

Multiple Agency Fiscal Note Summary

Bill Number: 976 XIL	Title: Initiative Measure No. 976 concerns motor vehicle taxes and fees. AN ACT Relating to limiting state and local taxes, fees, and other charges relating to vehicles; amending RCW 46.17.350, 46.17.355, 46.17.323, 82.08.020, 82.44.065, 81.104.140, and 81.104.16
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Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	0	(100,700,000)	0	(114,600,000)	0	(119,200,000)
Department of Licensing	0	(487,542,400)	0	(562,012,100)	0	(639,279,000)
Total \$	0	(588,242,400)	0	(676,612,100)	0	(758,479,000)

Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other		(116,373,678)		(116,373,678)		(116,373,678)
Local Gov. Total		(116,373,678)		(116,373,678)		(116,373,678)

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.4	105,900	105,900	.0	0	0	.0	0	0
Department of Licensing	11.9	0	(1,468,300)	(.7)	0	(4,517,300)	(1.9)	0	(5,335,500)
Total \$	12.3	105,900	(1,362,400)	(0.7)	0	(4,517,300)	(1.9)	0	(5,335,500)

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Veronica Jarvis, OFM	Phone: (360) 902-0649	Date Published: Revised 2/26/2019
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 56612

FNS029 Multi Agency rollup

Department of Revenue Fiscal Note

Bill Number: 976 XIL	Title: Initiative Measure No. 976 concerns motor vehicle taxes and fees. AN ACT Relating to limiting state and local taxes, fees, and other charges relating to vehicles; amending RCW 46.17.350, 46.17.355, 46.17.323, 82.08.020, 82.44.065, 81.104.140, and 81.104.16	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2020	FY 2021	2019-21	2021-23	2023-25
Multimodal Transportation Account-State 01 - Taxes 01 - Retail Sales Tax	(45,200,000)	(55,500,000)	(100,700,000)	(114,600,000)	(119,200,000)
Total \$	(45,200,000)	(55,500,000)	(100,700,000)	(114,600,000)	(119,200,000)

Estimated Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.7	0.1	0.4		
Account					
GF-STATE-State 001-1	97,500	8,400	105,900		
Total \$	97,500	8,400	105,900		

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: Tricia Hasan	Phone: 360-786-7292	Date: 01/16/2019
Agency Preparation: Diana Tibbetts	Phone: 360-534-1520	Date: 02/26/2019
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 02/26/2019
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 02/26/2019

Request # 0976-3-3

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 a revision to the revenue impact description, and supersedes fiscal note number 0976-2.

Sections 7, 11 and 13 are of interest to the Department of Revenue.

Section 7 eliminates the 0.3 percent motor vehicle sales and use tax dedicated to the multimodal transportation account.

Sections 11 and 13 would either repeal the motor vehicle excise tax (MVET) for regional transit authorities (RTAs) or reduce the maximum rate from 0.8 percent to 0.2 percent. The MVET is repealed if, by March 31, 2020, an RTA imposing the tax retires, defeases, or refinances its outstanding bonds issued under RCW 81.112 to which the RTA’s MVET is pledged. If an RTA imposing the tax does not, by March 31, 2020, retire, defease, or refinance its outstanding bonds issued under RCW 81.112 to which the RTA’s MVET is pledged, the MVET’s maximum rate is reduced to 0.2 percent.

Effective Date:

Sections 10 and 11 of this initiative take effect on the date that the RTA complies with section 12 of the initiative and retires, defeases, or refinances its outstanding bonds to which the RTA's MVET is pledged.

Section 13 takes effect April 1, 2020, if sections 10 and 11 of this act have not taken effect by March 31, 2020.

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

If passed by the Legislature section 7 would take effect 90 days after the end of the legislative session.

DATA SOURCES

- Department of Revenue data
- Transportation Revenue Forecast for November 2018.

REVENUE ESTIMATES

State revenues would decrease by \$45.2 million for Fiscal Year 2020.

The repeal or rate reduction of the RTA's MVET would only impact local revenues.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2020 -	(\$ 45,200)
FY 2021 -	(\$ 55,500)
FY 2022 -	(\$ 56,700)
FY 2023 -	(\$ 57,900)
FY 2024 -	(\$ 59,100)
FY 2025 -	(\$ 60,100)

II. C - Expenditures

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

ASSUMPTIONS:

This bill affects 1500 taxpayers.

FIRST YEAR COSTS:

The Department will incur total costs of \$97,500 in Fiscal Year 2020. These costs include:

Labor Costs – Time and effort equates to 0.67 FTEs.

- Gathering requirements and testing system changes and coordination of user acceptance.
- Amend one administrative rule.
- Prepare refunds, resolve additional error and out of balance and amended returns; respond to secure messages, correspondence, and telephone questions; develop new templates and forms.

Object Costs - \$35,200.

- Implement changes in ATLAS.

SECOND YEAR COSTS:

The Department will incur total costs of \$8,400 in Fiscal Year 2021. These costs include:

Labor Costs – Time and effort equates to 0.1 FTEs.

- Prepare refunds, resolve additional error and out of balance and amended returns; respond to secure messages, correspondence, and telephone questions.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.7	0.1	0.4		
A-Salaries and Wages	39,300	5,600	44,900		
B-Employee Benefits	11,800	1,700	13,500		
C-Professional Service Contracts	35,200		35,200		
E-Goods and Other Services	7,000	900	7,900		
J-Capital Outlays	4,200	200	4,400		
Total \$	\$97,500	\$8,400	\$105,900		

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 2020	FY 2021	2019-21	2021-23	2023-25
EMS BAND 4	115,593	0.0		0.0		
EXCISE TAX EX 3	56,256	0.1	0.1	0.1		
FORMS AND RECORDS	54,924	0.1		0.1		
ANALYST SUPV IT SPEC 4	70,320	0.1		0.1		
MGMT ANALYST1	45,096	0.0		0.0		
MGMT ANALYST4	63,684	0.3		0.2		
TAX POLICY SP 2	68,580	0.0		0.0		
TAX POLICY SP 3	77,616	0.0		0.0		
TAX POLICY SP 4	83,556	0.0		0.0		
WMS BAND 3	98,308	0.0		0.0		
Total FTEs		0.7	0.1	0.4		

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

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

Should this legislation become law, the Department will use the expedited process to amend WAC 458-20-279, titled: "Clean alternative fuel vehicles" to remove references to the 0.3 percent sales tax on motor vehicles. Persons affected by this rule-making would include sellers of motor vehicles.

Individual State Agency Fiscal Note

Bill Number: 976 XIL	Title: Initiative Measure No. 976 concerns motor vehicle taxes and fees. AN ACT Relating to limiting state and local taxes, fees, and other charges relating to vehicles; amending RCW 46.17.350, 46.17.355, 46.17.323, 82.08.020, 82.44.065, 81.104.140, and 81.104.16	Agency: 240-Department of Licensing
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Part I: Estimates



No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
Snowmobile Account-State 01M-1	(450,100)	(451,400)	(901,500)	(907,100)	(913,700)
State Patrol Highway Account-State 081-1	(15,568,700)	(15,644,500)	(31,213,200)	(31,347,400)	(31,381,600)
Transportation Partnership Account-State 09H-1	(8,030,100)	(8,069,200)	(16,099,300)	(16,168,500)	(16,186,200)
Rural Arterial Trust Account-State 102-1	(324,500)	(442,800)	(767,300)	(885,600)	(885,600)
Motor Vehicle Account-State 108-1	(44,472,000)	(45,360,500)	(89,832,500)	(94,763,900)	(101,650,100)
Puget Sound Ferry Operations Account-State 109-1	(957,300)	(962,100)	(1,919,400)	(1,927,700)	(1,929,800)
Transportation Improvement Account-State 144-1	(324,500)	(442,800)	(767,300)	(885,600)	(885,600)
Multimodal Transportation Account-State 218-1	(168,017,400)	(170,714,000)	(338,731,400)	(407,784,300)	(478,096,400)
Transportation 2003 Account (Nickel Account)-State 550-1	(3,646,400)	(3,664,100)	(7,310,500)	(7,342,000)	(7,350,000)
Total \$	(241,791,000)	(245,751,400)	(487,542,400)	(562,012,100)	(639,279,000)

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	22.1	1.6	11.9	(0.7)	(1.9)
Account					
Motor Vehicle Account-State 108-1	344,800	(1,813,100)	(1,468,300)	(4,517,300)	(5,335,500)
Total \$	344,800	(1,813,100)	(1,468,300)	(4,517,300)	(5,335,500)

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:	Tricia Hasan	Phone: 360-786-7292	Date: 01/16/2019
Agency Preparation:	Don Arlow	Phone: (360) 902-3736	Date: 02/01/2019
Agency Approval:	Justin Leppa	Phone: 360-902-3644	Date: 02/01/2019
OFM Review:	Veronica Jarvis	Phone: (360) 902-0649	Date: 02/05/2019

Part II: Narrative Explanation

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

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

II. B - Cash receipts Impact

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

II. C - Expenditures

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

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
108-1	Motor Vehicle Account	State	344,800	(1,813,100)	(1,468,300)	(4,517,300)	(5,335,500)
Total \$			344,800	(1,813,100)	(1,468,300)	(4,517,300)	(5,335,500)

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	22.1	1.6	11.9	(0.7)	(1.9)
A-Salaries and Wages	1,053,300	48,600	1,101,900	(103,800)	(216,700)
B-Employee Benefits	486,400	30,200	516,600	(36,800)	(90,300)
C-Professional Service Contracts					
E-Goods and Other Services	(1,357,500)	(1,892,500)	(3,250,000)	(4,376,100)	(5,026,800)
G-Travel					
J-Capital Outlays	162,600	600	163,200	(600)	(1,700)
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	344,800	(1,813,100)	(1,468,300)	(4,517,300)	(5,335,500)

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 2020	FY 2021	2019-21	2021-23	2023-25
Customer Service Specialist 2	3,488	5.7	3.6	4.7	1.8	1.0
Excise Tax Examiner 1	3,948	8.5		4.3		
Fiscal Analyst 2	4,361	7.5		3.8		
Indirect ISD IT Specialist 4	6,793	0.1	(0.6)	(0.3)	(0.8)	(0.9)
Indirect MSS Fiscal Tech 2	3,249	0.3	(1.4)	(0.6)	(1.7)	(2.0)
Total FTEs		22.1	1.6	11.9	(0.7)	(1.9)

III. D - Expenditures By Program (optional)

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Mgmt & Support Services (100)	1,021,800	(89,300)	932,500	(250,600)	(306,900)
Information Services (200)	130,500	(74,400)	56,100	(185,100)	(218,800)
Customer Relations (300)	(1,566,800)	(1,649,400)	(3,216,200)	(4,081,600)	(4,809,800)
Programs & Services (600)	759,300		759,300		
Total \$	344,800	(1,813,100)	(1,468,300)	(4,517,300)	(5,335,500)

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: I-976

Bill Title: Initiative Measure No. 976 concerns motor vehicle taxes and fees

Part 1: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts

Account Name	Account	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
State Patrol Highway Account	081	(15,568,700)	(15,644,500)	(31,213,200)	(31,347,400)	(31,381,600)
Motor Vehicle Account	108	(44,472,000)	(45,360,500)	(89,832,500)	(94,763,900)	(101,650,100)
Puget Sound Ferry Operations Account	109	(957,300)	(962,100)	(1,919,400)	(1,927,700)	(1,929,800)
Multimodal Transportation Account	218	(168,017,400)	(170,714,000)	(338,731,400)	(407,784,300)	(478,096,400)
Transportation Improvement Account	144	(324,500)	(442,800)	(767,300)	(885,600)	(885,600)
Transportation 2003 Account (Nickel Acco	550	(3,646,400)	(3,664,100)	(7,310,500)	(7,342,000)	(7,350,000)
Snowmobile Account	01M	(450,100)	(451,400)	(901,500)	(907,100)	(913,700)
Transportation Partnership Account	09H	(8,030,100)	(8,069,200)	(16,099,300)	(16,168,500)	(16,186,200)
Rural Arterial Trust Account	102	(324,500)	(442,800)	(767,300)	(885,600)	(885,600)
Account Totals		(241,791,000)	(245,751,400)	(487,542,400)	(562,012,100)	(639,279,000)

Estimated Expenditures:

	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
FTE Staff Years	22.1	1.6	11.9	(0.6)	(1.9)

Account Name	Account	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
Motor Vehicle Account	108	344,800	(1,813,100)	(1,468,300)	(4,517,300)	(5,335,500)
Account Totals		344,800	(1,813,100)	(1,468,300)	(4,517,300)	(5,335,500)

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.

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- ☒ If fiscal impact is **greater than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form
- ☐ Capital budget impact, complete Part IV
- ☐ Requires new rule making, complete Part V

Legislative Request: Steven Puvogel	Phone: 360-902-0576	Date: 1/16/2019
Agency Preparation: Don Arlow	Phone: 360-902-3736	Date: 1/31/2019
Agency Approval: Justin Leppa	Phone: 360-902-3644	Date:

Request #	1
Bill #	I-976

Part 2 – Explanation

This measure would set \$30 annual license fees for motor vehicles weighing under 10,000 pounds, repeal certain taxes and charges including taxes funding regional transit authorities and ferry service, defines vehicle valuations using the vehicle's base model Kelley Blue Book (KBB) value, and require retirement, defeasement, or refinancing of certain regional transit authority bonds repaid with motor vehicle taxes or fees.

General assumptions

The Department of Licensing (DOL) is responsible for managing vehicle licensing and registration programs, including collection of all relevant fees. In calendar year 2018 DOL processed nearly 8,160,000 vehicle registrations. Under the provisions of the initiative measure, registration activity at projected volumes will still occur, but the state will collect less revenue for the affected transactions. Therefore, the supporting information technology systems and staffing that are currently in place to manage these registrations will remain intact.

DOL has evaluated the initiative measure with respect to impacts on state funds and impacts on the department. This fiscal note therefore represents a significant but partial analysis of the total impacts of the measure. Elimination of transportation benefit district (TBDs) assessments, for example, would impact local government jurisdictions that have adopted them. Service fees for agents and subagents are not expected to be impacted. Voluntary donations to State Parks, which can be made during a vehicle registration renewal, are likewise not expected to be impacted.

Sound Transit

Due to time constraints associated with the legislative session, Sound Transit was not yet able to provide a full analysis of this initiative. Information regarding bond defeasement, retirement and refinancing is not provided.

For purposes of calculating expenditures, DOL assumes that the motor vehicle excise tax (MVET) collected under contract for Sound Transit will be eliminated. DOL has included costs related to refunds for vehicle fees, including MVET, which may be necessary following implementation of the initiative. Future MVET collections approved by voters would be subject to changes in vehicle valuation and a limit on the percentage of vehicle valuation collected. No assumptions are made in this analysis regarding future potential costs.

Bonds subscribed under conditions that prohibit the elimination of some components of the MVET may require continued collection of some MVET portion on behalf of Sound Transit. It is assumed that any continued MVET collection would be subject to revised vehicle valuations in addition to revised MVET rates. DOL currently uses information from Penton Media for manufacturer's suggested retail price (MSRP), then applies those valuations to the appropriate statutory depreciation schedules.

Kelly Blue Book (KBB) valuations would be used for any future MVET collection. In that case DOL would need additional staff support to manage disputed valuations during the transition period, and would also require retention of private/local appropriation authority to cover costs associated with MVET collection, such as credit card fees. The amount of private/local authority required would be a function of future revenue projections under revised assumptions. MVET revenue projections are provided to DOL by Sound Transit.

2.A – Brief Description on what the measure does and how it has a fiscal impact

Section 2 is a new section in 46.17 RCW that provides that state and local motor vehicle license fees may not exceed \$30 per year. This section allows for any additional voter-approved charges to be collected after effective date.

Section 3 amends RCW 46.17.350 to lower the snowmobile license fee from \$50 to \$30, and the commercial trailer license fee from \$34 to \$30.

Section 4 amends RCW 46.17.355 to change weight fees for vehicles up to 10,000 pounds gross weight to \$30 per year. Weight fees for vehicles over 10,000 over 10,000 pounds are retained. License fees for light trucks weighing 10,000 pounds or less are limited to \$30.

Section 5 amends RCW 46.17.355 to lower the electric vehicle fee from \$100 to \$30, due at the time of annual registration renewal. Language regarding transitioning to a road use system as well as the \$50 application fee for electric vehicles is removed.

Section 6 repeals the following acts or parts of acts:

- RCW 46.17.365 (motor vehicle weight fee),
- RCW 46.68.415 (motor vehicle weight fee-disposition),
- RCW 82.80.130 (passenger-only ferry service-motor vehicle excise tax authorized),
- RCW 82.80.140 (vehicle fee-transportation benefit district-exemptions).

Section 7 amends RCW 82.08.020 to remove the 0.3% tax on each retail sale of a motor vehicle.

Section 8 creates a new section in Chapter 82.44 RCW to require that all motor vehicle excise tax is calculated based on the Kelley Blue Book value of the vehicle.

Section 9 amends RCW 82.44.065 to replace manufacturer's suggested retail price (MSRP) with Kelley Blue Book for appeal of vehicle valuations.

Section 10 amends RCW 81.104.140 to remove the motor vehicle excise tax (MVET) from taxes available to a high capacity transportation system agency.

Section 11 repeals the following acts or parts of acts:

- RCW 82.44.035 (valuation of vehicles),
- RCW 81.104.160 (motor vehicle excise tax-regional transit authorities).

Section 12 creates a new section in Chapter 81.112 RCW stating that MVET bonds must be fully retired, defeased, or refinanced if the revenue has been pledged and bond contract, covenant, or similar terms allows.

Section 13 amends RCW 81.104.160 to lower the rate charged for an excise tax from 0.8% to 0.2% of the value of the vehicle.

Section 14: Construction Clause

Section 15: Severability Clause

Section 16 establishes effective dates for certain sections of this act:

- Sections 10 and 11 take effect on the date that the regional transit authority complies with Section 12 of this act and retires or refinances its outstanding bonds.
- Section 13 takes effect on April 1, 2020 if Sections 10 and 11 have not taken effect by March 31, 2020.

The regional transit authority must provide written notice of the effective dates for Sections 10, 11, 13 to the affected parties and Legislature.

Unless noted otherwise in section 16, the effective date for this initiative is assumed to be ninety days after adjournment of session in which the bill is passed.

2.B - Cash Receipt Impact

This initiative measure will have an impact on cash receipts at the state and local government levels. The DOL fiscal note reflects estimated changes in cash receipts for state funds.

State Revenue

Current state revenue reflects assumptions used to develop DOL's portion of the November 2018 state transportation revenue forecast. These are the dollars that are estimated for collection under current law, by vehicle registration type. Table 1 summarizes current revenue projections:

Table 1

Current Revenue		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Registration Fees:							
Sec 3	Commercial Trailers paying \$34 Registration Fee to \$30	3,484,600	3,507,200	3,520,100	3,511,700	3,510,600	3,531,400
	Regular Snowmobile Registration Fees from \$50 to \$30	1,160,000	1,163,500	1,167,000	1,171,000	1,175,500	1,179,500
Sec 4	Trucks <= 10,000 lbs paying Weight-based Registration Fee	110,785,300	111,324,000	111,630,500	111,431,800	111,405,500	111,900,800
	4,000 lbs from \$53 to \$30	7,755,000	7,792,700	7,814,200	7,800,200	7,798,400	7,833,100
	6,000 lbs from \$73 to \$30	44,612,500	44,829,400	44,952,800	44,872,800	44,862,200	45,061,700
	8,000 lbs from \$93 to \$30	42,518,700	42,725,500	42,843,100	42,766,900	42,756,800	42,946,800
Sec 5	10,000 lbs from \$93 to \$30	15,899,100	15,976,400	16,020,400	15,991,900	15,988,100	16,059,200
	Electric/Plug-in Vehicle Renewal Fee (\$100)	3,068,500	3,838,000	4,845,000	6,070,500	7,495,500	9,082,000
	Additional Electric/Plug-in Renewal Fee (\$50)	1,534,300	1,919,000	2,422,500	3,035,300	3,747,800	4,541,000
Sec 6	Passenger Vehicle Weight Fees to \$0	162,957,300	165,639,400	168,319,400	229,275,200	232,348,400	235,509,600
	Motor Home Weight Fee from \$75 to \$0	5,060,100	5,074,600	5,088,300	5,101,400	5,113,200	5,125,200
Total		\$288,050,100	\$292,465,700	\$296,992,800	\$359,596,900	\$364,796,500	\$370,869,500

Proposed revenue are the dollars expected for collection assuming the changes in the initiative. The timing of the changes assumes adoption of the initiative by the 2019 Legislature. Table 2 outlines the proposed revenue expected under the initiative language by relevant section and by vehicle registration type.

Table 2

Proposed Revenue		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Registration Fees:							
Sec 3	Commercial Trailers paying \$34 Registration Fee to \$30	3,074,600	3,094,600	3,105,900	3,098,600	3,097,600	3,115,900
	Regular Snowmobile Registration Fees from \$50 to \$30	696,000	698,100	700,200	702,600	705,300	707,700
Sec 4	Trucks <= 10,000 lbs paying Weight-based Registration Fee	41,567,900	41,770,200	41,885,000	41,810,600	41,800,700	41,986,500
	4,000 lbs from \$53 to \$30	4,389,600	4,411,000	4,423,100	4,415,200	4,414,200	4,433,800
	6,000 lbs from \$73 to \$30	18,333,900	18,423,100	18,473,700	18,440,900	18,436,500	18,518,500
	8,000 lbs from \$93 to \$30	13,715,700	13,782,400	13,820,300	13,795,800	13,792,500	13,853,800
	10,000 lbs from \$93 to \$30	5,128,700	5,153,700	5,167,900	5,158,700	5,157,500	5,180,400
Sec 5	Electric/Plug-in Vehicle Renewal Fee (\$100)	920,600	1,151,400	1,453,500	1,821,200	2,248,700	2,724,600
	Additional Electric/Plug-in Renewal Fee (\$50)	0	0	0	0	0	0
Sec 6	Passenger Vehicle Weight Fees to \$0	0	0	0	0	0	0
	Motor Home Weight Fee from \$75 to \$0	0	0	0	0	0	0
Total		\$46,259,100	\$46,714,300	\$47,144,600	\$47,433,000	\$47,852,300	\$48,534,700

The proposed revenue impact is the net change between current revenue estimates (Table 1) and proposed revenue impacts (Table 2). Table 3 presents these changes by bill section and vehicle registration type.

Table 3

Proposed Revenue Impact		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Registration Fees:							
Sec 3	Commercial Trailers paying \$34 Registration Fee to \$30	(410,000)	(412,600)	(414,200)	(413,100)	(413,000)	(415,500)
	Regular Snowmobile Registration Fees from \$50 to \$30	(464,000)	(465,400)	(466,800)	(468,400)	(470,200)	(471,800)
Sec 4	Trucks <= 10,000 lbs paying Weight-based Registration Fee	(69,217,400)	(69,553,800)	(69,745,500)	(69,621,200)	(69,604,800)	(69,914,300)
	4,000 lbs from \$53 to \$30	(3,365,400)	(3,381,700)	(3,391,100)	(3,385,000)	(3,384,200)	(3,399,300)
	6,000 lbs from \$73 to \$30	(26,278,600)	(26,406,300)	(26,479,100)	(26,431,900)	(26,425,700)	(26,543,200)
	8,000 lbs from \$93 to \$30	(28,803,000)	(28,943,100)	(29,022,800)	(28,971,100)	(28,964,300)	(29,093,000)
	10,000 lbs from \$93 to \$30	(10,770,400)	(10,822,700)	(10,852,500)	(10,833,200)	(10,830,600)	(10,878,800)
Sec 5	Electric/Plug-in Vehicle Renewal Fee (\$100)	(2,147,900)	(2,686,600)	(3,391,500)	(4,249,300)	(5,246,800)	(6,357,400)
	Additional Electric/Plug-in Renewal Fee (\$50)	(1,534,300)	(1,919,000)	(2,422,500)	(3,035,300)	(3,747,800)	(4,541,000)
Sec 6	Passenger Vehicle Weight Fees to \$0	(162,957,300)	(165,639,400)	(168,319,400)	(229,275,200)	(232,348,400)	(235,509,600)
	Motor Home Weight Fee from \$75 to \$0	(5,060,100)	(5,074,600)	(5,088,300)	(5,101,400)	(5,113,200)	(5,125,200)
Total		(\$241,791,000)	(\$245,751,400)	(\$249,848,200)	(\$312,163,900)	(\$316,944,200)	(\$322,334,800)

Individual fees can have components distributed to a variety of funds. The distributions are defined in current statute. Table 4 illustrates the proposed fee distribution impacts by registration type. Table 5 then summarizes the changes by impacted state funds.

Table 4**Proposed Revenue Impact by Fee & Fund Distribution**

Registration Fees:		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Sec 3	Commercial Trailers paying \$34 Registration Fee to \$30						
	Motor Vehicle Account (108) @59.495%	(243,900)	(245,400)	(246,400)	(245,800)	(245,800)	(247,200)
	WSP Highway Account (081) @22.36%	(91,700)	(92,300)	(92,600)	(92,400)	(92,300)	(92,900)
	Puget Sound Ferry Operations (109) @1.375%	(5,600)	(5,700)	(5,700)	(5,700)	(5,700)	(5,700)
	Nickel Account (550) @5.237%	(21,500)	(21,600)	(21,700)	(21,600)	(21,600)	(21,800)
	Transportation Partnership Account (09H) @11.533%	(47,300)	(47,600)	(47,800)	(47,600)	(47,600)	(47,900)
	Regular Snowmobile Registration Fees from \$50 to \$30						
	Snowmobile Account (01M) @97%	(450,100)	(451,400)	(452,800)	(454,300)	(456,100)	(457,600)
Sec 4	Motor Vehicle Account (108) @3%	(13,900)	(14,000)	(14,000)	(14,100)	(14,100)	(14,200)
	Trucks <= 10,000 lbs paying Weight-based Registration Fee						
	Motor Vehicle Account (108) @59.495%	(41,181,000)	(41,381,100)	(41,495,100)	(41,421,100)	(41,411,400)	(41,595,600)
	WSP Highway Account (081) @22.36%	(15,477,000)	(15,552,200)	(15,595,100)	(15,567,300)	(15,563,600)	(15,632,800)
	Puget Sound Ferry Operations (109) @1.375%	(951,700)	(956,400)	(959,000)	(957,300)	(957,100)	(961,300)
	Nickel Account (550) @5.237%	(3,624,900)	(3,642,500)	(3,652,600)	(3,646,100)	(3,645,200)	(3,661,400)
Sec 5	Transportation Partnership Account (09H) @11.533%	(7,982,800)	(8,021,600)	(8,043,700)	(8,029,400)	(8,027,500)	(8,063,200)
	Electric/Plug-in Vehicle Renewal Fee (\$100)						
	Motor Vehicle Account (108) *until \$1 million then @70%	(1,498,900)	(1,801,000)	(2,505,900)	(3,363,700)	(4,361,200)	(5,471,800)
	Rural Arterial Trust Account (102) *@15%	(324,500)	(442,800)	(442,800)	(442,800)	(442,800)	(442,800)
	Transportation Improvement Account (144) *@15%	(324,500)	(442,800)	(442,800)	(442,800)	(442,800)	(442,800)
	Additional Electric/Plug-in Renewal Fee (\$50)						
Sec 6	Motor Vehicle Account (108)	(1,534,300)	(1,919,000)	(2,422,500)	(3,035,300)	(3,747,800)	(4,541,000)
	Passenger Vehicle Weight Fees to \$0						
	Multimodal Account (218)	(162,957,300)	(165,639,400)	(168,319,400)	(229,275,200)	(232,348,400)	(235,509,600)
	Motor Home Weight Fee from \$75 to \$0						
	Multimodal Account (218)	(5,060,100)	(5,074,600)	(5,088,300)	(5,101,400)	(5,113,200)	(5,125,200)
Total		(\$241,791,000)	(\$245,751,400)	(\$249,848,200)	(\$312,163,900)	(\$316,944,200)	(\$322,334,800)

Table 5**Proposed Revenue Impact by Fund Distribution**

Registration Fees:	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Snowmobile Account (01M)	(450,100)	(451,400)	(452,800)	(454,300)	(456,100)	(457,600)
WSP Highway Account (081)	(15,568,700)	(15,644,500)	(15,687,700)	(15,659,700)	(15,655,900)	(15,725,700)
Transportation Partnership Account (09H)	(8,030,100)	(8,069,200)	(8,091,500)	(8,077,000)	(8,075,100)	(8,111,100)
Rural Arterial Trust Account (102)	(324,500)	(442,800)	(442,800)	(442,800)	(442,800)	(442,800)
Motor Vehicle Account (108)	(44,472,000)	(45,360,500)	(46,683,900)	(48,080,000)	(49,780,300)	(51,869,800)
Puget Sound Ferry Operations (109)	(957,300)	(962,100)	(964,700)	(963,000)	(962,800)	(967,000)
Transportation Improvement Account (144)	(324,500)	(442,800)	(442,800)	(442,800)	(442,800)	(442,800)
Multimodal Account (218)	(168,017,400)	(170,714,000)	(173,407,700)	(234,376,600)	(237,461,600)	(240,634,800)
Nickel Account (550)	(3,646,400)	(3,664,100)	(3,674,300)	(3,667,700)	(3,666,800)	(3,683,200)
Total	(\$241,791,000)	(\$245,751,400)	(\$249,848,200)	(\$312,163,900)	(\$316,944,200)	(\$322,334,800)

Local Government Revenue

For illustrative purposes of impacts on local government entities, DOL collected the following amounts for Sound Transit and local government Transportation Benefit Districts (TBDs) in Fiscal Year 2018:

FY2018 Revenue Collected	
Sound Transit RTA	\$ 328,848,350
TBDs - All Jurisdictions	\$ 58,186,839

2.C – Expenditures

This initiative measure will have an impact on expenditures. The department will modify information technology systems (primarily DRIVES) to incorporate the proposed changes to fee structures. DOL also anticipates an increase in call volumes to the call center. Vehicle licensing operations staff and accounting staff will be impacted by any refund requirements that are generated. DOL will recognize a savings in credit card fees as the amounts charged when using online registration options will be reduced.

Information Services

This initiative measure will require modifications to DOL's information technology systems.

Cost Category	Description	Rate	2020	2021	2022	2023	2024	2025	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 18,444	29,500	-	-	-	-	-	29,500
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 26,448	10,600	-	-	-	-	-	10,600
PROJECT MANAGER	Manage schedule and contracts	\$ 27,492	8,200	-	-	-	-	-	8,200
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.	\$ 27,144	5,400	-	-	-	-	-	5,400
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	52,200	-	-	-	-	-	52,200
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ -	10,600	-	-	-	-	-	10,600
Totals			116,500	-	-	-	-	-	116,500

What changes DOL will implement:

1. Modify financials to create a new fees, account codes and fund codes for:
 - a. Commercial trailer original and renewal fee of \$30, includes adding an end date to current original and renewal \$34 fee.
 - b. Snowmobile original and renewal fee of \$30, includes adding an end date to the current original and renewal \$50.
 - c. License fee by weight for vehicles subject to gross weight if the weight is equal to 10,000 lbs. or less, includes adding an end date to the existing weight fees between 4,000 to 10,000 lbs.
 - d. Electric vehicle fee for renewals of \$30, includes adding an end date to the current renewal \$150 fee.
2. Modify financials to create ends dates for:
 - a. Transportation Benefit District fees.
 - b. Regional Transit Authority Motor Vehicle Excise Tax (MVET).
3. Modify reports by creating new and updating existing fee reporting.
4. Modify e-renewal, fleets, and standard renewal notices to add/remove special message language.
5. Create a new interfaces to:
 - a. Add table for Kelly Blue Book (KBB) as value source for MVET determination, through new SFTP with business partner.
 - b. Modify pricing logic to use KBB data, vs. MSRP for tax determination.
 - c. Add an end date for use of MSRP tables.

6. Discontinue delivery of RTA data pulls.
7. Discontinue RTA shortage file.
8. Modify the online Regional Transit Authority excise tax calculator.
9. Additional testing for online services for fee/tax changes.

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.

Vehicle licensing program support

Call center

DOL maintains a full service call center to manage inquiries related to driver and vehicle licensing. Due to the substantive nature of the vehicle registration fee changes proposed in the initiative, DOL expects an increase in calls received by the call center. For the first biennium following implementation, DOL will require 3.6 Customer Service Specialist 2 (CSS2) FTEs per year. Call levels are expected to drop in subsequent biennia. A CSS2 can manage 20,800 calls per year.

Vehicle and vessel licensing and operations

Staff in these units manage the vehicle and vessel licensing programs including special plates, personalized plates, fleet renewals, and refunds and shortages of vehicle and vessel license fees. They also manage the contracts and serve as subject matter liaisons for approximately 180 vehicle licensing offices.

The provisions of this initiative measure would require DOL to determine what refunds may be due to people who registered their vehicles early, but would still be subject to the reduced registration fees. Based on 2018 registration history, DOL assumes that up to 250,000 people that register in the one to two month window between receiving a renewal notice and the month that their current vehicle registration expires would be due a refund. DOL estimates that these units will require 8.5 Excise Tax Examiner 1 (ETE1) FTEs to determine refund requirements, assuming three minutes per review. These are one-time costs.

Accounting Services

Staff in accounting services would process refunds that are determined by DOL's vehicle licensing and operations units. The resource need would be a function of the total refund volume expected. Assuming 250,000 people eligible for refunds and three minutes of accounting staff processing time per refund, accounting services will require 7.5 Fiscal Analyst 2 (FA2) FTEs. On average, 7% of mail is returned to the department and is then subject to additional processing. An additional 2.1 FA1 FTEs will be required to manage returned mail refunds. These are one-time costs.

Credit card costs

The department pays credit card service fees for vehicle registration transactions conducted via the internet payment option (IPO). For the 2019-21 biennium DOL has estimated that on average 34.5% of registrations will be accomplished in this manner. Credit card service fees vary by service provider, but on average have been 2.25% of the total value of the transaction. Using the change in revenue estimates from the cash receipts section of the fiscal note, DOL expects a reduction in credit card costs related to transaction volumes of state funds of almost \$3.8 million in the 2019-21 biennium.

Credit card service fees	FY 2020	FY 2021	FY 2022	FY 2023
Projected change in revenue, state funds	(\$241,791,000)	(\$245,751,400)	(\$249,848,200)	(\$312,163,900)
Internet payment option (IPO) utilization	34.29%	34.74%	34.39%	34.45%
Estimated value of IPO transactions	(\$82,910,134)	(\$85,374,036)	(\$85,922,796)	(\$107,540,464)
Estimated change in credit card service fees @2.25%	(\$1,865,478)	(\$1,920,916)	(\$1,933,263)	(\$2,419,660)

Credit card service fees are also paid on the Sound Transit MVET portion of IPO vehicle registration transactions. DOL pays the service fees then bills Sound Transit for reimbursement of the costs. Eliminating Sound Transit payments would eliminate credit card service fees and other expenditures related to Sound Transit. The total biennial appropriation that could be removed from DOL's private/local expenditure authority is \$7,520,000 (FY 2019-21 Carry Forward Level, fund 108-7).

Support Services

Administrative support is included at a rate of 12 percent of the direct program costs, captured in object EZ. This percentage is split 7 percent for Management and Support Services (MSS) and 5 percent for Information Services Division (ISD) functions. DOL uses a Fiscal Technician 2 (MSS) and an IT Specialist 4 (ISD) staffing costs as a proxy to determine FTE and display them under Indirect Staff in table 3.B.

Administrative support 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.A.1. Standard FTE costs do not include objects EM (AG services), ER (contractual services), and EZ (indirect) which are also shown in Table 3.A.1.

Part 3 – Expenditure Detail

3.A – Operating Budget Expenditures

Account Name	Account	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
Motor Vehicle Account	108	344,800	(1,813,100)	(1,468,300)	(4,517,300)	(5,335,500)
Account Totals		344,800	(1,813,100)	(1,468,300)	(4,517,300)	(5,335,500)

3.B – Expenditures by Object or Purpose

Object Name		FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
FTE Staff Years		22.1	1.6	11.9	(0.6)	(1.9)
Salaries and Wages		1,053,300	48,600	1,101,900	(103,800)	(216,700)
Employee Benefits		486,400	30,200	516,600	(36,800)	(90,300)
Goods and Services		(1,357,500)	(1,892,500)	(3,250,000)	(4,376,100)	(5,026,800)
Equipment		162,600	600	163,200	(600)	(1,700)
Total By Object Type		344,800	(1,813,100)	(1,468,300)	(4,517,300)	(5,335,500)

3.B.1 – Detail of Expenditures by Sub-Object (Goods and Services Only)

Object E - Description	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
EA - General Office Supplies	9,200	600	9,800	(500)	(1,600)
EB - Phone/Install/Usage	17,100	1,300	18,400	(1,000)	(2,900)
EC - Utilities	9,100	700	9,800	(600)	(1,600)
ED - Facility/Lease Costs	96,900	7,100	104,000	(5,700)	(16,600)
EE - Repairs, Alterations & Maintenance	10,300	800	11,100	(700)	(1,700)
EG - Training	2,400	100	2,500	(200)	(400)
EH - Manage Print Services	5,800	300	6,100	(300)	(800)
EK - Facilities and Services	22,300	1,600	23,900	(1,300)	(3,800)
EL - Interagency DP Svcs	110,900	8,200	119,100	(6,600)	(19,000)
EN - Personnel Services	4,200	300	4,500	(300)	(600)
ER - Contracted Costs	10,300	800	11,100	(700)	(1,600)
ER - Application Programmers	116,500	-	116,500	-	-
EY - Software Maintenance	92,500	6,700	99,200	(5,200)	(15,200)
EZ - Other Goods & Svcs	(1,865,000)	(1,921,000)	(3,786,000)	(4,353,000)	(4,961,000)
Total Goods & Services	(1,357,500)	(1,892,500)	(3,250,000)	(4,376,100)	(5,026,800)

3.C – FTE Detail

Position	Salary	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
Customer Service Specialist 2	3,488	5.7	3.6	4.7	1.8	1.0
Fiscal Analyst 2	4,361	7.5	-	3.8	-	-
Excise Tax Examiner 1	3,948	8.5	-	4.3	-	-
Indirect MSS Fiscal Tech 2	3,249	0.3	(1.4)	(0.6)	(1.7)	(2.0)
Indirect ISD IT Specialist 4	6,793	0.1	(0.6)	(0.2)	(0.8)	(0.9)
Total FTE		22.1	1.6	11.9	(0.6)	(1.9)

Totals may differ due to rounding.

3.D – Expenditures by Program (Optional)

Program		FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
100 - Mgmt & Support Services	MSS	906,700	(97,800)	808,900	(243,700)	(287,300)
200 - Information Services	ISD	130,500	(74,400)	56,100	(185,100)	(218,800)
300 - Customer Relations	CRD	(1,566,800)	(1,649,400)	(3,216,200)	(4,081,600)	(4,809,800)
600 - Programs & Services	PSD	759,300	-	759,300	-	-
100 - Central Payment Area	CPA	115,100	8,500	123,600	(6,900)	(19,600)
Totals by Program		344,800	(1,813,100)	(1,468,300)	(4,517,300)	(5,335,500)

Part 4 – Capital Budget Impact

None.

Part 5 – New Rule Making Required

DOL will amend relevant rules as necessary. There is no additional fiscal impact assumed with this process.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 976 XIL	Title: Initiative Measure No. 976 concerns motor vehicle taxes and fees. AN ACT Relating to limiting state and local taxes, fees, and other charges relating to vehicles; amending RCW 46.17.350, 46.17.355, 46.17.323, 82.08.020, 82.44.065, 81.104.140, and 81.104.16
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☐ Cities:
- ☐ Counties:
- ☒ Special Districts: Regional Transit Authorities, Transportation Benefit Districts
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☐ Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

Jurisdiction	FY 2020	FY 2021	2019-21	2021-23	2023-25
Special District	(58,186,839)	(58,186,839)	(116,373,678)	(116,373,678)	(116,373,678)
TOTAL \$	(58,186,839)	(58,186,839)	(116,373,678)	(116,373,678)	(116,373,678)
GRAND TOTAL \$					(349,121,034)

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Tom Gilmore	Phone: 360-725-5038	Date: 02/19/2019
Leg. Committee Contact: Tricia Hasan	Phone: 360-786-7292	Date: 01/16/2019
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/19/2019
OFM Review: Veronica Jarvis	Phone: (360) 902-0649	Date: 02/19/2019

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 bill would modify existing vehicle fees and taxes as described below.

Section 3 would modify certain vehicle registration fees as follows:

	Initial Fee	Renewal Fee	Proposed Initial Fee	Proposed Renewal Fee
Commercial Trailer	\$34.00	\$30.00	\$30.00	\$30.00
Snowmobile	\$50.00	\$50.00	\$30.00	\$30.00

Section 4 would modify certain vehicle registration fees based on gross vehicle weight as follows:

	Current Fee	Proposed Fee
4,000 pounds	\$53.00	\$30.00
6,000 pounds	\$73.00	\$30.00
8,000 pounds	\$93.00	\$30.00
10,000 pounds	\$93.00	\$30.00

Section 5 would adjust a fee on registration of hybrid and electric vehicles from \$100 to \$30

Section 6 would repeal RCW 82.80.140 which allows transportation benefit districts to impose an annual vehicle fee.

Section 7 would repeal a motor vehicle excise tax of three-tenths of one percent for multi-modal transportation.

Section 10 would remove a reference to a special motor vehicle excise tax as provided in RCW 81.104.160.

Section 11 would repeal RCW 81.104.160

Section 13 would adjust the maximum rate of motor vehicle excise tax which can be levied by a regional transit authority that includes a county with a population greater than one million five hundred thousand from eight-tenths of a percent to two-tenths of a percent.

Section 16 would require the regional transit authority to provide written notice to appropriate authorities of the effective dates of sections 10, 11, and 13.

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.

This bill would not impact local government expenditures.

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.

This bill would impact local government revenues.

Section 6 of this bill would remove the ability of transportation benefit districts (TBD) to apply a fixed rate fee to motor vehicles registered within their jurisdiction. In fiscal year 2018 this fee provided \$58,186,839 in revenue to TBDs, this revenue would be lost beginning at the effective date of this bill.

Sections 10 and 11 of this bill would repeal the motor vehicle excise tax which funds in part the Central Puget Sound Regional Transit Authority (RTA). The effective date of these sections would be determined by the RTA's ability to refund, refinance, or defease outstanding bonds which have be issued against this tax. The Bond User's Clearinghouse (Clearinghouse) shows one bond issued in 2016 for \$400 million currently issued against this revenue source. Bond covenants appear to make defeasance or refunding of the bond possible, however, the Clearinghouse expects it is unlikely the RTA will be able to complete this process before the end of fiscal year 2025. For the purposes of this fiscal note, these additional impacts are indeterminate.

For illustrative purposes, If Sound Transit were able to defease the bonds, the revenue impact would be a loss in excess of \$328 million per year based on fiscal year 2018 revenue. If Sound Transit is not able to defease, the MVET will remain unchanged in order to pay off the bonds as scheduled per the Pierce County v. State decision, which would preclude this bill from impairing existing bond contracts. For new bonds issued, the MVET will decrease from .08 percent to .02 percent. Given the current fiscal information provided, the Local Government Fiscal Notes Program is not able to determine the timing of the potential defeasance.

SOURCES:

Department of Licensing
Bond Users Clearing House