flexible account.

(c) City attorneys and county prosecuting attorneys are exempt from paying the fees specified in (a) and (b) above for an abstract of a person's driving record furnished by the department for use in criminal proceedings.

Section 214 Amends RCW 46.17.015:

(2) To apply the license plate technology fee of \$0.25 to vehicles registered under RCW 46.16A.455

(3) – light duty and commercial trucks.

(3) The revenue from the license plate technology fee imposed on vehicles registered under RCW 46.16A.455(3) must be deposited in the move ahead WA account.

Section 215 Amends RCW 46.17.025:

(2) To apply the license service fee of \$0.50 to vehicles registered under RCW 46.16A.455 (3) – light duty and commercial trucks.

(3) The revenue from the license plate technology fee imposed on vehicles registered under RCW 46.16A.455(3) must be deposited in the move ahead WA account.

Section 216 Amends RCW 46.20.200:

(2) Increases the fee for a replacement permit, identicard, or driver's license if changing or correcting information from \$10 to \$20 and surrender of the permit, identicard, or driver's license being replaced.

Section 217 Amends RCW 46.68.041:

(1) Except as provided in subsections (2) and (3) of this section, the department must forward all funds accruing under the provisions of chapter 46.20 RCW to the highway safety fund.

(2) Fifty-six percent of each fee collected under RCW 46.20.311 (1)(e)(ii), (2)(b)(ii), and (3)(b) must be deposited in the impaired driving safety account.

(3) Fifty percent of the revenue from the fees imposed under RCW 46.20.200(2) must be deposited in the move ahead WA flexible account.

Section 218 Amends RCW 46.70.180:

(2)(a)(i) The dealer documentation fee of \$200, which is increased from \$150, per vehicle sale or lease may be charged by a dealer to recover administrative costs for collecting motor vehicle excise taxes, licensing and registration fees and other agency fees.

Part III, General Fund and Other Related Support, does not have a fiscal impact on DOL.

Part IV, Account Creation, Local Options, and Other Provisions, does not have a fiscal impact on DOL.

Part V: Miscellaneous

Section 501: Sections 415 and 427 through 429 of this act constitute a new chapter in Title 43 RCW.

Section 502 is a severability clause.

Section 503: Sections 310 and 403 of this act expire July 1, 2024.

Section 504: Section 404 of this act takes effect July 1, 2024.

Section 505: 2020 c 224 s 3 (uncodified) is amended to read as follows: Section 1 of this act expires June 30, 2025.

Section 506: Section 423 of this act expires June 30, 2025.

Section 507: Section 424 of this act takes effect June 30, 2025.

Section 508: Sections 312, 408 through 414, and 421 of this act take effect immediately.

Section 509: Sections 212, 213, 216, and 217 of this act take effect October 1, 2022.

Section 510: Sections 214 and 215 of this act take effect January 1, 2023.

Section 511: Sections 201 through 206 of this act take effect July 1, 2023.

Section 512: Sections 101 through 106, 208 through 211, 218, 301 through 311, 401 through 403, 405 through 407, 415 through 420, 422, 423, 425 through 430, and 505 of this act take effect July 1, 2022.

2.B - Cash receipts Impact

Cash receipts: Total by Fund

Fund Name	FUND #	FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
Motor Vehicle: Fuel Tax	108	-	-	-	178,362,000	188,991,000
Motor Vehicle: Special Fuel Tax	108	-	-	-	72,288,000	77,947,000
Aircraft Fuel Tax	039	-	1,453,000	1,453,000	3,171,000	3,170,000
Move ahead WA account	MAWA	-	116,891,000	116,891,000	239,551,000	239,360,000
Move ahead WA flexible acct: Photo Only	MAWAF	-	7,438,000	7,438,000	24,523,000	27,443,000
Move ahead WA flexible acct: ADRs	MAWAF	-	3,270,000	3,270,000	9,403,000	9,645,000
Agency Financial Transaction	24K	-	98,000	98,000	495,000	554,000
Account Totals		-	129,150,000	129,150,000	527,793,000	547,110,000

This bill includes estimates for export fuel tax and aviation fuel tax, as well as vehicle and driver related fee changes. Cash receipts impacts for the two groups are presented separately.

Fuel taxes

Revenue impact ESSB 5974 AMH FEYJ H2869.1: Export Fuel Tax

Fee Title	Fund	Source	FY23	FY24	FY25	FY26	FY27
Fuel Tax-Export	108	115	-	84,873,300	93,489,000	94,181,000	94,810,000
Special Fuel Tax-Export	108	116	-	34,282,400	38,006,000	38,608,000	39,339,000
Total			-	119,155,700	131,495,000	132,789,000	134,149,000

Relevant sections for cash receipts:

Prorate and Fuel Tax

Sections 201-206 – Exported Fuel

Section 207 – Biofuels

Section 208 – Aircraft Fuel

The export fuel tax estimate was not developed with caveats for downside risks, including actions other states may take to increase their fuel taxes to minimize being subject to WA export fuel tax. For purposes of this fiscal note actual revenue projections begin March 2023 due to the delay in payment requirements.

Data Sources: The Department of Licensing does not currently have complete data on total fuel exported from the state, as taxes are currently imposed at a different point in the supply chain. Total export fuel was sourced from the Washington Research Council (WRC), a non-governmental public policy research organization, the accuracy of which we cannot verify. Fuel export destination data is sourced from DOL's last three-year average based on available collected information. Current state taxes are based on fuel tax information available from the US Energy Information Administration (USEIA) and the estimates assume comparable tax means state fuel excise tax, but not other taxes imposed on fuel. Finally, WA fuel consumption estimates came from WA Transportation Forecast Council's November 2021 forecast.

Links to references:

WRC: <https://researchcouncil.org/wp-content/uploads/2021-Refinery-Report-Final.pdf>

USEIA: <https://www.eia.gov/tools/faqs/faq.php?id=10&t=10>

Caveats regarding export fuel estimates: These estimates assume that importing states' excise taxes on fuel do not change from current rates. If any state that currently imports fuel from Washington were to increase their fuel excise tax to comparable levels with Washington's this revenue would decrease. Additionally, it is unknown how this new export tax may impact fuel movement behaviors. Increasing taxes on fuel would change the total cost of fuel available from Washington based refineries. This may result in changes to export destinations to provide more favorable tax scenarios for exporters or decreases in total exports from or imports into Washington. While we cannot quantify these potential risks, they could result in actual revenue being lower than the projections in this fiscal note.

Note on cash receipts and expenditures for new language regarding exempting biofuels (Sections 202 and 203):

Due to the ambiguous language in these sections of the bill, DOL is unable to determine any cash receipts or expenditures in relation to the biofuels exemption, therefore these components are indeterminate. While these new sections provide a definition for "biofuels", this definition does not align with existing rules or industry standards used in current fuel reporting and does not provide a clear direction regarding if or how an exemption may be applied when a portion of a fuel blend is biofuel, and another portion is petroleum-based.

Revenue impact ESSB 5974 AMH FEYJ H2869.1: Aviation Fuel Tax

Fee Title	Fund	Source	FY23	FY24	FY25	FY26	FY27
Aviation Fuel Tax	039	115	1,453,400	1,584,700	1,586,100	1,586,300	1,584,400
Total			1,453,400	1,584,700	1,586,100	1,586,300	1,584,400

Section 208 increases the excise tax on aircraft fuel distributors from 11 to 18 cents per gallon of fuel sold, delivered, or used in this state. DOL used data from the November 2021 transportation revenue forecast. Aviation fuel tax is deposited in the Aeronautics Account (fund 039).

Driver and Vehicle changes to fee structures

Revenue impact ESSB 5974 AMH FEYJ H2869.1: Driver and Vehicle Fees

Fee Title	Fund	Source	FY23	FY24	FY25	FY26	FY27
Plate Fees	MAWA	253	\$ 79,435,600	\$ 80,341,900	\$ 80,392,600	\$ 79,906,600	\$ 79,491,500
Stolen Vehicle Check Fee	MAWA	253	16,965,200	17,392,400	17,808,100	18,233,500	18,634,100
Dealer Temporary Permit Fee	MAWA	253	19,778,800	20,323,800	20,397,800	20,146,300	19,966,300
Enhanced documents: EDL/EID	MAWAF	254	5,908,300	10,127,200	10,415,000	11,321,800	12,082,500
Abstract Driving Record (ADR)	MAWAF	421	3,270,200	4,626,400	4,776,600	4,807,200	4,837,800
DOL Services	MAWA	253	474,100	955,300	974,500	990,000	998,000
License Plate Technology	MAWA	253	237,000	477,600	487,300	495,000	499,000
Photo Only/Replacement License	MAWAF	254	1,529,800	1,982,600	1,997,600	2,011,900	2,026,200
Agency Financial Transaction	24K	420	97,700	244,400	250,700	269,000	284,500
Total			127,696,700	136,471,600	137,500,200	138,181,300	138,819,900

Relevant sections for cash receipts:

Dealer-related fees

- Section 211 – Dealer Temp. Permit
- Section 218 - Auto Dealer Documentation Fee

Vehicles-related fees

- Section 209- License Plate Fee (motorcycle/car)
- Section 210- Stolen Vehicle Check Fee
- Section 211 - Dealer Temporary Permit
- Section 214 and 215 - DOL Administrative Fees

Drivers-related fees

- Section 212 - Enhanced Driver's License & Identicard
- Section 213 - Driver Abstract Fee
- Section 216 - Driver's License Photo or Update Only

- DOL used data from the November 2021 transportation revenue forecast. Fee changes are then attributed to two different accounts, the new Move Ahead WA Account and the Move Ahead WA Flexible Account. For purposes of this fiscal note, cash receipts are based on the effective dates of the changes in the bill.
- Collection of credit card fees, that are deposited in the Agency Financial Transaction Account (fund 24K). are expected to correspond to credit card fee payments to vendors.
- This bill creates an exemption from the \$13 abstract of driving record (ADR) fee for city and county prosecuting attorneys when the document is being used in a criminal proceeding. Currently, these entities can obtain an ADR through the courts or through DOL, however most obtain this document directly through the courts, so we believe that this new exemption will have a minimal, indeterminate revenue loss to the Highway Safety Fund, the State Patrol Highway Account, and the Move Ahead WA Flexible Account.

- The amended version of the bill provides for a reduced original issue plate fee of \$40 per plate for used vehicles as defined under RCW 46.04.660 with an original plate fee of \$50 per plate associated with new vehicles. Based on DOL data for FY 2020-21, an estimated 23 percent of original plate issues are associated with new vehicles and 77 percent of the original plate issues associated with used vehicles as defined by RCW 46.04.660.

DOL does not currently report, track, or forecast original issue plates by new or used vehicles. This change establishes new forecast series for New and Used Vehicles since these would have different original plate fees. In addition, this change would add revenue account codes (RAC) for DOL Revenue Accounting to ensure auditability of the increased fee and new revenue distribution as well as forecasting purposes.

Note: most of the effective dates for the sections that affect DOL are either set for July 1, 2022 or October 1, 2022, unless otherwise noted in the bill. Tables may exhibit minor differences due to rounding.

2.C – Expenditures

The department will require additional resources in several functional areas to fully support this bill.

Prorate and Fuel Tax

The Prorate and Fuel Tax (PRFT) unit within DOL administers the state's Fuel Tax for Motor Vehicle Fuel, Special Fuel, and Aviation Fuel Tax Collection programs. Services currently include licensing of fuel distributors, processing fuel tax returns, and associated payments, and taxpayer education, training, and auditing. DOL will select a primary source for selection of the tax rates used for calculation of the credits under Section 205 of this bill. This source will be included in the intended agency rulemaking related to this legislation.

The modifications in this proposal require additional staff support. The following assumptions support the staffing requirements:

- Fuel is exempt from 49.4 cents existing fuel tax for export, but not exempt from 6 cents new tax for jurisdictions charging 45.4 cents/gallon of their own fuel tax.
- Fuel will be evaluated by type (motor fuel vs. special fuel) to determine if the 4-cent tax applies.
- Jurisdictions will be reviewed quarterly for inclusion/exclusion from the new tax.
- Refineries will be a required license type effective with implementation.
- Additional mandatory reporters will be required to trace fuel exports not currently captured
- Audit will be required of the new license type
- All options available for other fuel tax licenses will be available for new refiner license.
 - Taxpayer Access Point (TAP)
 - XML
 - Account Type/Letters/Interest/Penalties/Revocation
- Aircraft fuel is excluded from impact.
- Refund Claims will not be available for exported fuel, including the 4 cents tax.

- Rulemaking will be required to implement additional requirements of licensees and mandatory reporters; barge/ship, pipeline, transloader.
- All positions are ongoing, except for the one-time Management Analyst 3.

PRFT Staff assumptions:

Excise Tax Examiner 2 (ETE2); 3.1 FTE beginning FY 2024

These positions will process applications for new Refiner licenses as well as additional carrier reporting registrants. They will also process and examine the monthly transaction reports including tracing of transactions across other licensees and reporters. A portion of the FTE count includes additional staff hours for existing processes which will increase in complexity with the inclusion of additional licensee types and registrant reporters.

Excise Tax Examiner 3 (ETE3); 1.0 FTE beginning FY 2024

This position is primarily responsible for training and is the subject matter expert on the new refiner reporting and export portion of this proposed bill. Additionally, this position is responsible for secondary review and communication across the fuel tax licensees when questions arise. Finally, this position is responsible for verification of system changes to ensure critical license activities are maintained.

Auditor 5 (A5); 2.0 FTE beginning FY 2026

The Auditor positions are responsible for review of previous reporting by licensees, including verification that the required and appropriate transactions were reported to the agency. As an advanced auditor job class, an Auditor 5 is requested due to the complexity of fuel tax returns. All other fuel tax licenses are audited by the A5 class. These positions would review the monthly filings, perform financial sampling and analysis, and verify and/or adjust the tax return submission to reflect the appropriate tax, penalty, and interest due to or receivable from the state had the information been properly and timely filed.

Management Analyst 3 (MA3); 0.5 FTE, 6 months in FY 2024

The Management Analyst 3 will be responsible for coordinating and managing aspects of necessary rulemaking related to this bill. This position will be a one-time cost for the initial rule creation drafting, coordination of required filings and public hearings, revisions to proposed rules and publishing, and distribution of notices to stakeholders. The one-time costs will be limited to the implementation of rules associated with the implementation of this bill and is expected to last 6 months in total.

DOL Professional and Technical Support

Tax Policy Specialist 3 (TPS3); 0.3 FTE, 6 months in FY 2023 and ongoing

DOL's forecasting unit will require a Tax Policy Specialist 3 at 0.2 FTE in FY 2023 and ongoing. This additional resource is needed to manage the forecast and reporting of revenues for new accounts created in the bill, including updating the OFM revenue allotment system for initial allotments and quarterly forecasts, and to manage forecast workflow for new/used plate issuances.

Fiscal Analyst 2 (FA2); 1.0 FTE, 6 months in FY 2023 and ongoing

DOL's Revenue Accounting will require a Fiscal Analyst 2 at 1.0 FTE in FY 2023 and ongoing. This position will manage financial workflows for additional revenue account codes, to record the new fee distributions, and to reconcile and report those fees to other agencies and the State Treasurer.

Attorney General costs

Due to the complexity inherent in the proposed export fuel tax, DOL anticipates an increase of our AGO expenses. Expanding taxation above current statutory levels may lead to litigation on the constitutionality of the statute overall, as well as investigations, charges, assessments, and hearings handled with/by AGO for violations of the statute. For purposes of this fiscal estimate the department assumes the equivalent of one month of AGO billable hours per year.

Credit card fees

Customers that renew their vehicle registrations, driver licenses, and identification cards online and pay with a credit card are assessed a service fee. This fee is deposited in fund 24K; agency appropriations from 24K are used to pay the credit card charges from vendors. Credit card fees of 3 percent are based on the amount of the charge. The following table shows the expected increase in credit card costs. Department data indicate that 61 percent of enhanced license transactions, 70 percent of individual abstract drive record requests, and 65 percent of photo only replacements use online services and are subject to credit card fees. Using these percentages, DOL will require \$97,700 in FY 2023 and \$495,100 in the 2023-25 biennium to cover increased vendor payments.

Transaction Type	FY23	FY24	FY25	FY26	FY27
EDL/EID	65,243	201,600	207,329	225,381	240,524
ADR (drive record)	6,210	8,694	8,976	9,034	9,091
Photo Only/Replacement	26,250	34,125	34,383	34,629	34,875
Total	\$97,703	\$244,419	\$250,689	\$269,044	\$284,490

Information Services

The agency will use appropriated funds to hire contract programmers to accomplish this work or to support current staff implementing this legislation within the required timeline. Appropriated funds may also be used to hire agency temporary staff to support permanent staff assigned to this legislative effort.

Any change requires a process to ensure changes are correctly applied to the system. This involves Project Managers that manage the team that completes the update, business analyst that documents and reviews the system changes, architect services that analyzes how the update could have an effect on other systems or DOL processes, developers who create the change, and testers and quality assurance teams that ensure the update is working correctly.

Cost Category	Description	Rate	2022	2023	2024	2025	2026	2027	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 22,620	-	124,400	-	-	-	-	124,400
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 16,530	-	24,800	-	-	-	-	24,800
PROJECT MANAGER	Manage schedule and contracts	\$ 28,710	-	31,600	-	-	-	-	31,600
SECURITY AND ARCHITECT SERVICES	Create the conceptual model that defines the structure, behavior and framework of a computerized system including a breakdown of the system into components, the component interactions and interfaces (including with the environment, especially the user), and the technologies and resources to be used in the design.	\$ 16,530	-	13,200	-	-	-	-	13,200
CONTRACTED FAST DEVELOPER / TESTER	Updates to the DRIVES system will require additional vendor hours outside of the contracted maintenance to make system updates to implement this bill.	\$ 34,800	-	205,300	-	-	-	-	205,300
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 22,620	-	33,900	-	-	-	-	33,900
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 25,230	-	43,300	-	-	-	-	43,300
Totals			-	476,500	-	-	-	-	476,500

What DOL will implement:

DRIVES (Vehicle and Drivers system)

- Modify system to increase the following vehicle fees, including new distribution:
 - a. Original Plate Fee, including separate fee structures for new and used vehicles
 - b. Replacement Plate Fee
 - c. Original Motorcycle Fee
 - d. Replacement Motorcycle Fee
 - e. Stolen Vehicle Check Fee
 - f. Dealer Temporary Permit Fee
- Modify logic to charge department of licensing service fee and technology fee for all light duty and commercial trucks, including distribution of the fee to the new account.
- Modify the system to increase the following driver fees, including new distribution:
 - a. Effective October 1, 2022, Abstract Driving Record
 - b. Effective July 1, 2029, Abstract Driving Record
 - c. Enhanced license fees (original and renewal, includes identicards)
 - d. Replacement Fee
- Modify five (5) driver paper and email renewal notices to add/update text on enhanced license and identicard fee increases.
- Modify the system to increase the following driver fees, including new distribution:
 - a. Effective October 1, 2022, Abstract Driving Record
 - b. Effective July 1, 2029, Abstract Driving Record
 - c. Enhanced license fees (original and renewal, includes identicards)
 - d. Replacement Fee
- Modify five driver paper and email renewal notices to add/update text on enhanced license and identicard fee increases.

Prorate and Fuel Tax (PRFT)

PRFT Changes Section 201-207

- New account type configuration for refineries (basic configuration, attributes)
- Modify registration case/documents, in Gentax and on eService Taxpayer Access Point (TAP)
- New return type (new documents, return configuration, mappings)
 - a. Internal, eService Taxpayer Access Point (TAP), and XML
- New return transaction posting, billing configuration
- Revenue accounting changes (codes, distribution configuration)
- Audit
 - a. New audit type configuration (pre-pop logic, postings)
 - b. New working paper documents/mappings
- New and revised letters
- Existing report changes
- New report requirements
 - a. Diversion tracking: requires the customer to report that fuel was diverted to another location.
 - b. Mapping of new data elements
 - c. New reporting for diversion tracking
- Web service changes (online return submission)

Note: Changes necessary to implement the biofuels component of this bill are indeterminate.

PRFT changes for Section 208

- Update Aircraft Fuel tax rates effective July 1, 2022.

Support Services

Agency Administrative Overhead is included at a rate of 26.0 percent of the direct program costs. This funding received covers agency-wide functions such as vendor payments, contract administration, financial management, mail processing, equipment management, help desk support, and technical assistance to DOL employees.

Standard FTE goods and services (object E) costs are included on Table 3.B.1. Standard FTE costs do not include objects EM (AG services), ER (contractual services), and EZ (Other goods & Svcs).

Part 3 – Expenditure Detail

3.A – Operating Budget Expenditures

Fund Name	Fund	FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
Highway Safety	106	-	230,000	230,000	-	-
Motor Vehicle	108	-	487,000	487,000	1,488,000	1,814,000
Agency Financial Transaction	24K	-	98,000	98,000	495,000	554,000
Account Totals		-	815,000	815,000	1,983,000	2,368,000

3.B – Expenditures by Object or Purpose

Object Name	FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
FTE Staff Years	0.0	0.7	0.4	5.7	6.9
Salaries and Wages	-	46,000	46,000	713,000	876,000
Employee Benefits	-	17,000	17,000	266,000	326,000
Goods and Services	-	752,000	752,000	1,004,000	1,166,000
Total By Object Type	-	815,000	815,000	1,983,000	2,368,000

3.C – FTE Detail

Position	Salary	FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
Fiscal Analyst 2	54,108	0.0	0.5	0.3	1.0	1.0
Tax Policy Specialist 3	93,132	0.0	0.2	0.1	0.3	0.3
Auditor 5	65,928	0.0	0.0	0.0	0.0	1.5
Excise Tax Examiner 2	61,224	0.0	0.0	0.0	3.1	3.1
Excise Tax Examiner 3	67,560	0.0	0.0	0.0	1.0	1.0
Management Analyst 3	69,264	0.0	0.0	0.0	0.3	0.0
Total FTE		0.0	0.7	0.4	5.7	6.9
Totals may differ due to rounding.						

Part 4 – Capital Budget Impact

None.

Part 5 – New Rule Making Required

Based on the language in the bill and existing rules in place, DOL anticipates a rulemaking requirement for export fuel tax. Due to the complexity of the change, and the direct involvement by industry, rulemaking will involve multiple public hearings, with staff time involved in drafting rules and managing the rulemaking process. One half Management Analyst 3 position is included for six months in FY 2023 to assist with this portion of bill implementation.

Rulemaking will be held to update and/or add provisions for refineries, as well as requirements for new registered reporters such as pipeline and barge transfers that are currently above the point of taxation prior to this bill becoming law.

Individual State Agency Fiscal Note

Bill Number: 5974 E S SB AMI FEYJ H2869.1	Title: Transportation resources	Agency: 303-Department of Health
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	0.9	0.5	0.9	0.8
Account					
General Fund-State 001-1	0	136,000	136,000	255,000	232,000
Total \$	0	136,000	136,000	255,000	232,000

Estimated Capital Budget Impact:

NONE

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:	Phone:	Date: 03/03/2022
Agency Preparation: Ryan Rogers	Phone: 3602363194	Date: 03/04/2022
Agency Approval: Alisa Weld	Phone: (360) 236-2907	Date: 03/04/2022
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 03/07/2022

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.

The fiscal impacts of this bill have not changed since the last fiscal note on 5974 ESSB version.

Section 105(1)&(3): The climate transit program account (created in section 104) and the climate active transportation account (created in section 103) are added to the list of accounts that require an environmental justice assessment when allocating funds, report annually to the Environmental Justice Council (EJC), consider recommendations by the EJC, and if the agency is not a covered agency subject to the requirements of chapter 314, Laws of 2021, create and adopt a community engagement plan.

Section 106(1): The climate transit program account and the climate active transportation account are added to the list of accounts that require the EJC to provide recommendation to the governor, legislature, and agencies, on programs funded through these accounts.

Section 417: Establishes the connecting communities program in the Department of Transportation (WSDOT). To assist in selecting projects to propose to the legislature for funding, WSDOT must consider, among other criteria, environmental health disparities, such as those indicated by the diesel pollution burden portion of the Washington environmental health disparities map developed by the Department of Health (DOH), or other similar indicators.

Section 419: Establishes a school-based bicycle education grant program. In development of the grant program, WSDOT is encouraged to consult with the Environmental Justice Council (EJC), and in selecting schools for the grant program, WSDOT must consider, among other criteria, environmental health disparities, such as those indicated by the diesel pollution burden portion of the Washington environmental health disparities map developed by DOH, or other similar indicators.

Sections 428 and 429: Creates an interagency electric vehicle coordinating council of which DOH is named a member. The Department of Commerce (COM) and WSDOT are responsible for coordinating the council and the annual reporting to the governor and legislature. The interagency electric vehicle coordinating council responsibilities include developing a statewide transportation electrification strategy; identify electric vehicle infrastructure grant-related funding; coordination of grant funding; development of a robust public and private outreach plan that includes engaging with community organizers and the EJC to develop community-driven programs to address zero emissions transportation needs in overburdened communities; creation of an industry electric vehicle advisory committee; and ensuring this work benefits vulnerable and overburdened communities.

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.

The Department of Health does not collect a fee; therefore, there are no cash receipts.

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.

Sections 105, 106, 417, 419, and 429: ENVIRONMENTAL JUSTICE COUNCIL CONSULTATION :

In sections 105 and 106 the climate transit program account (created in section 104) and the climate active transportation account (created in section 103) are added to the list of accounts that require an environmental justice assessment when

allocating funds, report annually to the Environmental Justice Council (EJC), consider recommendations by the EJC, create and adopt a community engagement plan if the agency is not already required to do so under chapter 70A.02 RCW (Healthy Environment for All “HEAL Act”), and require the EJC to provide recommendation to the governor, legislature, and agencies, on programs funded through these accounts. Section 417 requires WSDOT to develop the Connecting Communities Program, and DOH and WSDOT assume WSDOT will consult with the EJC on this program. Section 419 creates a school-based bicycle education grant program which WSDOT is encouraged to consult with the Environmental Justice Council (EJC) on, and DOH and WSDOT assumptions are that WSDOT will consult with the EJC on this program. Section 429 requires the interagency electric vehicle coordinating council to develop a robust public and private outreach plan that includes engaging with community organizers and the EJC to develop community-driven programs to address zero emissions transportation needs in overburdened communities.

For this EJC consultation work, DOH will need 0.7 FTE of an MA4 in fiscal years (FY) 2023 through 2026 and 0.6 FTE in FY 2027 and ongoing, for:

- Each year EJC staff will review the annual reports from the climate active transportation account and the climate transit programs account required under section 105 and create briefing documents and presentations for the EJ Council members, coordinate questions and communication as needed between Council members and report authors, and facilitate the Council’s development and approval of environmental justice recommendations to agencies related to the two new accounts as required under section 105. EJC staff will need to come up to speed on existing Safe Routes to School (SRTS) and Pedestrian/Bicyclist Safety programs and how the added criteria in this act will relate to existing state and federal statutory requirements. EJC staff will also consider existing outreach and consultation related to these programs and make recommendations for WSDOT’s work in future cycles.
- EJC staff will support agencies that are not currently covered agencies in developing and adopting community engagement plans. The EJC assumes that two non-covered agencies per year for the first four years of the funding allocation will utilize these funds and be required to develop community engagement plans. EJC staff will provide technical support for agencies developing these plans to ensure compliance with Healthy Environment for All (HEAL) and consideration of EJC recommendations, review these plans, develop briefing documents and presentations for the EJC members on these plans, and facilitate questions and conversations between EJC members and the agencies developing these plans.
- EJC staff will do research, coordinate with subject matter experts across relevant state agencies, the legislature, and the Governor’s Office and develop presentations and briefing documents for the EJC members to support their development and approval of recommendations related to the two new accounts developed under sections 103 and 104. The EJC assumes the recommendations will need to be regularly reviewed and updated to be responsive to changes in circumstances, metrics, available data, and community feedback.
- DOH and WSDOT assume that WSDOT will consult with the EJC in establishing the Connecting Communities Program required under section 417 and the development of the school-based bicycle education grant program in section 419. The grant program will involve EJC staff reviewing documents outlining the proposed grant program, developing briefing documents and presentations for the EJC members, and coordinating questions and meetings between EJC members and WSDOT. EJC staff will need to become familiar with past versions of these two programs that received SRTS funding from WSDOT for several years and its accomplishments, challenges, and opportunities for improvement. EJC staff will also recommend program design elements to WSDOT that it can structure into meaningful contracts with the nonprofit (s) that will carry out the activities, including recommendations for how a statewide nonprofit can engage in authentic work with and through the types of organizations named in the bill: “target populations and partner organizations including, but not limited to, schools, community-based organizations, housing authorities, and parks and recreation departments, that work with the eligible populations of youth ages 14 to 18”, and an additional ten criteria listed in the bill for selection of partner organizations. EJC staff will review program evaluation and provide recommendations for updates to the contracts.
- EJ Council staff will also engage with the interagency electric vehicle coordinating council as it is required to engage with the EJC in the development of community-driven programs to address zero emissions transportation needs in overburdened communities.

Total costs for sections 105, 106, 417, 419 and 429 EJC work :
FY 2023 0.7 FTE and \$97,000
FY 2024 0.7 FTE and \$97,000
FY 2025 0.7 FTE and \$97,000
FY 2026 0.7 FTE and \$97,000
FY 2027 0.6 FTE and \$91,000 ongoing

Sections 417 and 419 WASHINGTON ENVIRONMENTAL HEALTH DISPARITIES MAP :

Section 417 establishes the connecting communities program in the Department of Transportation (WSDOT), and section 419 establishes a school-based bicycle education grant program. To assist in selecting projects to propose to the legislature for funding, and in selecting schools for the program, WSDOT must consider, among other criteria, environmental health disparities, such as those indicated by the diesel pollution burden portion of the Washington environmental health disparities map developed by the Department of Health (DOH), or other similar indicators. Although there is environmental health disparities data currently available on DOH's Washington environmental health disparities map that WSDOT can access, there is a minimal amount work for DOH, such as training and giving support to WSDOT in map use. However, this falls into normal work duties and creates no fiscal impact to DOH.

Total costs for sections 417 and 419 MAP work: no fiscal impact.

Sections 428 and 429 INTERAGENCY ELECTRIC VEHICLE COUNCIL:

These sections create an interagency electric vehicle coordinating council of which DOH is named a member. COM and WSDOT are responsible for coordinating the council and for annual reporting to the governor and legislature. The interagency electric vehicle coordinating council responsibilities include developing a statewide transportation electrification strategy, identifying electric vehicle infrastructure grant-related funding, coordination of grant funding, development of a robust public and private outreach plan that includes engaging with community organizers and the EJC to develop community-driven programs to address zero emissions transportation needs in overburdened communities, creation of an industry electric vehicle advisory committee, and ensuring this work benefits vulnerable and overburdened communities.

To attend and prepare for council and subcommittee meetings, and attend industry advisory committee meetings, DOH will need 0.2 FTE WMS2 in FY 2023 and 2024, and 0.1 FTE WMS2 in FY 2025 and ongoing.

Council assumptions and work for sections 428 and 429:

- DOH assumes the full council will meet for eight hours once a month for a total of 12 full days (96 hours) per year beginning in fiscal year (FY) 2023 and ongoing.
- DOH assumes that for each meeting there will be four hours of preparations for a total of 48 hours per year in FY 2023 and ongoing.
- DOH assumes we will participate in one subcommittee, meeting for four hours, twice a month, for a total of 24 half day (96 hours) meetings in FY 2023 and FY 2024.
- DOH assumes that for each subcommittee meeting there will be four hours of preparations for a total of 96 hours per year in FY 2023 and FY 2024.
- DOH assumes the interagency electric vehicle coordinating council representative would attend the industry advisory committee that will meet for four hours, once a month, for a total of 12 half day (48 hours) meetings a year beginning in FY 2023 and ongoing. DOH will not require additional time to prepare for these meetings.
- DOH assumes all meeting will be virtual but could transition to in person /hybrid meetings in future years. Travel costs are not included in these assumptions.
- DOH assumes the annual report will be co-drafted by WSDOT and COM. The report will be reviewed and approved by the full council requiring an additional four hours of review by DOH annually ongoing.
- DOH assumes that Environmental Justice Council staff will coordinate with COM, WSDOT, and the interagency electric vehicle coordinating council to assist with listening sessions and promote the listening sessions and other outreach

methods to members of overburdened communities, but estimates the work to be minimal and no fiscal impact to DOH.

Total cost for sections 428 and 429 Interagency Electric Vehicle Council work :

FY 2023 0.2 FTE and \$39,000

FY 2024 0.2 FTE and \$39,000

FY 2025 0.1 FTE and \$22,000 ongoing

Total cost for fiscal note:

FY 2023 0.9 FTE and \$136,000

FY 2024 0.9 FTE and \$136,000

FY 2025 0.8 FTE and \$119,000

FY 2026 0.8 FTE and \$119,000

FY 2027 0.7 FTE and \$113,000 ongoing

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	0	136,000	136,000	255,000	232,000
Total \$			0	136,000	136,000	255,000	232,000

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.9	0.5	0.9	0.8
A-Salaries and Wages		74,000	74,000	138,000	124,000
B-Employee Benefits		25,000	25,000	47,000	43,000
E-Goods and Other Services		30,000	30,000	57,000	53,000
M-Inter Agency/Fund Transfers					
P-Debt Service					
T-Intra-Agency Reimbursements		7,000	7,000	13,000	12,000
9-					
Total \$	0	136,000	136,000	255,000	232,000

III. C - Operating FTE 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 2022	FY 2023	2021-23	2023-25	2025-27
MANAGEMENT ANALYST 4	80,292		0.7	0.4	0.7	0.7
WMS02	110,760		0.2	0.1	0.2	0.1
Total FTEs			0.9	0.5	0.9	0.8

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

None.

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5974 E S SB AMI FEYJ H2869.1	Title: Transportation resources	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	0.1	0.1	0.1	0.1
Account					
General Fund-State 001-1	0	14,000	14,000	21,000	14,000
Total \$	0	14,000	14,000	21,000	14,000

Estimated Capital Budget Impact:

NONE

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:	Phone:	Date: 03/03/2022
Agency Preparation: Troy Klein	Phone: (360) 725-6294	Date: 03/04/2022
Agency Approval: Jami Marcott	Phone: (360) 725-6230	Date: 03/04/2022
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 03/04/2022

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 5974 AMH FEYJ H2869.1 changes from ESSB 5974: The substitute version of the bill does not make any changes to the OSPI fiscal impact.

Section 428 of the bill creates an interagency electric vehicle coordinating council jointly led by the Washington State Department of Commerce and the Washington State Department of Transportation with participation from the Office of the Superintendent of Public Instruction (OSPI).

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 .

This bill would have no cash receipts impact on OSPI.

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.

OSPI expenditure impact:

Section 428 of the bill creates the interagency electric vehicle coordinating council that is to be co-led by the Washington State Department of Commerce and the Washington State Department of Transportation. OSPI would be a member of the council.

Based on assumptions from another bill that relates to the creation of the interagency electric vehicle coordinating council, OSPI assumes that full council meetings and industry advisory group meetings will be ongoing, and subcommittee meetings would be in FY 2023 and FY 2024 only. The full council meetings would occur once per month for 8 hours per meeting. The industrial advisory committee would meet once per month for 4 hours per meeting. And, the subcommittees would meet twice per month for 4 hours per meeting. For this fiscal note all meetings are assumed to be virtual.

OSPI assumes that its work on the council would be as a member of the full council meetings and as a member of one of the subcommittees, and not on the industry advisory committee. This work would require a Program Supervisor, WMS 2 level, to attend and participate in the virtual meetings. The staff time is estimated at 192 hours in FY 2023 and FY 2024, and 96 hours in FY 2025 and years after. The cost is estimated at \$14,000 in FY 2023 and FY 2024, and \$7,000 in FY 2025 and years after.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	0	14,000	14,000	21,000	14,000
Total \$			0	14,000	14,000	21,000	14,000

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.1	0.1	0.1	0.1
A-Salaries and Wages		9,228	9,228	13,842	9,228
B-Employee Benefits		4,772	4,772	7,158	4,772
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	14,000	14,000	21,000	14,000

III. C - Operating FTE 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 2022	FY 2023	2021-23	2023-25	2025-27
Program Supervisor-WMS2	100,350		0.1	0.1	0.1	0.1
Total FTEs			0.1	0.1	0.1	0.1

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5974 E S SB AMH FEYJ H2869.1	Title: Transportation resources	Agency: 405-Department of Transportation
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
Puget Sound Ferry Operations Account-State 109-1		(1,332,473)	(1,332,473)	(3,000,607)	(3,224,414)
Capital Vessel Replacement Account-State 18J-1		(50,760)	(50,760)	(109,970)	(112,037)
Total \$		(1,383,233)	(1,383,233)	(3,110,577)	(3,336,451)

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	23.0	11.5	23.0	23.0
Account					
Motor Vehicle Account-State 108 -1	0	158,000	158,000	316,000	316,000
Puget Sound Ferry Operations Account-State 109-1	0	5,000	5,000	0	0
Multimodal Transportation Account-State 218-1	0	971,727	971,727	1,957,896	2,079,024
New-State New-1	0	2,059,235	2,059,235	3,846,470	3,884,470
Total \$	0	3,193,962	3,193,962	6,120,366	6,279,494

Estimated Capital Budget Impact:

NONE

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:	Phone:	Date: 03/03/2022
Agency Preparation: Lizbeth Martin-Mahar	Phone: 360-705-7942	Date: 03/08/2022
Agency Approval: Amber Coulson	Phone: 360-705-7525	Date: 03/08/2022
OFM Review: Ruth Roberson	Phone: (360) 995-3826	Date: 03/09/2022

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 .

See attached Fiscal Note.

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 - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
108-1	Motor Vehicle Account	State	0	158,000	158,000	316,000	316,000
109-1	Puget Sound Ferry Operations Account	State	0	5,000	5,000	0	0
218-1	Multimodal Transportation Account	State	0	971,727	971,727	1,957,896	2,079,024
New-1	New	State	0	2,059,235	2,059,235	3,846,470	3,884,470
Total \$			0	3,193,962	3,193,962	6,120,366	6,279,494

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		23.0	11.5	23.0	23.0
A-Salaries and Wages		2,062,004	2,062,004	4,199,588	4,292,416
B-Employee Benefits		785,958	785,958	1,592,778	1,621,078
C-Professional Service Contracts					
E-Goods and Other Services		205,000	205,000	162,000	162,000
G-Travel		22,000	22,000	44,000	44,000
J-Capital Outlays		99,000	99,000	122,000	160,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		20,000	20,000		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	3,193,962	3,193,962	6,120,366	6,279,494

III. C - Operating FTE 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 2022	FY 2023	2021-23	2023-25	2025-27
Administrative Assistant 5	62,760		1.0	0.5	1.0	1.0
Budget Analyst 4	69,300		1.0	0.5	1.0	1.0
Grant and Contract Coordinator	78,400		1.0	0.5	1.0	1.0
Transportation Engineer 4	97,872		3.0	1.5	3.0	3.0
Transportation Engineer 5	108,048		3.0	1.5	3.0	3.0
Transportation Planner 4	90,888		5.0	2.5	5.0	5.0
Transportation Planner 5	100,320		2.0	1.0	2.0	2.0
Transportation Planning Specialist 3	82,344		4.0	2.0	4.0	4.0
Transportation Planning Specialist 4	90,888		2.0	1.0	2.0	2.0
Transportation Planning Specialist I	67,600		1.0	0.5	1.0	1.0
Total FTEs			23.0	11.5	23.0	23.0

III. D - Expenditures By Program (optional)

Program	FY 2022	FY 2023	2021-23	2023-25	2025-27
Highway Improvements (I)		63,000	63,000	126,000	126,000
Public-Private Partnerships (K)		353,500	353,500	711,400	779,500
Transportation Planning (T)		430,000	430,000	800,000	800,000
Public Transportation (V)		618,227	618,227	1,246,496	1,299,524
Washington State Ferries (X)		5,000	5,000		
Highways and Local Programs (Z)		1,724,235	1,724,235	3,236,470	3,274,470
Total \$		3,193,962	3,193,962	6,120,366	6,279,494

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5974 AMH FEYJ H2869.1	Title: Transportation Resources	Agency: 405-Department of Transportation
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Part I: Estimates

Check applicable boxes and follow corresponding instructions, use the fiscal template table provided to show fiscal impact by account, object, and program (if necessary), **add rows if needed**. If no fiscal impact, check the box below, skip fiscal template table, and go to Part II to explain briefly, why the program believes there will be no fiscal impact to the department.

☐ No Fiscal Impact (Explain in section II. A)

If a fiscal note is assigned to our agency, someone believes there might be, and we need to address that, showing why there is no impact to the department.

☐ Indeterminate Cash Receipts Impact (Explain in section II. B)

☒ Indeterminate Expenditure Impact (Explain in section II. C)

☐ If fiscal impact is less 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 greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**

☐ Capital budget impact, **complete Part IV**

☐ Requires new rule making, **complete Part V**

☐ Revised

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

Agency Assumptions

N/A

Agency Contacts:

Preparer: Lizbeth Martin-Mahar	Phone: 360 705-7942	Date: 3/8/2022
Approval: Amber Coulson	Phone: 360 705-7525	Date: 3/8/2022
Budget Manager: Chad Johnson	Phone: 360-259-3886	Date: 3/8/2022
Economic Analysis: Lizbeth Martin-Mahar	Phone: 360 705-7942	Date: 3/8/2022

Part II: Narrative Explanation

II. A - Brief description of what the measure does that has fiscal impact

5974 AMH FEYJ H2869.1 is a transportation revenue bill, which increases various existing fees, creates a fuel export tax, provides direction and requirements on the spending for a portion of the funding generated by the Climate Commitment Act, makes transfers from the General Fund-State, directs the agency to research fare elimination for riders under the age of 18 years for various public transportation modes, and creates a variety of new transportation grant programs. It creates a new Move Ahead WA Account in the Motor Vehicle Fund and a Move Ahead WA Flexible Account in the State Treasury.

Individual State Agency Fiscal Note

(Removed in striker) Section 1 added in ESSB 5974 outlines the LEAP Transportation documents that will be used to fund certain projects in the bill and states that \$500 million of the amount in the preservation and maintenance projects to be used to enhance stormwater runoff treatment from existing roads and infrastructure. Requires projects to be prioritized based on benefits to salmon recovery and ecosystem health, reducing toxic pollution, addressing health disparities and cost effectiveness.

(No change) Sections 101 through 102 state the intent of legislation is to program funding from the Carbon Emissions Reduction Account, the Climate Active Transportation Account, and the Climate Transit Programs Account.

(Striker changed date of transfer from 2023 to 2022) Section 103 creates Climate Active Transportation Account for active transportation grant program. Beginning July 1, 2022, the state treasurer shall transfer 24% of revenue from the Carbon Emissions Reduction Account to the Climate Active Transportation Account.

(Striker changed date of transfer from 2023 to 2022) Section 104 creates the Climate Transit Programs Account for multiple transit grant programs. Beginning July 1, 2022, the State Treasurer shall transfer 56% of revenue from the Carbon Emissions Reduction Account to the Climate Transit Programs Account.

(No change) Sections 201 through 206 create a new fuel export tax. The proposal expands the fuel tax base to include exports to other US states and imposes a 6-cent fuel tax rate on exports to states with lower fuel tax rates than WA state. This new fuel export tax takes effect February 1, 2023.

(New in Striker) Section 207 discusses how the treasurer must distribute money from the motor vehicle fund from the fuel tax imposed on export fuel.

(Change to sections in striker) Sections 208 through 218 raise various Department of Licensing (DOL) administered fees like the aviation fuel tax rate is raised to 18 cents from 11 cents. Various license plate fees, title fees, dealer temporary permit fees, enhanced driver's license fees, administrative cost recovery fees, instruction permits, ID cards or driver's license replacement fees and license plate technology fees are increased. The increases from these most of the fees are deposited into the new Move Ahead WA and Move Ahead WA Flexible Accounts.

(No change) Sections 301 through 311 modifies transfers from the general fund. The Move Ahead WA Flexible Account will receive \$31 million each year in quarterly transfers.

(No change) Sections 401 and 402 create the new Move Ahead WA and Move Ahead WA Flexible Accounts.

(Change to section in striker) Section 415 creates a target for the state to have all electric passenger and light duty vehicles of model year 2030 or later sold, purchased, or registered in Washington state.

(Change to section in striker) Section 416 establishes a bus and bus facilities competitive grant program. The Washington State Department of Transportation (WSDOT) is to provide grants to any transit authority for replacement, expansion, rehabilitation, and purchase of transit rolling sticks, construction, modification or rehabilitation of transit facilities and funding to adapt to technological change. The department must incorporate environmental justice principles into the grant selection process.

(Change to section in striker) Section 417 creates the Connecting Communities Program in WSDOT. The purpose of the program is to improve active transportation connectivity in communities by providing safe, continuous routes for pedestrians, bicyclists and other non-vehicle users conducting their daily activities. Grants can be used to mitigate health, safety, and access impacts of transportation infrastructure that bisects communities and creates obstacles to local active transportation. In addition, funds can be used to invest in greenways for non-vehicular users and for projects that will improve the connectivity and safety of the active transportation network. WSDOT is required to submit a report to the transportation committees by December 1, 2022, and annually on December 1, thereafter. This section expires July 1, 2027.

Individual State Agency Fiscal Note

(Change to section in striker) Section 418 outlines the intent of the legislature, that WSDOT incorporate the principles of complete streets with facilities that provide street access for all users. Requires the design of state transportation projects on or after July 1, 2022, and that are \$500,000 or more to identify portions of state right of way without complete active transportation and work with local jurisdictions to confirm existing and planned active transportation connections and adjust the speed limit to reduce fatal crashes on highways.

(Change to section in striker) Section 419 requires WSDOT to begin a statewide school-based Bicycle Education Grant Program. The grant would support two programs: one for elementary and middle school and one for junior high and high school aged youth.

(Change to section in striker) Section 420 requires WSDOT to negotiate with the Oregon Department of Transportation (ODOT) to determine ridership, revenue and policy impacts relating to eliminating the Amtrak fares for passengers 18 years of age and younger. States the intent of Legislature, to eliminate the youth fares on Amtrak. The department must report back to the Legislative Transportation Committees on the results of negotiations with ODOT regarding the status of fare policy request submitted to Amtrak by December 1, 2022.

(Change to section in striker) Section 421 specifies that the Washington State Transportation Commission adopt an annual fare policy for Washington State Ferries (WSF) to allow all riders 18 years and younger to ride free on all ferry routes. The fare change is for both walk-on passengers and passengers in vehicles. This change should be made no later than October 1, 2022.

(Change to section in striker) Section 422 begins a Transit Support Grant Program within WSDOT for the purpose of providing financial support to transit agencies for operating and capital expenses only. Additionally, it requires public transit agencies to maintain or increase their local sales tax authority on or after January 1, 2022, to qualify for the grants. Grants must be prorated with no transit agency receiving more than 35% of these distributions.

(Change to sections in striker) Sections 423 through 424 change local traffic camera policies and put requirements on the use of the cameras. The proposal states that a city with an automatic traffic safety camera used to detect speed violations shall remit 50% of the noninterest money to the State Treasurer each month to be deposited into the Cooper Jones Active Transportation Safety Account. This change takes effect June 30, 2025.

(Change to section in striker) Section 425 requires the Washington State Transportation Commission to evaluate the options on I-405 and SR 167 at least every two years to keep the average speed on these highways at or above 45 miles per hour at least 90% of the time during peak hours.

(Change to sections in striker) Sections 427 through 429 create an Interagency Electric Vehicle Coordinating Council co-lead by WSDOT and Department of Commerce (COM). Requires WSDOT to assign staff to lead the council's coordination work and provide ongoing reports to the governor and legislature. The proposal requires a development of a statewide transportation electrification strategy to ensure market and infrastructure readiness for all new vehicle sales.

(Change to section in striker) Section 430 creates the Cooper Jones active transportation safety account.

(Change to sections in striker) Section 431 discusses the intent of the legislature is to fully fund the vessel and terminal electrification program based on WSF 2040 long range plan. By June 30, 2025 the legislature will secure funding options including but not limited to a vessel surcharge to devote resources to fulfill the vessel and terminal needs outlined in the long range plan.

(New in Striker) Section 432 and 433 requires WSDOT to establish a new program to work with local agencies to solicit applications for lane departure safety improvements and provide a list of locations where lane departure improvements are necessary by December 31 of each year. Subject to available funding, the department must issue program funding in a geographically diverse manner throughout the state. In addition, during the first five years of the program, the department must track incidence of lane departures at the locations where the new treatments are installed and evaluate the effectiveness of the safety improvements along with reporting requirements.

Individual State Agency Fiscal Note

II. B - Cash receipts Impact

The changes in the striker version do not change the cash receipts impact to WSDOT.

The Department of Licensing fiscal note will report the amount of money generated from the fuel export tax, aviation fuel tax, driver license fees, title fees, plate fee and other misc. fee increases contained in the bill proposal.

The transfers from the General Fund-State and the elimination of other transfers to the General Fund-State from transportation accounts for certain tax preferences will be reflected in the Washington State Treasurer's Office fiscal note.

Section 421 specifies that the Washington State Transportation Commission adopt an annual fare policy for WSF to allow all riders 18 years and younger to ride free on all ferry routes. The fare change is for both walk-on passengers and passengers in vehicles. This change should be made no later than October 1, 2022. This will result in a loss in ferry farebox revenue beginning fiscal year 2023, assuming a start date of October 1, 2022. This reduction in farebox revenue would impact both the Ferry Operating Program Fund and the Capital Vessel Replacement Account. The revenue losses are estimated at -\$1.3 million to the Operating Program Fund and -\$50,760 to the Capital Vessel Replacement Account in fiscal year 2023. In fiscal year 2024 and beyond, it is assumed to be a loss of -\$1.5 million in total for both accounts and the losses grow to -\$1.7 million by fiscal year 2027, assuming a 2.5% annual increase in ferry fares. This is based on the February 2022 ferry alternative forecast.

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 changes in the Engrossed Substitute version do not change the expenditure impact to WSDOT.

Public Transportation Division would implement sections 416 and 422

An additional five FTE, two at the Transportation Specialist 4 (TPS4) classification, and three at the Transportation Planning Specialist 3 (TPS3) level would be necessary to develop parameters and criteria for the grants, solicit and award new projects, contract and manage delivery of new projects, provide technical assistance to grantees, and perform oversight to ensure compliance with state requirements. The TPS4 and TPS3 staff are expected to be responsible for one or more grant programs with support from additional staff members depending on the complexities of administering the grant programs.

2 TPS4 positions \$90,888 salary - \$38,849 benefits = \$251,475

3 TPS3 positions \$82,334 salary - \$31,573 benefits = \$341,752

\$1,000 per fiscal year for Travel = \$5,000

Develop parameters and criteria = \$20,000

The total determinate impact for WSDOT Program V for fiscal year 2023 is \$618,227, and \$618,227 annually ongoing.

Active Transportation Division (ATD) would implement sections 417-419

The additional investments outlined in section 102 and 103 provide a significant increase in funding and requirements for existing and new active transportation related grant programs. Additional FTEs are needed to implement these programs. Assumptions for determining the expenditure impacts of this work are derived from necessary workloads associated with existing funding programs, and estimates developed in the WSDOT Active Transportation Plan.

Sections 105 and 106: The investment level triples the existing Safe Routes to School Program (SRTS) and Pedestrian and Bicycle Program (PBP). In addition, the bill requires additional screening, prioritizing, and reporting beyond what is currently required in these two existing programs. In addition to other requirements, the bill proposes to extend the HEAL Act environmental justice assessment requirements to all Active Transportation programs. It is unclear how applying the

Individual State Agency Fiscal Note

HEAL act requirements will impact these grant programs because the department will need to work through the process to determine whether these grant awards and or programs meet significant agency action criteria in RCW 70A.02.010.

Key caveats:

- The assumption in this fiscal note is that the bill's intent does not pull HEAL Act requirements forward in advance of deadlines established for WSDOT in the original legislation
- Given lack of clarity around the application of those requirements to programs like these, the future fiscal impact can't be fully determined.

To implement the additional requirement and expansion of SRTS and PBP programs the department would need an additional 6.0 FTE (2 Transportation Planning Specialist 4(TPS4), 1 Transportation Planning Specialist 3(TPS3), 3 Transportation Engineer 4 (TE4)) in the Local Program's Active Transportation Division. These are ongoing programs with no opportunity for economies of scale as they expand. Increased funding could generate more applications, each of which must be individually reviewed and evaluated by staff. Expanded interest in applying to the programs could also increase staff workload for outreach and responses to technical assistance. The new prioritizing requirements would require extensive analysis and communication of latest information in support of the application process.

Section 417 describes the details associated with a new Connecting Communities Pilot Program. This program would provide \$50 million over 5 years for investments to the active transportation network at locations prioritized based on the Active Transportation Plan and regional/local plans, focused on locations where legacy state transportation facilities disrupted those networks. Requirements indicated above from **sections 105 and 106** of the bill would also apply to the Connecting Communities Pilot Program. Additional ATD staff would be needed to identify locations and supply initial screenings. Additional region staff would be needed for project-level planning alignment, detail, and implementation. Necessary expenditures for this program are those associated with a total of 2.5 new FTE (1 TPS5 and 1.5 TPS4).

Section 418 directs the department to implement the principles of Complete Streets in all projects that have a cost of \$500,000 or more and enter design after July 1, 2022. Requirements indicated above from **section 105** of the bill would apply. Two additional ATD staff would be needed to serve as subject matter experts to support this work. They would need to develop and provide trainings as required and update agency manuals and guides. Additional region staff would also be needed for implementation, with reporting lines TBD. Together expenditures associated with a total of 3.5 new FTE (2 TE5 and 1.5 TPS4) are needed for this work. This would be ongoing.

The added FTE here are focused on the initial phases of planning alignment and facilities selection to mesh WSDOT facilities work with local community work. This estimate does not include any additional FTE for staff associated with regular activities in design, construction, operations, and maintenance associated with the future projects. The ATD subject matter experts would support workforce development for central and region staff in these disciplines.

Section 419 describes the details associated with a new School-based Bicycle Education Program. Requirements indicated above from **sections 105 and 106** would apply to this program. This is a restart and expansion of a program the department used to fund with SRTS. It would have new requirements and would now extend to elementary and high schools. It would require administration of a substantial contract for the program with a statewide nonprofit. It would involve additional contractual requirements for screening, prioritizing, and engaging local communities. This work would require oversight and evaluation for legislative reporting requirements. Expenditures associated with 1.0 new Active Transportation Division FTE (TPS5) is necessary for this work. This is an ongoing program.

This expansion of staff into a division that currently shares administrative support with multiple other divisions within the agency necessitates expenditures associated with a new Administrative Assistant dedicated to the ATD. This ongoing expense is included in the fiscal impact. All together this represents a need for 14 additional FTE, 11 of which would reside within the central ATD in headquarters.

ATD FTE Summary:

3 TE4 positions salary \$97,872 – benefits \$36,039 = \$401,733

2 TE5 positions salary \$108,048 – benefits \$39,786 = \$295,668

1 TPS3 positions salary \$82,344 – benefits \$30,321 = \$112,665

Individual State Agency Fiscal Note

2 TPS4 positions salary \$90,888 – benefits \$33,467 = \$248,712
2 TPS5 positions salary \$100,320 – benefits \$36,941 = \$274,521
1 AA5 position salary \$62,760 – benefits \$23,110 = \$85,870
\$1,000 per FTE (11) for travel = \$14,000
Initial equipment = \$78,000 - \$49,000 ongoing until equipment replacement in year 5
One-time goods and services \$11,000/FTE (11) = \$121,000 - \$48,000 ongoing

The total determinate impact for WSDOT Program Z for the fiscal year 2023 is \$1.6 million and \$1.5 million annually ongoing.

3 TPS4 positions salary \$90,888 – benefits \$33,467 = \$373,065
\$1,000 per FTE (3) for travel = \$3,000
Initial equipment = \$21,000 - \$12,000 ongoing until equipment replacement in year 5
One-time goods and services \$11,000/FTE (3) = \$33,000 - \$12,000 ongoing

The total determinate impact for WSDOT Program T for the fiscal year 2023 is \$430,000 and \$400,000 annually ongoing.

WSDOT, Rail, Freight, and Ports will implement Section 420

The fiscal impact of Senate Bill 5974 to the Rail, Freight, and Ports division is indeterminate.

Both WSDOT and the Oregon Department of Transportation, through separate operating agreements, contract with Amtrak for operations of the Amtrak Cascades service. Implementation of a new fare policy change would require negotiation and approval from ODOT and Amtrak. WSDOT will utilize current staffing to perform negotiations with Oregon to determine ridership, revenue and policy impacts is unknown, as Amtrak services and contracts may vary in each state. Policy changes and fare revisions would impact the Amtrak operating agreement. The department assumes the impacts would include additional costs for modifications to the ticketing systems, fare collection, rider verification and enforcement, and affects to accompanied minor policies. However, the expenses that would be associated with these changes are currently unknown as the modifications identified would require Amtrak to amend their system and policies, which is not included within the scope of the current contract.

Ridership demand is anticipated to increase, although operating revenue would potentially decrease with the elimination of fares for riders 18 and under in section 421. WSDOT would require additional appropriation for operating expenditures to maintain service levels to meet ridership demand.

The full fiscal impact is currently unknown as revenues and projections for the 18 and under ridership population have yet to be considered, which include determining:

- Impacts to the Rail Plus program with Sound Transit.
- The needs for the entire corridor, within Washington boundaries and connections that travel outside of state boundaries.
- The current service levels. Cascades will be increasing the number of trains in the 2022-2025, which will result in increased services levels.
- The potential imbalance in paid seating during peak periods.

WSF will implement Section 421

If fares for riders 18 and under were eliminated, a new fare brochure would need to be published. The cost to print a new brochure is less than \$5,000. This is considered a minimal cost. Any IT impacts for establishing a new fare in fare systems is assumed to be done within current staffing levels.

The total determinate impact for WSDOT Program X for fiscal year 2023 is \$5,000

WSDOT, Public Private Partnerships will implement Sections 427-429

Individual State Agency Fiscal Note

This fiscal note for these sections is partially indeterminate.

Public-Private Partnerships currently employs less than three FTE and does not have the capacity to accommodate the additional duties of co-leading the coordinating council without effecting delivery of the existing grant programs. As a co-lead of the Interagency Electric Vehicle Coordinating Council, in coordination with Department of Commerce (COM), WSDOT assumes:

- Full council will meet for eight hours once each month, for a total of 12 full days per year.
- Subcommittees will be created for different parts of the work. It is estimated subcommittees will meet for four hours, twice per month, for a total of 24 half day meetings per year.
- Industry advisory committee will meet for four hours, once each month, for a total of 12 half day meetings per year.
- All meetings will be virtual but could transition to in person/hybrid meetings in the future.
- The required annual report will be co-drafted with COM, which will be reviewed and approved by the full council.

The creation of the Interagency Electric Vehicle Coordinating Council would require WSDOT to assign staff to fulfill the role of the department as a co-lead of the council. It is currently unknown as to what the scope and scale of work would entail.

The department assumes the amount that is available from the National Electric Vehicle Formula Program is \$71 million over five years, which would, in part be utilized to support the staff and activities assigned as a co-lead of the interagency electric vehicle coordinating council. Governor Inslee's 2022 supplement budget proposal included 3.0 FTEs that WSDOT would assume be assigned, in part, to support the coordination efforts to the council. The department does not yet have expenditure authority for these federal funds but assumes it would be provided in the future (as is proposed in the Governor's 2022 supplemental transportation budget request).

If Governor Inslee's 2022 supplement budget proposal is not approved, WSDOT would need 3.0 FTEs to support the roles and responsibilities of the Interagency Electric Vehicle Coordinating Council described in **5974 AMH FEYJ H2869.1 section 429**. Based upon similar needs for coordination, which occurred after the Washington State Transportation Commission was created as separate state agency from WSDOT and required development and coordination activities, it is estimated that, at minimum, WSDOT's Public Private Partnership program would need an additional 3.0 FTEs, which includes a Budget Analyst 4 at 1.0 FTE, a Transportation Planning Specialist at 1.0 FTE, and a Grant and Contract Coordinator at 1.0 FTE.

- Budget Analyst 4 (1.0 FTE)
 - Position would provide budgeting analysis, development, and monitoring of budgets.
 - In fiscal year 2023, this position is expected to cost \$114,800, which includes salaries and benefits and standard costs for goods and services, facilities, computers and IT costs, and travel.
- Transportation Planning Specialist (1.0 FTE)
 - Position would provide direction of planning and coordination of project teams and analysis of projects and grants; supervises transportation planning data collection, analysis, and summarization operations.
 - In fiscal year 2023, this position is expected to cost \$112,900, which includes salaries and benefits and standard costs for goods and services, facilities, computers and IT costs, and travel.
- Grant and Contract Coordinator (1.0 FTE)
 - Position would coordinate granting and funding activities with coordinating council. Negotiate, evaluate, and review grant and contract proposals and resulting awards as part of a centralized grant and contract service for an institution.
 - In fiscal year 2023, this position is expected to cost \$125,800, which includes salaries and benefits, and standards costs for goods and services, facilities, computers and IT costs, and travel.

The total determinate impact for WSDOT Program K for fiscal year 2023 is \$353,500, and \$355,700 annually ongoing.

The department further assumes there would be additional administrative costs attributed to training, policy and process development, and implementation, however, it is unknown as to how the interagency Electric Vehicle Coordinating

Individual State Agency Fiscal Note

Council and COM, as a co-lead, would approach roles and responsibilities as set forth in the proposed legislation, therefore the fiscal impact is unknown.

Local Programs and CPDM will implement Section 432 and 433

The bill makes this new reducing rural roadway departures program a required program to be funded with Highway Safety Improvement funds. While funds are currently used for projects that address rural lane departures, program rebalancing would be required to address the scope of this effort and to develop ranked lists for the state and local systems consistent with Washington's Target Zero Strategic Highway Safety Plan, as well as WSDOT's Getting to Zero Highway Safety Improvement Program Implementation Plan. The funding of a position would allow these efforts to take place.

WSDOT assumes for successful implementation of the bill it needs one Full Time Equivalent (FTE) at a Transportation Engineer 5 level to administer the program while also conducting the technical analysis and meeting the reporting requirements. The cost of one FTE at TE5 for one biennium is \$316,000. This includes salaries (\$216,000), benefits (\$98,000), goods and service (\$2,000) for one FTE for one biennium. This is an ongoing function and hence the costs are ongoing as well.

WSDOT arrived at the assumption of a TE5 due to the following:

1. Bill requires a new safety program to be developed and administered.
2. Establishing a safety program, performing analysis to rank and prioritize the applications on a statewide basis for state and local roads. This requires high-level analytical, human factors, and engineering skills to understand safety countermeasures and associated benefits to reduce fatal and serious crashes.
3. The program needs analytical, engineering, and administration expertise at a program manager level

The total determinate impact for WSDOT for this current biennium is \$158,000 - \$316,000 ongoing into future biennia. Local Programs Program Z Capital would fund 60% of this work and Improvement Program I Capital would fund the remaining 40%.

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose

See above.

Part IV: Capital Budget Impact

N/A

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.

N/A



Ten Year Analysis

Bill Number: SB 5974	Title: Transportation Resources	Agency: 405 Washington State Department of Transportation
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Ten-year analyses are to be completed by the WSDOT BFA-Economics Office and are limited to agency-estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ Cash Receipts Greater than \$50,000

Name of Tax or Fee	Account Code and Title	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total 2022-31
Youth Ferry fares & surcharge	Operating Program Fund 109	0	-1,332,473	-1,471,914	-1,528,693	-1,639,347	-1,639,347	-1,689,619	-1,739,569	-1,791,286	-1,845,510	-
Youth Ferry fares & surcharge	Capital Vessel Replacement Account 18J	0	-50,760	-54,657	-55,313	-55,830	-56,207	-56,542	-56,870	-57,184	-57,533	-500,896
Totals		0	-1,383,233	-1,526,571	-1,584,006	-1,695,177	-1,695,554	-1,746,161	-1,796,439	-1,848,470	-1,903,043	-15,178,654

Narrative Explanation (Required for all Taxes and/or Fees including "Indeterminate," "Partially Indeterminate," or "No Cash Receipts.")

Brief Description of What the Measure does that has I-960 Implications

SB 5974 is a transportation revenue bill that increases various existing fees, creates a fuel export tax, makes appropriations from the Carbon Reduction Account for transportation, transfers funds from the General Fund-State, eliminates youth fares for various public transportation modes and creates a variety of new transportation grant programs. It creates a new Move Ahead WA Account in the Motor Vehicle Fund and a Move Ahead WA Flexible Account in the State Treasury.

Sections 101 through 102 State intent of legislature, to program funding from the carbon emissions reduction account, the climate active transportation account and the climate transit programs account. Section 103 creates climate active transportation account for active transportation grant program. Beginning July 1, 2022, the state treasurer shall transfer 24% of revenue from the Carbon Emissions Reduction Account to the Climate Active Transportation Account. Section 104 creates climate transit programs account for multiple transit grant program. Beginning July 1, 2022, the state treasurer shall transfer 56% of revenue from the Carbon Emissions Reduction Account to the Climate Transit Programs Account.

Sections 201 through 206 create a new fuel export tax. The proposal expands the fuel tax base to include exports to other US states and imposes a 6-cent fuel tax rate on exports to states with lower fuel tax rates than WA state.

Sections 207 through 217 raise various DOL administered fees like the aviation fuel tax rate is raised to 18-cents from 11-cents. Various license plate fees, title fees, dealer temporary permit fees, enhanced driver's license fees, administrative cost recovery fees, instructions permit, ID cards or driver's license replacement fees and license plate technology fees are increased. The increases from these most of the fees are deposited into the new Move Ahead WA and Move Ahead WA Flexible Accounts.

Sections 301 through 311 provide transfers from the General Fund-State to the Move Ahead WA Flexible Account of \$31 million each year in quarterly transfers.

Section 422 specifies that the Washington State Transportation Commission adopt an annual fare policy for WSF to allow all riders 18 years and younger to ride free on all ferry routes. The fare change is for both walk-on passengers and passengers in vehicles. This change should be made no later than October 1, 2022.

Ten-Year Analysis

Cash Receipts Impact

The increase in appropriations from the Carbon Reduction Account will be reflected in other state agency fiscal notes. The Department of Licensing fiscal note will report the amount of money generated from the fuel export tax, aviation fuel tax, driver license fees, title fees, plate fee and other misc. fee increases contained in the bill proposal.

The transfers from the General Fund-State and the elimination of other transfers to the General Fund-State from transportation accounts for certain tax preferences will be reflected in the Washington State Treasurer's Office fiscal note.

Section 422 specifies that the Washington State Transportation Commission adopt an annual fare policy for WSF to allow all riders 18 years and younger to ride free on all ferry routes. The fare change is for both walk-on passengers and passengers in vehicles. This change should be made no later than October 1, 2022. This will have a loss in ferry farebox revenue beginning in fiscal year 2023, assuming a beginning date of October 1, 2022. This reduction in farebox revenue would impact both the ferry operating program fund and the capital vessel replacement account. The revenue losses are estimated at -\$1.33 million to the operating program fund and -\$50,760 to the Capital Vessel Replacement Account in fiscal year 2023. In fiscal year 2024 and beyond, it is assumed to be a loss of -\$1.5 million in total for both accounts and the losses grow to -\$1.9 million by fiscal year 2031, assuming a 2.5% annual increase in ferry fares. These estimates are based on the February 2022 alternative ferry revenue forecast.

Individual State Agency Fiscal Note

Bill Number: 5974 E S SB AMI FEYJ H2869.1	Title: Transportation resources	Agency: 411-Freight Mobility Strategic Investment Board
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Part I: Estimates

☒ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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:	Phone:	Date: 03/03/2022
Agency Preparation: Brian Ziegler	Phone: (360) 586-9695	Date: 03/04/2022
Agency Approval: Doug Clouse	Phone: 360-705-7535	Date: 03/04/2022
OFM Review: Erik Hansen	Phone: (360) 810-0883	Date: 03/06/2022

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 .

There is no fiscal impact to the Freight Mobility Strategic Investment Board (FMSIB). The previous version of this bill had required FMSIB to create a new railroad crossing grant program. That requirement has been amended out of this version.

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 - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

IV. D - Capital FTE Detail: List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5974 E S SB AMI FEYJ H2869.1	Title: Transportation resources	Agency: 461-Department of Ecology
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	1.3	0.6	1.3	1.3
Account					
General Fund-State 001-1	0	145,614	145,614	291,228	291,228
Model Toxics Control Operating Account-State 23P-1	0	14,561	14,561	29,122	29,122
Total \$	0	160,175	160,175	320,350	320,350

Estimated Capital Budget Impact:

NONE

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:	Phone:	Date: 03/03/2022
Agency Preparation: Pete Siefer	Phone: 360-407-6646	Date: 03/07/2022
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 03/07/2022
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 03/07/2022

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 .

Compared to 5974 ESSB, 5974 ESSB AMH FEYJ H2869.1 makes the following changes related to the Department of Ecology (Ecology).

- Sections 103 and 104 are amended to initiate transfers from the Carbon Emissions Reduction Account (CERA) to the Climate Active Transportation Account (CATA) and the Climate Transit Programs Account (CTPA) beginning July 1, 2022, rather than July 1, 2023.
- Section 202 and 203 would add the definition of “biofuel” and would provide for a fuel tax exemption for biofuels exported to other states within the United States.
- Section 426 would amend RCW 70A.65.230 to include the Climate Transit Programs Account (CTPA) and the Climate Active Transportation Account (CATA) in the list of accounts from which funding must achieve certain expenditure targets.
- Section 429 would add responsibilities to the Interagency Electric Vehicle Coordinating Council.
- Section 506-512 would change effective dates for certain sections.

These changes would have no fiscal impact related to Ecology.

Background: In 2021, the Legislature passed the Climate Commitment Act (CCA) which establishes a comprehensive cap-and-invest program to reduce carbon pollution and achieve greenhouse gas limits set in state law. The program is to commence January 1, 2023, with two auctions scheduled to take place in fiscal year (FY) 2023. Except for directly distributed, no-cost allowances allocated to certain entities, allowances under the cap-and-invest program must be distributed through auctions. Ecology must hold a maximum of four auctions each year, plus any necessary reserve auctions. Upon completion and verification of auction results, the auction proceeds must be deposited first to the CERA, for purposes of carbon reducing investments in the transportation sector, and the remaining auction proceeds to the Climate Investment Account (CIA) and Air Quality and Health Disparities Improvement Account (AQHDIA). Per RCW 70A.65.100 (7) the deposits into CERA each fiscal year are as follows :

FY 2023: \$127,341,000
FY 2024: \$356,697,000
FY 2025: \$366,558,000
FY 2026-2037: \$359,117,000 per fiscal year

The deposits into CERA over the first 16 years through 2037 may not exceed \$5.2 billion. For FY 2038 and each year thereafter, 50 percent of auction proceeds will be deposited into CERA.

Under the CCA, certain entities identified as emissions-intensive and trade-exposed (EITE) facilities receive no cost allowances that decline over time depending on the compliance obligation period. Ecology is required to submit agency request legislation in the 2022 legislative session that outlines a compliance pathway specific to EITEs for achieving their share of the state’s emission reduction limits through 2050. If the Legislature does not enact Ecology’s request legislation by April 1, 2023, no expenditures may be made from the CERA, CIA, and AQHDIA.

Furthermore, the Clean Fuels Program (CFP) was created in E3SHB 1091 of the 2021 legislative session with the intention to reduce carbon intensity of transportation fuels used within the state. Subsection 3 (8) specified that implementation of compliance obligations and credit generation would be contingent on a separate additive transportation revenue act

becoming law in which the state fuel tax would be increased by at least five cents per gallon. This subsection was vetoed by the Governor.

This bill is an additive transportation funding and appropriations act that would identify specific uses of CERA funding, create new accounts to use a portion of the funding under the CCA, remove the requirement to enact EITE legislation, and remove the requirement for an additive transportation revenue act to be passed before the Clean Fuel compliance and credit provisions go into effect, among other changes.

Section 101 would amend the uses of CERA to include: Active transportation, transit programs and projects, alternative fuel and electrification, ferries, and rail.

Section 102 would state the legislature's intention to program funding from CERA, CATA, and CTPA for the activities identified in LEAP Transportation Document 2022-A.

Section 103 would create CATA. Beginning July 1, 2022, 24% of the revenue accruing in CERA would be transferred to this account by the Office of the State Treasurer. Allowable uses from the CATA would include: Safe Routes to Schools; school-based bike programs, bicycle and pedestrian grants; the Complete Streets grant program; the Connecting Communities grant program; and pedestrian, bicycle, or other active transportation projects identified in an omnibus transportation appropriations act.

Section 104 would create CTPA. Beginning July 1, 2022, 56% of revenue accruing annually in CERA would be transferred to this account by the Office of the State Treasurer. Allowable uses from the CTPA would include: Transit support grants; tribal transit mobility grants; transit coordination grants; special needs transit grants; bus and bus facility grant programs; green transit grants; transportation demand management grants; and transit projects identified in an omnibus transportation appropriations act.

Section 105 would amend RCW 70A.65.030 to add CTPA and CATA to be subject to the environmental justice assessment and investment for vulnerable populations within burdened communities.

Section 106 would amend RCW 70A.65.040 to add CTPA and CATA to be subject to recommendations from the Environmental Justice Council created in RCW 70A.02.110.

Sections 201-218 relate to transportation taxes and fees.

Sections 301-311 relate to transfers from the state general fund and other changes related to general fund support.

Section 312 would amend RCW 82.21.030, Hazardous Substance Tax (HST), to specify that the "additive transportation funding act" means an act enacted after June 30, 2023. Under current law, until the enactment of an additive transportation funding act, \$50 million of the HST is deposited into the Motor Vehicle Fund each biennium, with the remaining revenue deposited into the Model Toxics Control Act (MTCA) accounts. This bill would not change the current HST deposits by the Department of Revenue if enacted by June 30, 2023.

Sections 401 and 402 would create the Move Ahead WA Account and Move Ahead WA Flexible Account.

Section 403 and 404 would allow CTPA and CATA to retain interest in the accounts.

Section 408 would amend chapter 70A.535 RCW Clean Fuels Program to create a duplicate of section 3 in E3SHB 1091, without the previously vetoed language from subsection 3 (8). An additive transportation revenue act would no longer be required before clean fuel compliance and credit provisions can go into effect.

Sections 409-413 would update other sections of the Clean Fuels Program with references to the new proposed section in

this bill.

Section 414 would repeal RCW 70A.535.020, section 3 of E3SHB 1091 of the 2021 legislative session, “Carbon intensity of transportation fuels- Standards to reduce carbon intensity.” This statute would be replaced by the requirements of section 409 under this bill.

Section 415 would establish a target for the state that all publicly and privately owned passenger and light duty vehicles of model year 2030 and later sold, purchased, or registered in the state be electric vehicles. Additionally, it would direct the Interagency EV Coordinating Council to complete a scoping plan for reaching the target, due December 31, 2023.

Section 416 would establish a bus and bus facilities grant program within WSDOT. WSDOT would be required to establish an advisory committee to carry out the mandates of this section. Ecology assumes participation on the advisory committee. The grant selection process would be required to incorporate environmental justice and geographic diversity principles.

Section 426 would amend RCW 70A.65.230 of the CCA to remove the language restricting expenditures from CERA, the CIA or AQHDA if, by April 1, 2023, the legislature has not considered and enacted legislation that outlines a compliance pathway specific to EITE businesses for achieving their proportionate share of the state’s emissions reduction limits through 2050. Additionally, CTPA and CATA would be added to the list of accounts from which funding must achieve certain expenditure targets.

Section 428 would create an Interagency EV Coordinating Council, jointly led by the Commerce and WSDOT. Ecology would be required to participate.

Section 429 would identify the Interagency EV Coordinating Council responsibilities to include, but not be limited to: Development of a statewide transportation electrification strategy to ensure readiness; identification of all EV infrastructure grant-related funding; coordination of grant funding criteria; development of a robust public and private outreach plan that includes engaging with community organizers, the environmental justice council, and local governments; creating an industry EV advisory committee; ensuring the statewide transportation electrification strategy, grant distribution, programs, and activities associated with advancing transportation electrification benefit vulnerable and overburdened communities; and providing an annual report summarizing EV implementation progress, gaps, and resource needs.

Section 502 adds a severability clause to the bill.

Section 503 would set sections 310 and 403 to expire on July 1, 2024.

Section 508 would insert an emergency clause for section 312, 408-414, and 421 only.

Section 511 would set sections 201-206 to be effective July 1, 2023.

Section 512 would set sections 101-106, 208-211, 218, 301-311, 401-403, 405-407, 415-420, 423, 425-430, and 505 to be effective July 1, 2022.

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.

There is no cash receipts impact under this bill to Ecology.

Sections 103-104: Climate Commitment Act Revenue into CERA, CATA, and CTPA :

Under current law, auction revenues from the cap-and-invest program are directed to CERA in amounts specified in RCW 70A.65.100. The program is scheduled to commence January 1, 2023, with two auctions scheduled by the end of FY 2023.

Section 103 would establish that twenty-four percent of the auction revenue deposited in CERA would be transferred into CATA beginning July 1, 2022 (FY 2023). Section 104 would establish that fifty-six percent of the auction revenue deposited in CERA would be transferred into CTPA beginning July 1, 2022 (FY 2023). Transfers would be made by the Office of the State Treasurer. There is no cash receipts impact to Ecology for these accounts.

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 expenditure impact to Ecology under this bill is estimated to be greater than \$50,000 in Fiscal Year (FY) 2023 and ongoing to implement the requirements of sections 416 and 428.

Sections 408-414: Clean Fuels Program

Under current law, subsection 3(8) of ES3HB 1091 from the 2021 legislative session, which was vetoed by the Governor, would have required passage of an additive transportation revenue act before clean fuel compliance and credit provisions could go into effect. Sections 408-414 would amend the Clean Fuels Program to remove the requirement for an additive transportation revenue act to be enacted before clean fuel compliance and credit provisions could go into effect, and make technical amendments to align with the updated statute. These changes are consistent with current law and funding, and would have no fiscal impact.

Section 415: State EV Requirements

Currently, Ecology is in the process of adopting by reference California's latest motor vehicle standards, which include a requirement that all new light- and medium-duty vehicles sold in the state by 2035 be zero emission. Section 416 would establish a target for all publicly and privately owned passenger and light duty vehicles from model year 2030 or later to be EV. Subsection 416(2) would require the Interagency EV Coordinating Council to complete a scoping plan by December 31, 2023 for reaching the 2030 target. Ecology assumes that FTE staff time estimated for Section 428 would participate as needed to support the council's plan efforts.

Section 416: Bus and Bus Facility Grant Program

Under current law established in HB 2042 from the 2019 legislative session, WSDOT administers a grant program that aids transit authorities in funding cost-effective capital projects to reduce the carbon intensity of the WA transportation system. Section 416 would establish a bus and bus facilities grant program within WSDOT with a requirement to incorporate environmental justice and geographic diversity principles. WSDOT would be required to establish an advisory committee to carry out the mandates of this section. Ecology assumes participation on the advisory committee.

Ecology estimates the following staff would be required to coordinate with the committee, in FY 2023 and ongoing:

0.1 FTE Environmental Specialist (ES) 5 to participate on the advisory committee for the bus and bus facilities grant program. The time spent on the committee would be focused on establishing grant criteria, specifically focused on environmental justice and geographic diversity.

Expenditures are estimated in the Model Toxics Control Operating Account, the fund source for the agency's activity to Reduce Health and Environmental Threats from Motor Vehicle Emissions.

Section 426: EITE Legislation

Under current law, RCW 70A.65.230 requires the legislature to enact request legislation from Ecology by April 1, 2023, that outlines a compliance pathway to EITE businesses, in order to allow for expenditures from the accounts under the CCA.

This section would remove the language restricting expenditures from CERA, the CIA, and the AQHDIA if no legislation is considered and enacted. This would allow auction revenue collected from the cap-and-invest program to be used for future appropriations, including ongoing implementation of the program.

Sections 428-429: Interagency EV Coordinating Council

Currently, Ecology administers multiple different clean vehicle grant programs, including Diesel Emissions Reduction Act grants, Clean Diesel grants, and Volkswagen Settlement grants. Sections 428 and 429 would create a new Interagency EV Coordinating Council that would be jointly led by Commerce and WSDOT. The existing clean vehicle grant programs would remain with Ecology, while our staff would participate in the various established duties of the new council. Ecology assumes we would be a key stakeholder and primary source of information and would engage in extensive coordination with the lead agencies.

Ecology, in coordination with Commerce, estimates the following staff would be required to coordinate with the council estimated in General Fund-State in FY 2023 and ongoing :

1.0 FTE ES 5 to be the Ecology representative to coordinate with the council and assist in providing ongoing reports to the Governor and Legislature. The ES 5 would conduct policy and market research, provide outreach to vehicle and infrastructure manufacturers and utilities, and ensure focus on environmental justice throughout the process.

This position would also attend council, subcommittee, and /or advisory committee meetings as needed. Commerce assumes that full council meetings and the industry advisory group meetings will be ongoing beginning in FY 2023 and subcommittee meetings would occur in FY 2023 and FY 2024.

SUMMARY

THE TOTAL EXPENDITURE IMPACT to Ecology under this bill is estimated to be :
FY 2023 and ongoing each year thereafter: \$160,175 and 1.3 FTEs

Notes on costs by object:

Salary estimates are current biennium actual rates at Step L.

Benefits are the agency average of 36.5% of salaries.

Goods and Services are the agency average of \$4,834 per direct program FTE.

Travel is the agency average of \$2,234 per direct program FTE.

Equipment is the agency average of \$1,230 per direct program FTE.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 28.3% of direct program salaries and benefits, and is shown as object 9. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT App Development – Journey.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	0	145,614	145,614	291,228	291,228
23P-1	Model Toxics Control Operating Account	State	0	14,561	14,561	29,122	29,122
Total \$			0	160,175	160,175	320,350	320,350

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		1.3	0.6	1.3	1.3
A-Salaries and Wages		86,249	86,249	172,498	172,498
B-Employee Benefits		31,481	31,481	62,962	62,962
E-Goods and Other Services		5,317	5,317	10,634	10,634
G-Travel		2,457	2,457	4,914	4,914
J-Capital Outlays		1,353	1,353	2,706	2,706
9-Agency Administrative Overhead		33,318	33,318	66,636	66,636
Total \$	0	160,175	160,175	320,350	320,350

III. C - Operating FTE 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 2022	FY 2023	2021-23	2023-25	2025-27
ENVIRONMENTAL SPEC 5	78,408		1.1	0.6	1.1	1.1
FISCAL ANALYST 2			0.1	0.1	0.1	0.1
IT APP DEV-JOURNEY			0.1	0.0	0.1	0.1
Total FTEs			1.3	0.6	1.3	1.3

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5974 E S SB AMH FEYJ H2869.1	Title: Transportation resources	Agency: 495-Department of Agriculture
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	0.1	0.0	0.1	0.1
Account					
General Fund-State 001-1	0	9,400	9,400	18,800	18,800
Total \$	0	9,400	9,400	18,800	18,800

Estimated Capital Budget Impact:

NONE

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:	Phone:	Date: 03/03/2022
Agency Preparation: Timothy Elliott	Phone: 360-902-1984	Date: 03/08/2022
Agency Approval: Nicholas Johnson	Phone: (360) 902-2055	Date: 03/08/2022
OFM Review: Jim Cahill	Phone: (360) 790-2630	Date: 03/08/2022

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 .

5974 ES SB AMH FEYJ H2869.1 – An act Relating to transportation resources.

Part IV
Account Creation, Local Options, and Other provisions.

New Section Sec 427 and 429 (Related to S-4216.1) requirements for the Interagency EV Coordinating council to :
-Develop a robust outreach plan.
-Create an industry electric vehicle advisory committee.
-Ensuring the state electrification strategy benefit vulnerable and overburdened communities.

Washington State Department of Commerce and Washington State Department of Transportation will co-led a council on Electric Vehicles to Development of a statewide transportation electrification strategy by leveraging experts from list of agencies including the Washington State Department of Agriculture (WSDA).

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.

Based on similar activities when WSDA coordinates with other agencies on an monthly basis it is likely going to take 8 hours for meeting and additional 2 hours prep time for each monthly Council meeting. 10 hours monthly on an ongoing basis would result in an estimated cost to the agency of \$9,400 per year.

This would be by Weights and measures program manager, or another person assigned to be tracking Electric Vehicle Service Equipment.

Agency Administrative Overhead (payroll, HR, IT and Financial) is calculated at the agency indirect rate of 24.6% of direct program salaries and benefits.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	0	9,400	9,400	18,800	18,800
Total \$			0	9,400	9,400	18,800	18,800

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.1	0.0	0.1	0.1
A-Salaries and Wages		5,200	5,200	10,400	10,400
B-Employee Benefits		1,800	1,800	3,600	3,600
C-Professional Service Contracts					
E-Goods and Other Services		700	700	1,400	1,400
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-Agency Admin Overhead		1,700	1,700	3,400	3,400
Total \$	0	9,400	9,400	18,800	18,800

III. C - Operating FTE 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 2022	FY 2023	2021-23	2023-25	2025-27
Program Manager	90,000		0.1	0.0	0.1	0.1
Total FTEs			0.1	0.0	0.1	0.1

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5974 E S SB AMI FEYJ H2869.1	Title: Transportation resources
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Potential revenue increases from: border area fuel tax revenue , grant funding for various projects, traffic violations fees from additional traffic camera usage
- ☒ Counties: Potential revenue through grant funding for various projects
- ☒ Special Districts: Potential revenue increases from: sales and use tax revenue, grant funding for various projects
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☒ Expenditures represent one-time costs: Costs associated with adding signage, conducting an equity analysis for installing additional traffic cameras, costs associated with obtaining voter approval for additional fuel tax or transportation benefit district sales tax
- ☒ Legislation provides local option: Local governments would have an opportunity to apply for grant funding through multiple programs created by the bill. Border cities have the option to increase the border area fuel tax . Transportation authorities have the option to increase sales tax rates .
- ☒ Key variables cannot be estimated with certainty at this time: It is unknown which cities, counties, or special districts would choose to apply for funding or how much they would be awarded through the various grant programs created by this bill . It is unknown which border cities would increase the border area fuel tax or if voters would approve. It is unknown which transportation authorities would increase sales tax, at what rate, or if voters would approve.

Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Alexander	Phone: 360-725-5038	Date: 03/07/2022
Leg. Committee Contact:	Phone:	Date: 03/03/2022
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 03/07/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/08/2022

Part IV: Analysis

A. SUMMARY OF BILL

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

This fiscal note reflects House amendment AMH FEYJ H2869.1 to ESSB 5974, 2022 Legislative Session.

CHANGES BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

- removes the intent to provide \$500,000,000 to enhance stormwater runoff treatment
- removes references to various LEAP Transportation Documents developed February 14, 2022, and replaces them with a reference to LEAP Transportation Document 2022-A, as developed February 8, 2022
- adds definition of biofuel and the exemption from the MVFT on exported fuel
- changes the license plate fee increase for used cars from \$50 to \$40
- removes the ability of cities and towns to increase utility taxes up to two percent for transportation
- expands the responsibilities assigned to the Electric Vehicle Coordinating Council
- adds the Climate Transit Programs Account and the Climate Active Transportation Account to the list of accounts for which the Legislature has previously established its intent to achieve certain investment outcomes relative to vulnerable populations and Indian tribes
- removes the requirement for the Freight Mobility Strategic Investment Board to create a railroad crossing grant program
- makes other technical changes regarding deposits of funds and effective dates

SUMMARY OF CURRENT BILL:

This engrossed substitute bill amends multiple programs to fund the activities identified on the following Legislative Evaluation and Accountability Program (LEAP) Committee lists.

PART I

CLIMATE COMMITMENT ACT

This bill provides direction and requirements on the spending for a portion of the funding generated under the Climate Commitment Act for expenditures to continue from the Carbon Emissions Reduction Account (CERA), the Climate Investment Account, or the Air Quality and Health Disparities Improvement Account.

- The Carbon Emissions Reduction Account appropriations are limited to the following categories of spending: active transportation, transit programs and projects, alternative fuel and electrification, ferries, and rail.
- The Climate Active Transportation Account (CATA) is created and the account will receive 24% of the revenues accruing each year to the CERA to fund the following grant programs: safe routes to schools, school-based bike program, bicycle and pedestrian grant program, complete streets grants program, and connecting communities grant program, as well as pedestrian and bicycle or other active transportation projects identified in an omnibus transportation appropriations act as move ahead WA projects
- The Climate Transit Programs Account (CTPA) is created and the account will receive 56% of the revenues accruing each year to the CERA to fund the following grant programs: transit support grant program, tribal transit mobility grants, transit coordination grants, special needs transit grants, bus and bus facility grant program, green transit grants, and transportation demand management grants, as well as transit projects identified in an omnibus transportation appropriations act as move ahead WA projects
- Removes the requirement to consider and enact legislation dealing with compliance obligations for emissions-intensive and trade-exposed industries under the Climate Commitment Act

PART II

A definition for the "United States" is added and modifications are made to the RCWs related to the Exported Fuel Tax, Aircraft Fuel Tax, Stolen Vehicle Check, Dealer Temporary Permit, Enhanced Driver's License and Identocard, Driver's Abstract, License Plate, Documentary Service, and Other Driver and Vehicle Fees.

EXPORTED FUEL TAX

This bill repeals the current motor vehicle fuel tax exemption for exported fuel and replaces it with a credit system in which a \$0.06 per gallon tax would apply to some portion of exported fuel. The increased revenue from the change to an

exported fuel tax credit system will be deposited in the Move Ahead WA Account within the Motor Vehicle Fund.

AIRCRAFT FUEL TAX

Beginning July 1, 2022, this bill would increase the aircraft fuel tax from \$0.11 per gallon to \$0.18 per gallon. The revenue will be deposited in the Aeronautics Account.

PLATE FEE

Beginning July 1, 2022, this bill would increase the original plate fee from \$10 to \$40 and the replacement plate fee is increased from \$10 to \$30. Beginning July 1, 2022, the original motorcycle plate fee is increased from \$4 to \$20 and the motorcycle replacement plate fee is increased \$4 to \$12. The plate fee increases will be deposited in the Move Ahead WA Account.

STOLEN VEHICLE CHECK FEE

Beginning July 1, 2022, this bill would increase the stolen vehicle check fee from \$15 to \$50. The revenue from the fee increase will be deposited in the Move Ahead WA Account.

DEALER TEMPORARY PERMIT FEE

Beginning July 1, 2022, this bill would increase the dealer temporary permit fee from \$15 to \$40. The revenue from the fee increase will be deposited in the Move Ahead WA Account.

ENHANCED DRIVERS LICENSE AND IDENTICARD FEE

Beginning October 1, 2022, this bill would increase the enhanced driver license or enhanced ID card fee from \$24 to \$42 for a six year license and from \$32 to \$56 for an eight year license. The revenue from the fee increase will be deposited in the Move Ahead WA Flexible Account.

DRIVER ABSTRACT FEE

Beginning October 1, 2022, this bill would increase the driver abstract fee from \$13 to \$15 and increases again to \$17 on July 1, 2029. The revenue from the fee increase will be deposited in the Move Ahead WA Flexible Account.

LICENSE SERVICE FEE & LICENSE PLATE TECHNOLOGY FEE

Beginning July 1, 2022, light, this bill would make medium and heavy duty trucks subject to the \$0.50 license service fee and the \$0.25 license plate technology fee. The additional license service fee revenue and the additional license plate technology fee revenue will be deposited in the Move Ahead WA Account.

DRIVER LICENSE PHOTO & UPDATE ONLY FEE

Beginning October 1, 2022, this bill would increase the fee for individuals wishing to correct information on a driver license or identicard, such as obtaining an updated photograph, from \$10 to \$20. The revenue from the fee increase will be deposited in the Move Ahead WA Flexible Account.

AUTO DEALER DOCUMENTARY SERVICE FEE

Beginning July 1, 2022, this bill would increase the maximum authorized level for the optional auto dealer document service fee from \$150 to \$200.

PART III

For fiscal years 2026 through fiscal year 2038, the state treasurer must make annual transfers of \$31 million from the general fund to the Move Ahead WA Flexible Account. This represents an estimate of the state sales and use tax generated off of the construction projects in the Move Ahead WA transportation package over sixteen years. This bill removes the requirement that funds from transportation accounts be transferred to the General Fund to cover certain tax

exemptions and credits beginning July 1, 2022.

HAZARDOUS SUBSTANCE TAX DISTRIBUTION

This bill exempts the passage of the Move Ahead WA or any other additive transportation act enacted before July 1, 2023 from the provision requiring termination of the \$50 million per biennium transfer from hazardous substance tax collections to the Motor Vehicle Fund for stormwater activities.

PART IV

MOVE AHEAD WA ACCOUNT

This bill would create the Move Ahead WA Account in the motor vehicle fund, it is appropriated and can be used only for projects or improvements identified as Move Ahead WA projects or improvements in a transportation appropriations act, including any principal and interest on bonds authorized for the projects or improvements. The account is allowed to retain its own interest.

MOVE AHEAD WA FLEXIBLE ACCOUNT

This bill would create the Move Ahead WA Flexible Account in the state treasury, the account is appropriated and can only be used only for transportation projects, programs, or activities identified as Move Ahead WA flexible projects, programs, or activities in a transportation appropriations act. The account is allowed to retain its own interest.

BORDER AREA FUEL TAX

This bill would allow increase the border area fuel tax authority from \$0.01 to \$0.02 imposed by the taxing authority of a city or town within ten miles of an international border crossing, and TBDs that have an international border crossing within their boundaries subject, to voter approval.

TRANSPORTATION BENEFIT DISTRICT (TBD) SALES TAX

This bill would increase the taxing authority of a TBD to .3 %, subject to voter approval. TBDs that include all the territory within the boundaries of the establishing jurisdictions may impose a sales and use tax of up to .1% without voter approval.

CLEAN FUELS PROGRAM

This bill would repeal Section 3 of E3SHB 1091 that reduces the carbon intensity of transportation fuel which was one of the main sections providing authority for Ecology to implement the clean fuels program (CFP) and would create a new section in the statute that is identical to section 3, except for the vetoed subsection which specified that the CFP could not begin assigning compliance obligations or allowing the generation of credits until the Legislature enacted an increase in the state motor vehicle and special fuel tax of at least five cents per gallon. Other sections of E3SHB 1091 are amended to update references to the new section.

ELECTRICAL VEHICLE GOAL

This bill establishes a target that all passenger and light duty vehicles of model year 2030 or later be electric vehicles, and requires the Interagency Electric Vehicle Coordinating Council to complete a scoping plan for achieving the 2030 target.

BUS AND BUS FACILITIES GRANT PROGRAM

This bill requires WSDOT to create a competitive bus and bus facility grant program to provide grants to any transit authority for replacement, rehabilitation, construction, or modification of transit rolling stock and facilities. Transit rolling stock is defined to include, but not limited to, buses, ferries, and vans. No grantee of the program may receive more than 35% of the total amount and fuel type may not be a factor. WSDOT must create an advisory committee to establish grant criteria.

CONNECTING COMMUNITIES GRANT PROGRAM

This bill requires WSDOT to create a grant program to reconnect communities that have been bisected by transportation facilities. Grant funds are eligible to be used for active transportation connections to transit facilities, commercial centers or other community identified assets, as well as improvement planning and development for active transportation facilities. WSDOT is required to submit a report to the transportation committees of the legislature by December 1, 2022, and each December 1st thereafter identifying the selected connecting communities projects for funding by the legislature.

STATE TRANSPORTATION PROJECTS

This bill would require state transportation projects costing \$500,000 or more starting design after July 1, 2022 to meet certain requirements as outlined in the bill.

SCHOOL BASED BIKE SAFETY PROGRAM

This bill requires WSDOT to create a grant program consisting of two programs targeting middle through high school students to increase access to cycling and provide a basis of safety education. The program for elementary and middle school must partner with school districts to provide in-school bike and pedestrian safety education, with eligibility of school grades 3-6. Participating youth will have the opportunity to receive a bike, lock, helmet, and lights free of charge with program participation. The junior high and high school program, for youths aged between 14-18 years of age, will deploy a bicycling and road safety education curriculum with the goal of increasing diversity and representation in the cycling community.

AMTRAK FARES

This bill requires WSDOT to negotiate with Oregon Department of Transportation (ODOT) with the intent to jointly submit a fare revision to Amtrak to eliminate fares for Amtrak Cascades passengers 18 years of age and younger.

FERRY FARES

This bill requires Washington State Transportation Commission to adopt a free fare policy for the Washington State Ferries for all passengers 18 years of age and younger. The policy must be enacted by October 1, 2022 and would apply to both walk-on riders and passengers in vehicles.

TRANSIT SUPPORT GRANTS

This bill requires WSDOT to create a grant program to provide operating and capital support to transit agencies statewide that offer fare-free for all passengers 18 years of age and younger. The grant program will be prorated on the most recently published version of WSDOT's "Summary of Public Transportation," no transit agency may receive more than 35% of the distribution, and fuel type cannot be factor for grant selection. In order to be eligible for the grant, public transportation agencies must maintain or increase their local sales tax authority on or after January 1, 2022.

AUTOMATED TRAFFIC SAFETY CAMERAS

This bill would expand the use of automated traffic safety cameras to allow cameras to detect speed violations in school walk areas, public park speed zones, and hospital speed zones. Additionally, cities may use the cameras to detect speed violations, specifically set at one camera per 10,000 in population and meet other requirements including completing an equity analysis and placing signage as outlined in the bill. Revenues generated from the expanded use of the cameras to detect speed violations in certain locations must go 50% to the state Cooper Jones Active Transportation Safety Account and then 50% for any local purpose. It also extends the Seattle automated traffic safety camera pilot program by two years to 2025.

INTERAGENCY ELECTRIC VEHICLE COORDINATING COUNCIL

This bill would create the Interagency Electric Vehicle Coordinating Council to be jointly led by Washington State

Department of Transportation (WSDOT) and the Department of Commerce. The Council must develop a statewide electrification strategy to ensure readiness for all new vehicle sales; identify all electric vehicle infrastructure grant related funding; and coordinate electric vehicle grant funding criteria across agency grant programs.

FERRIES

This bill states the intent of the Legislature to fully fund the vessel and terminal electrification program in accordance with the Washington State Ferries 2040 Long Range Plan. The Legislature finds that to attain the 2040 target fleet size of 26 vessels, a biennial replacement schedule is necessary to ensure the level of ferry service and reliability expected by the public. By June 30, 2025, the Legislature will secure funding options, including but not limited to a vessel surcharge, to devote the resources necessary to fulfill the vessel and terminal needs outlined in the 2040 Long Range Plan.

REDUCING RURAL ROADWAY DEPARTURES PROGRAM

This bill directs WSDOT to establish a Reducing Rural Roadway Departures Program, if appropriated, to provide funding for safety improvements to prevent lane departures in areas where the departure is likely to cause serious injuries or death. By December 31st of each year, WSDOT is required to submit a list of the locations receiving funding from the program with a description of the safety improvements to the legislative transportation committees and the Washington Traffic Safety Commission. The allowable uses of the Highway Safety Fund are expanded to include using the fund for the Reducing Rural Roadway Departures Program.

PART V

The bill contains several effective and expiration dates outlined in this section.

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.

By itself, the authorities granted and programs established by this amended engrossed substitute bill have no expenditure impact on local governments because no action is required.

However, those local governments opting to increase revenue through the multiple authorities and programs created by this bill would incur various costs:

- This bill creates several grant programs that local governments could apply to and be awarded funding for various projects. There would be administrative costs associated with applying for grant funding. It is unknown what the application requirements will be for each program established by the bill, therefore these costs cannot be estimated. Application costs for state grant programs can range from \$10,000 to \$20,000 for each application.

- This bill allows border cities to increase the border area fuel tax by \$.01, subject to voter approval. It is unknown which cities would seek voter approval for this, but there would be 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. Based upon recent case studies, general election costs range from \$0.20 per voter to almost \$1.50 per voter.

- This bill allows cities to install an additional traffic camera per 10,000 residents in certain locations. There are numerous operational costs to plan for, install, and maintain a traffic safety camera. Before installing a new camera, the local authority must prepare an equity analysis of the locations within the jurisdiction where automated traffic safety cameras are proposed to be located. It is unknown if cities have capacity to conduct this internally or if they would need to contract with an outside source. The authority must also pass a local ordinance, typical costs to adopt an ordinance per jurisdiction ranges from \$352 for a simple ordinance to \$3,689 for a complex ordinance. These figures include costs for draft ordinances, advisory commission meeting and recommendation, finalized ordinance, publication of ordinance, and general public information. These cost estimates are for only one meeting or staff report, more complex ordinances would likely require more meetings and potentially more staff reports. There would be further costs associated with enforcing or

executing the ordinance. For those local governments pursuing this local option there would also be costs for labor, equipment, signage, maintenance, law enforcement staff enforcing the infraction, and other administrative costs related to mailing the additional notices of infraction and meeting the annual reporting requirements. It is unknown which cities would install additional traffic safety cameras or how many cameras, as allowed by the bill. The potential costs cannot be estimated, therefore the impact is indeterminate.

- This bill allows transportation authorities to increase the transportation benefit district sales tax up to .3% with voter approval. It is unknown which transportation districts would seek voter approval for the .3%, but there would be similar related election costs as referenced above.

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.

By itself, the authorities granted and programs established by this amended engrossed substitute bill have no revenue impact on local governments.

There are multiple local options created by this bill that provide a potential increase in revenue for local governments. Revenue increases cannot be estimated for local governments pursuing any of these local options :

- This bill creates several grant programs that local governments could apply to and be awarded funding for various projects. It is unknown which cities, counties, or special districts would choose to apply for funding or how much they would be awarded through the various grant programs created by this bill.

- This bill allows border cities to increase the border area fuel tax by \$.01, subject to voter approval. It is unknown which cities would seek voter approval for this or if voters would approve, therefore the revenue amounts cannot be estimated.

- This bill allows cities to install an additional traffic cameras per 10,000 residents in certain locations. It is unknown which cities would install additional traffic cameras or how many traffic violations would occur resulting in increased revenue from those citations, therefore the revenue amounts cannot be estimated.

- This bill allows transportation authorities to increase the transportation benefit district sales tax up to .3% with voter approval or impose .1% without voter approval. It is unknown which transportation districts would impose the .1% sales tax increase, seek voter approval for the .3%, or if voters would approve, therefore the revenue amounts cannot be estimated.

Sources:

Department of Revenue, fiscal note 5974 ESSB AMH FEYJ H2869.1 (2022)

Local Government Fiscal Note program “Election Costs” model (2022)

Local Government Fiscal Note program “Unit Costs” model (2022)

Senate Bill Report, ESSB 5974, Transportation Committee (03/01/2022)

Washington Association of County Officials

Washington State Association of County Auditors