

Multiple Agency Fiscal Note Summary

Bill Number: 2157 E S HB	Title: Regional trans improvements
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Estimated Cash Receipts

Agency Name	2005-07		2007-09		2009-11	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost. Please see discussion."					
Department of Licensing	0	1,265,164	0	2,833,660	0	3,429,509
Total \$	0	1,265,164	0	2,833,660	0	3,429,509

Local Gov. Courts *						
Local Gov. Other **	Non-zero but indeterminate cost. Please see discussion.					
Local Gov. Total						

Estimated Expenditures

Agency Name	2005-07			2007-09			2009-11		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	1.0	207,500	207,500	1.6	215,000	215,000	1.6	215,000	215,000
Department of Licensing	2.3	0	1,265,164	2.7	0	2,833,660	2.5	0	3,429,509
Department of Transportation	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Total	3.3	\$207,500	\$1,472,664	4.3	\$215,000	\$3,048,660	4.1	\$215,000	\$3,644,509

Local Gov. Courts *									
Local Gov. Other **	Non-zero but indeterminate cost. Please see discussion.								
Local Gov. Total									

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Prepared by: Tom Saelid, OFM	Phone: 360-902-0562	Date Published: Final 4/ 1/2005
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 11925

Individual State Agency Fiscal Note

Bill Number: 2157 E S HB	Title: Regional trans improvements	Agency: 090-Office of State Treasurer
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
Fund					
Total \$					

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: 03/18/2005
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 03/23/2005
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 03/23/2005
OFM Review: Deborah Feinstein	Phone: 360-902-0614	Date: 03/23/2005

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.

ESHB 2157 creates the regional transportation improvement authority account. Earnings from investments will be credited to the general fund.

Earnings from investments:

The amount of earnings by an account is a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period in question. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average balances, and hence differing earnings.

There will be an impact to the earnings; however, the actual earnings will be determined more by the impact to the average daily balance than the amount of increases or decreases in receipts, disbursements, and transfers. Currently, estimated earnings are indeterminable. Without projected monthly estimates of receipts, disbursements, and transfers, OST is unable to estimate the changes to the average balance of the account and the impact to earnings.

Based on the March 2005 Revenue Forecast, the net rate for estimating earnings for FY 05 is 2.19%, FY 06 is 3.04%, and FY 07 is 3.30%. Approximately \$21,900 in FY 05, \$30,400 in FY 06, and \$33,000 in FY 07 in net earnings and \$5,000 in OST management fees would be gained or lost annually for every \$1 million increase or decrease in average daily balance.

Debt Limit:

There may be an impact on the Debt Service Limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, General State Revenues.

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.

ESHB 2157 creates the regional transportation improvement authority account. Earnings from investments will be credited to the general fund.

II. C - Expenditures

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

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years					
Total:					

Part IV: Capital Budget Impact

Part V: New Rule Making Required

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

Department of Revenue Fiscal Note

Bill Number: 2157 E S HB	Title: Regional trans improvements	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years		2.0	1.0	1.6	1.6
Fund					
GF-STATE-State 001-1		207,500	207,500	215,000	215,000
Total \$		207,500	207,500	215,000	215,000

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: 03/18/2005
Agency Preparation: Diana Tibbetts	Phone: 360-570-6085	Date: 03/24/2005
Agency Approval: Don Gutmann	Phone: 360-570-6073	Date: 03/24/2005
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 03/25/2005

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 ESHB 2157.

Section 501 repeals all sections in chapter 36.120 RCW relating to regional transportation investment districts (RTIDs). In addition, RCWs 82.80.110 (motor vehicle and special fuel tax--Dedication by county to regional transportation investment district plan) and 82.80.120 (Motor vehicle and special fuel tax--Regional transportation investment district) are both repealed.

Sections 101 through 117 and section 315 add new sections to a new chapter in Title 36 (Counties) relating to the creation of new regional transportation improvement authorities (RTIAs).

Section 102 provides definitions that apply throughout the new chapter in Title 36.

"Regional transportation improvement authority" or "authority" means a municipal corporation whose boundaries are coextensive, to the extent deemed appropriate, with the urban growth boundaries of two or more contiguous counties, or an authority whose boundaries are contiguous with the boundaries of a single county, and that has been created by county legislative authorities by adoption of ordinances, or in the case of a single-county authority, a county legislative authority, and a vote of the people under this chapter to implement a regional transportation improvement plan.

Section 104 authorizes a county with a population over 1,500,000 persons (currently King County) together with adjoining counties with a population over 500,000 (currently Pierce and Snohomish counties) to create, by adoption of an ordinance of the county legislative authorities, a regional transportation improvement authority (RTIA).

Additionally, a county with a population over 1,500,000 (King County) or a county having a population over 500,000 persons adjoining a county with a population over 1,500,000 persons (Pierce County and/or Snohomish), and a county having a population over 250,000 persons and whose boundaries about three counties eligible to form an authority under this chapter (Kitsap County), may create, by adoption of an ordinance of the county legislative authority, a regional transportation improvement authority.

Sections 105 through 108 require the RTIA's governing board to adopt a transportation improvement plan providing for the development, construction, and financing of transportation projects. The plan must be submitted to the county legislative authorities and to the voters of the counties within the authority boundaries for approval. The plan may contain some or all of the following revenue sources, which the RTIA may impose:

- (a) A regional sales and use tax, as specified in RCW 82.14.430 of up to 0.2 percent. This tax must be approved by voters and is intended to be temporary in nature. The tax may be extended for no more than ten years with approval from voters;
- (b) A local option vehicle license fee, as specified under RCW 82.80.100, of up to \$100 per vehicle registered in the authority;
- (c) A local motor vehicle excise tax under RCW 81.100.060; and
- (d) A value pricing assessment of charges for users of transportation facilities under certain conditions.

Section 112 provides that an RTIA may issue general obligation bonds, revenue bonds or other evidences of indebtedness, and pledge one or more of the taxes, tolls, charges, or fees authorized to be imposed by the authority. The RTIA may also enter into agreements with lead agencies or the state of Washington, when authorized by the plan, to pledge taxes or other revenues of the authority for the purpose of paying in part or whole principal and interest on bonds issued by the lead agency or the state of Washington. The agreements pledging revenues and taxes are binding for their terms, and no tax pledged by an agreement may be eliminated or modified if it would impair the pledge made in any agreement. The terms

of the bonds may not exceed 25 years.

Sections 113 and 114 provide for modification of plans with voter approval and annual reports issued by the authority.

Section 118 requires the transportation commission, with the technical assistance of the Department of Transportation, to conduct a study of the state highway system and other transportation facilities in King, Pierce, and Snohomish counties to determine the feasibility of value pricing on a facility or network of facilities. An initial draft is due to the Legislature by January 15, 2006. The final study is due June 30, 2006.

Section 201 adds a new section in chapter ____RCW to provide that the regional transportation improvement authority board may, with approval of the regional transit authority (RTA) and county or counties, impose any remaining high-capacity transportation taxes under chapter 81.104 RCW that have not otherwise been used by the regional transit authority. The taxes must be submitted to the voters using a common ballot measure that creates the authority, approves the RTIA plan, implements the taxes, and implements any remaining high-capacity transportation taxes within the boundaries of the RTIA. If the ballot measure fails, the unused high-capacity transportation taxes revert back to and remain with the regional transit authority.

Section 202 amends RCW 81.104.140 to replace "investment districts" with "improvement authorities" and removes the special motor vehicle excise tax as a funding source for agencies authorized to provide high capacity transportation services.

Section 301 adds a new section in chapter ____RCW to create a regional transportation improvement authority account in the custody of the State Treasurer.

Section 302 amends RCW 81.100.030 (Employer Tax) to replace regional transportation investment districts with regional transportation improvement authorities and allow a RTIA, with voter approval, to impose an employer excise tax of up to \$2 per employee per month on all employers or any class or classes of employers, public and private, including the state located in the agency's jurisdiction, measured by the number of full-time equivalent employees.

Section 303 amends RCW 81.100.060 (Excise Tax) to replace regional transportation investment districts with regional transportation improvement authorities and allow the RTIA, with voter approval, to impose a local surcharge of not more than six-tenths of one percent of the value on vehicles registered to a person residing within the authority and not more than 13.64 percent on the state sales and use taxes paid under the rate in RCW 82.08.020(2) on retail car rentals within the RTIA. The RTIA must contract with the state Department of Licensing and Department of Revenue as appropriate for the administration and collection of this tax.

Additionally, the Department of Licensing and the Department of Revenue must develop a schedule for determining the value of vehicles subject to the tax that reflects the market value of the vehicle. The valuation process must provide for a process for appealing the identified value of the vehicle.

Section 304 amends RCW 81.100.080 (Use of funds) to require that regional transportation improvement authorities use funds collected by the employer tax and excise tax be used in a manner consistent with the regional transportation plan and allows the employer tax and excise tax funds raised by the regional transportation improvement authority to be pledged towards bonds.

Section 305 amends RCW 82.14.430 (Sales and Use Tax for Regional Transportation Investment District) to replace regional transportation investment districts with regional transportation improvement authorities to allow an RTIA, with voter approval, to impose a sales and use tax of up to 0.2 percent (instead of the previous 0.5 percent for RTID). The tax is collected from persons who are taxable under chapters 82.08 (Sales Tax) and 82.12 (Use Tax) RCW on taxable events with the RTIA however, motor vehicles are exempt from this sales and use tax.

Section 308 amends RCW 82.80.030 (Commercial parking tax) to replace regional transportation investment districts with regional transportation improvement authorities to allow the RTIA to impose a parking tax on all persons engaged in a

commercial parking business.

Section 311 amends RCW 82.80.100 to replace regional transportation investment districts with regional transportation improvement authorities to allow the RTIA, with voter-approval, to impose an annual local option vehicle license fee, or a schedule of fees based upon the age of the vehicle, of up to \$100 per motor vehicle registered within the boundaries of the region. The provision that requires the local option vehicle license fee applies only when renewing a vehicle registration and is effective upon the registration renewal date as provided by the Department of Licensing, is removed.

Section 313 through 316 relate to vehicle tolls on local and regional arterials, value-pricing charges based upon vehicle miles traveled, vehicle tolls on a state or federal highway within the boundaries of the authority, and vehicle tolls on either Lake Washington bridge.

Sections 401 through 403 add a new section in chapter_____ RCW that relates to the creation of a regional transportation governance commission and allows the Department of Transportation to provide staff support to the commission.

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/DATA SOURCES

Voter approval of the regional taxes is required by Section 106. Therefore, it is assumed that the earliest that the new taxes could be imposed is April 1, 2006, following voter approval of a proposal in November 2005. Also, this includes the necessary time for the Department of Revenue to implement administrative procedures for a new local sales tax.

Due to the requirements outlined in Section 104, King, Pierce, Snohomish, and Kitsap counties can create a regional transportation improvement authority (RTIA) or single county RTIAs. It is assumed the additional 0.2 percent sales tax would be levied in the existing RTA area, the urban growth areas of King, Snohomish and Pierce counties and all of Kitsap County. The maximum potential 0.2 percent local tax for the described areas in King, Pierce, Snohomish, and Kitsap counties is shown in the table below. It is assumed the other taxes and fees outlined in Section 106 (subsections b through d) are administered at the local level.

No reduction in existing sales tax receipts is included in this fiscal note. However, it should be noted that the highest existing combined state and local sales tax rate that applies in Washington is presently 8.9 percent. There is a possibility that an additional 0.2 percent sales tax could result in increased tax avoidance and associated compliance difficulties.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

There is no direct impact on state government. All the taxes and fees are local. However, current policy of the Department of Revenue is to retain 1 percent of the local sales/use tax to cover collection costs for the local tax. Since it is unknown the extent to which such a local tax may be imposed, it is not possible to accurately estimate the yield of the administrative cost reimbursement.

Local Government, if applicable (cash basis, \$000): See table below for the maximum yield of a 0.2 percent county sales/use tax for a four county (King, Snohomish, Pierce, and Kitsap) RTIA as described above. FY 2006 is based on one month of distributions.

0.2% Local Sales Tax	
FY 2006 -	\$9,800
FY 2007 -	\$123,200
FY 2008 -	\$126,900

FY 2009 -	\$130,700
FY 2010 -	\$134,600
FY 2011 -	\$138,600

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.

After further review, the Department assumes that King, Snohomish, and Pierce Counties may identify boundaries different than those currently in the Regional Transit Authority area. This legislation also includes Kitsap County in the RTIA. This legislation does require voter approval. The Department assumes costs will begin in fiscal year 2007. These assumptions have significantly impacted the expenditure estimates and are detailed below.

To implement this legislation, the Department would incur approximately \$207,500 during the 2005-2007 Biennium. Fiscal year 2007 costs include:

1. 0.1 FTE at a WMS 2 level to assist in implementation of the new tax and oversee issues related to the new boundaries.
2. 0.5 FTE at an Excise Tax Examiner 3 level to review and maintain reports necessary for a new tax.
3. 1.0 FTE at an Excise Tax Examiner 2 level to resolve out of balance returns and answer taxpayer questions.
4. 0.2 FTE (rounded) at an Info Tech App Spec 4 level (representing 325 hours) to add new location codes, create a RTIA designation process, update e-file, and create fiscal reports, update GIS.
5. \$38,000 to print maps of the new tax boundaries.
6. \$41,800 to print a special notice to affected businesses.
7. \$19,500 to adopt one administrative rule. This represents staff time, printing, and postage.

The Department would incur ongoing costs of approximately \$215,000 during the 2007-2009 and 2009-2011 Biennia. Ongoing costs relate to 1, 2 and 3 discussed above and printing costs for additional map reorders and special notices discussed in 5 and 6 above.

Without an appropriation to cover the expenditure impact, the Department may not be fully able to implement the legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years		2.0	1.0	1.6	1.6
A-		81,500	81,500	123,800	123,800
B-		20,400	20,400	31,000	31,000
E-		92,300	92,300	60,200	60,200
J-		13,300	13,300		
Total \$		\$207,500	\$207,500	\$215,000	\$215,000

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 2006	FY 2007	2005-07	2007-09	2009-11
EXCISE TAX EXAMINER 2	34,932		1.0	0.5	1.0	1.0
EXCISE TAX EXAMINER 3	41,520		0.5	0.3	0.5	0.5
HEARINGS SCHEDULER	31,032		0.0	0.0		
INFO TECH APP SPEC 4	51,864		0.2	0.1		
RULES MANAGER	69,500		0.0	0.0		
RULES POLICY SPECIALIST	68,600		0.0	0.0		
TAX POLICY SPECIALIST 2	51,864		0.0	0.0		
TAX POLICY SPECIALIST 3	58,656		0.1	0.1		
WMS II	61,600		0.1	0.1	0.1	0.1
Total FTE's			2.0	1.0	1.6	1.6

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 of Revenue will use the significant legal process to adopt one legislative rule for determining a value for vehicles used in administering the local MVET.

Individual State Agency Fiscal Note

Bill Number: 2157 E S HB	Title: Regional trans improvements	Agency: 240-Department of Licensing
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2006	FY 2007	2005-07	2007-09	2009-11
Motor Vehicle Account-Private/Local 108-7		1,265,164	1,265,164	2,833,660	3,429,509
Total \$		1,265,164	1,265,164	2,833,660	3,429,509

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.0	4.5	2.3	2.7	2.5
Fund					
Motor Vehicle - LocalMotor Vehicle Fund - LocalMVF - LOCAL-State NEW-1	0	1,265,164	1,265,164	2,833,660	3,429,509
Total \$	0	1,265,164	1,265,164	2,833,660	3,429,509

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:

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- ☐ 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: 03/18/2005
Agency Preparation: Erik Hansen	Phone: 360-902-0120	Date: 03/21/2005
Agency Approval: Larry Dzieza	Phone: 360-902-3633	Date: 03/31/2005
OFM Review: Garry Austin	Phone: 360-902-0564	Date: 04/01/2005

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.

SEE ATTACHMENT

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.

SEE ATTACHMENT

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years		4.5	2.3	2.7	2.5
A-Salaries & Wages		183,688	183,688	224,493	211,675
B-Employee Benefits		50,923	50,923	61,117	57,688
C-Personal Serv Contr					
E-Goods and Services		1,001,339	1,001,339	2,536,990	3,155,714
G-Travel		7,000	7,000		
J-Capital Outlays		22,214	22,214	11,060	4,432
M-Inter Agency Fund Transfers					
N-Grants, Benefits Services					
P-Debt Service					
S-Interagency Reimbursement					
T-Intra-Agency Reimbursement					
Total:	\$0	\$1,265,164	\$1,265,164	\$2,833,660	\$3,429,509

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 2006	FY 2007	2005-07	2007-09	2009-11
Budget Program Spec. 4	51,864		0.3	0.2	0.2	0.2
Customer Specialist 2	32,544		0.2	0.1	0.1	0.1
Financial Analyst 2	40,512		0.4	0.2	0.9	0.9
IT Systems Specialist 4	57,252		0.2	0.1	0.1	0.1
License Compliance Auditor 2	38,580		0.2	0.1	0.1	0.1
Vehicle Liaison Officer 2	42,588		3.2	1.6	1.3	1.1
Total FTE's			4.5	2.3	2.7	2.5

III. C - Expenditures By Program (optional)

Program	FY 2006	FY 2007	2005-07	2007-09	2009-11
Mgmt & Support Services (100)		26,263	26,263	123,292	115,784
Information Services (200)		863,712	863,712	21,214	19,762
Vehicle Services (300)		375,189	375,189	2,689,154	3,293,963
Driver Services (600)					
Business and Professions (700)					
Total \$		1,265,164	1,265,164	2,833,660	3,429,509

Part IV: Capital Budget Impact

Part V: New Rule Making Required

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

Part II: Explanation

This bill authorizes the creation of regional transportation improvement authorities (RTIA), and allows the RTIA's to plan, finance and provide transportation improvements of regional significance with tax options including sales taxes, vehicle fees, motor vehicle excise taxes, tolls, and mileage fees.

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

Section 104 (1) – A county with a population over 1,500,000 persons together with any adjoining counties with a population over 500,000 persons may create, by adoption of an ordinance of the county legislative authorities, a regional transportation improvement authority (RTIA).

Section 104(a) – Any portion of a county that is located on a peninsula may not be part of a regional transportation improvement authority plan if the portion of the county located on the peninsula is connected to the other portion of the county by a bridge improved under the Public-Private Transportation Initiatives Act, Chapter 47.46 RCW, and the county has a national park and a population of more than five hundred thousand persons, but less than one million five hundred thousand persons.

Section 104 (2) - A county that has a population over two hundred thirty thousand persons whose boundaries abuts the counties qualified to form an RTIA in Section 104(1) may create by adoption of an ordinance of the county legislative authority a regional transportation improvement authority.

Section 303 – An RTIA may impose a local surcharge of up to six-tenths of one percent of the value of a vehicle. The Department of Licensing will collect the local surcharge, and the cost of collection and administration will be recovered from the RTIA. In administering this section, the Department of Licensing and the Department of Revenue shall collaborate to develop a schedule for determining the value of vehicles subject to the tax that reflects the market value of the vehicle. The valuation process must provide for a process for appealing the identified value of the vehicle.

Section 311 – An RTIA may impose an annual local option vehicle license fee up to \$100 per motor vehicle registered within the boundaries of the region. Motor vehicles in this section are defined as meaning the same as vehicles defined in RCW 46.04.320 but does not include farm tractors or farm vehicles, off-road and non-highway vehicles, and snowmobiles. Vehicles registered under RCW 46.87 and international registration plan (IRP) are exempt from the annual local option vehicle license fee.

Section 311 (2) – An RTIA imposing a local option vehicle fee must enter into a contract with the Department of Licensing. The Department of Licensing will collect the fee, and the cost of collection and administration will be recovered from the RTIA.

Section 314 (1) – An RTIA may impose a charge based upon vehicle miles traveled. This charge may be, but is not limited to, a charge upon the vehicle miles traveled within the region by a vehicle, upon vehicle miles traveled within certain corridors in the authority, or upon total vehicle miles traveled by a vehicle registered to a person whose legal residence is within the region.

Section 314 (4) – An RTIA imposing a vehicle mileage fee must enter into a contract with the Department of Licensing. The Department of Licensing will collect the fee, and the cost of collection and administration will be recovered from the RTIA.

This bill does not contain an effective date and is assumed to be effective 90 days after the end of the 2005 Legislative Session.

II. B – Cash Receipt Impact

For purposes of this analysis, the department assumes an RTIA consisting of King, Pierce and Snohomish counties.

Before a RTIA can collect a fee, the majority of voters in the RTIA must approve any fee proposals and projects that will be funded. The department assumes that this process will be completed in time to begin revenue collections in July 1, 2007 (Fiscal Year 2008).

Vehicle growth rates and vehicle miles traveled are based on the forecast approved by the November 2004 Transportation Revenue Forecast Council.

The bill excludes the portion of a county that is located on a peninsula that is connected to the other portion of the county by a bridge improved under the Public-Private Transportation Initiatives Act, Chapter 47.46 RCW, and the county has a national park and a population of more than five hundred thousand persons, but less than one million five hundred thousand persons. The department assumes this refers to that portion of Pierce County located on the peninsula (ie. Gig Harbor) would not pay these new taxes. However, DOL does not currently have a way to identify these people or vehicles. These revenue numbers include the portion of the county that should be excluded.

Local Option Surcharge: For the local option surcharge in section 303, it is assumed that the RTIA will use valuation system identical to what was in RCW 82.044 and tax only those vehicles. International Registration Program (IRP) vehicles are not subject to local option taxes. Other vehicles not subject include truck power units over 6,000 LB scale weight, tow trucks, commercial trailers and farm vehicles. Other exclusions are mobile homes, off road vehicles, snowmobiles and other exempt class vehicles. A data extract from the department's Vehicle Field System was used to identify the appropriate vehicles and calculate their value for the purpose of determining the tax due. The long-term rate of 5.5% fleet value growth is used to project future collections. For the purpose of estimating the effect of a new schedule reflecting the market value (to be developed at a future date), revenues calculated from the existing procedures defined in RCW 82.044 has been reduced by 10 percent.

Table I – Local Option Surcharge

	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Local Revenue	93,669,578	98,821,405	104,256,582	109,990,694	116,040,182	122,422,392

Local Option Vehicle License Fee. Calculated at \$100 per highway motor vehicle.

Table II – Local Option Vehicle License Fee

	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Local Revenue	295,593,500	300,054,400	304,806,700	309,443,300	313,914,300	318,305,000

Local Option Vehicle Miles Traveled. Calculated at one-tenth of one cent per mile traveled. The number of miles traveled was provided to DOL by the Department of Transportation. DOL assumes vehicle miles traveled will be all miles traveled not miles traveled within a specific corridor or within a specific taxing district.

Table III – Local Option Vehicle Miles Traveled

	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Local Revenue		30,065,222	30,867,343	31,310,031	31,752,770	32,335,440

Table IV – Total Local Revenue Collected

	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Local Revenue	389,263,078	428,941,027	439,941,027	450,744,025	461,707,252	473,062,832

State revenue displayed represents revenue collected through contracts with RTIA's to recover the department's costs of collection and administration of taxes and fees imposed by the RTIA. All other revenue collected would local revenue.

<u>Cash Receipts</u>	<u>FY 06</u>	<u>FY 07</u>	<u>05-07 Total</u>	<u>07-09 Total</u>	<u>09-11 Total</u>
GF- State	-	-	-	-	-
GF- Fed	-	-	-	-	-
Motor Vehicle Fund - Local		1,265,164	1,265,164	2,828,574	3,424,423
Total Revenue	-	1,265,164	1,265,164	2,828,574	3,424,423

II. C – Expenditures

The following assumptions are used in determining expenditure impacts:

- The department will enter into contracts with RTIA's to fully recover all costs related to collection and administration of taxes, surcharges, and fees imposed by an RTIA.
- DOL will use the use tax valuation database (Automated Valuing System, AVS) to determine market value for used vehicles.
- The AVS will not be able to determine the value on ten percent of the vehicles. DOL will need to assist agents and subagents in manual research to determine the value of the vehicle. This will increase transaction times in the agent and subagent offices. In order to mitigate the increased transaction times DOL assumes additional staff will be required in the agents and subagents offices.
- Selling price will be used to determine market value on new vehicles.
- The RTIA includes King, Kitsap, Pierce and Snohomish counties. There will be approximately three million vehicles subject to the tax.
- Based on data from DOR, DOL is assuming that 0.75 percent of the vehicle owners will dispute the market value. These people will fill out a "declaration" form, which is the first step in the appeal process. DOL will make a determination of the value of the vehicle based on the "declaration" form.
- One percent of the 0.75 percent of vehicle owners will dispute the value of their vehicle will appeal the decision made based on the "declaration" form. This appeal will be made under the Administrative Procedures Act and will require DOL to contract for an Administrative Law Judge.
- Two citizens a year will appeal the ruling of the Administrative Law Judge to a court. This will require five days of Attorney General time per case to defend the department.

Contract programmers (53.7) staff months will be required to modify information and revenue collection systems.

NOTE: programming costs displayed in this fiscal note reflect the impact of required modifications to existing Department of Licensing information and revenue collection systems. It does not address the impact of required modifications to the replatforming process of DOL systems from the existing HP3000. This replatforming is scheduled to take place during the 2005-2007 Biennium. The HP3000 will reach end-of-life (loss of vendor support) in December 2006.

Fifty hours of Attorney General time will be required to assist the department in the development of new rules, negotiate and review contracts with RTIA, and defend the agency in court cases. Also included is the cost for additional workstations for staff added in the agents and subagents offices. DOL will purchase valuation guides for the agents and subagents to research the value of vehicles that cannot be determined by the AVS.

DOL will send a special mailer only to those vehicle owners whose vehicle value cannot be determined. The special mailer will notify them that the value of their vehicle is not able to be determined and DOL is unable

to calculate the total amount of tax that they owe. The mailer will ask them to bring in any information they have at the time of registration that will help determine the value of their vehicle.

The department will require a total of 2.7 FTE (ongoing) to collect and administer the taxes and fees. The positions required will be:

- A Vehicle Services Liaison Officer (0.2 FTE) to work with department agents and subagents.
- A Customer Services Specialist 2 (0.2 FTE) to handle customer phone calls and inquiries.
- License Compliance Auditor (3.2 FTE) to review registration applications for refunds and provide support to agents and subagents when the valuation of a vehicle is not found or determinable.
- A Budget Program Specialist 4 (0.3 FTE) to perform revenue projections and track and forecast revenue collections, coordinate with the State Treasurer, Department of Transportation, Department of Revenue, and other government entities.
- A Financial Analyst 2 (0.8 FTE) will be needed to track revenue, expenditures and reconcile reports.

In addition to the cost of salary and benefits, other costs have been added which include workstations and furniture, personal computers (including software and licenses), facility rent/lease and utility costs, telephone equipment and line charges, desktop support, employee training and other standard goods and services associated with adding new staff.

In addition to the direct costs associated with this fiscal note, DOL included funding to cover agency wide indirect costs. Based on the cost allocation methodology adopted by DOL in 1999 (with funding realignment approved in the 2000 and 2002 Supplemental budgets as well as funding realignment requested in the 2004 Supplemental budget) administrative support is provided to the agency at a rate of 12 percent of the direct program costs proposed in this decision package. This 12 percent is split 7 percent for Management and Support Services functions and 5 percent for Information Services functions. These costs are allocated in object E to cover agency wide handling and processing of vendor payments; equipment purchase, delivery, storage and set-up; technical assistance to employees; desktop support; contract administration; security; handling of mail; and other indirect support services functions as needed. Thus, the total cost for the decision package is: direct Vehicle Services program cost \$375,189 + information services direct cost \$844,953 + management & support services indirect cost \$26,263 + information services indirect cost \$18,759 = \$1,265,164.

Part III: Expenditure Detail

III. A – Expenditures by Object or Purpose

	FY 06	FY 07	05-07 Total	07-09 Total	09-11 Total
FTE Staff Years		4.50	2.30	2.70	2.50
Salaries and Wages		183,688	183,688	220,353	207,535
Employee Benefits		50,923	50,923	60,197	56,768
Personal Service Contracts					
Goods and Services		1,001,339	1,001,339	2,536,964	3,155,688
Travel		7,000	7,000		
Equipment		22,214	22,214	11,060	4,432
Total		1,265,164	1,265,164	2,828,574	3,424,423

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

Object E Breakdown:	FY 06	FY 07	05-07 Total	07-09 Total	09-11 Total
EA Office Supplies		3,102	3,102	3,897	3,658
EN Personnel Services		936	936	1,209	1,140
EB Postage		34,419	34,419	220	220
EF Printing		20,715	20,715	132	132
EB Phone/Fax Install		900	900	300	
EB Phone/Fax/DP Lines		1,620	1,620	3,600	3,600
EK Facilities Costs		21,579	21,579	27,111	25,452
EM Attorney Gen Svcs		4,450	4,450	6,230	6,230
EZ Other Goods & Svcs		73,459	73,459	2,494,265	3,115,256
ER DP Cont Programmers		840,159	840,159		
Total Goods & Svcs		1,001,339	1,001,339	2,536,964	3,155,688

III. A (2) – Detail of Expenditures by Fund

Additional information about assumptions and impacts is available directly from the Department of Licensing at 902-3633.

III. B – FTE Detail

EXPENDITURE DETAIL – STAFF

Job Classification	Salary	FY 06	FY 07	05-07 Total	07-09 Total	09-11 Total
Financial Analyst 2	40,512	-	0.40	0.20	0.90	0.90
Vehicle Liaison Officer 2	42,588	-	3.20	1.60	1.30	1.10
License Compliance Auditc	38,580	-	0.20	0.10	0.10	0.10
Customer Specialist 2	32,544	-	0.20	0.10	0.10	0.10
Budget Program Spec. 4	51,864	-	0.30	0.20	0.20	0.20
IT Systems Specialist 4	57,252	-	0.20	0.10	0.10	0.10
Total FTEs		-	4.50	2.30	2.70	2.50

III. B – Expenditures by Program (optional)

Program	FY 06	FY 07	05-07 Total	07-09 Total	09-11 Total
100 - Mgmt & Support Services		26,263	26,263	123,292	115,784
200 - Information Services		863,712	863,712	16,128	14,676
300 - Vehicle Services		375,189	375,189	2,689,154	3,293,963
600 - Driver Services					
700 - Business & Professions					
<i>Total</i>	-	1,265,164	1,265,164	2,828,574	3,424,423

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

Attorney General services will be required for assistance and legal advice in creating new agency rules, and for contract review.

Individual State Agency Fiscal Note

Bill Number: 2157 E S HB	Title: Regional trans improvements	Agency: 405-Department of Transportation
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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: 03/18/2005
Agency Preparation: David Forte	Phone: 206-464-1285	Date: 03/18/2005
Agency Approval: Paula Hammond	Phone: 360-705-7027	Date: 03/18/2005
OFM Review: Tom Saelid	Phone: 360-902-0562	Date: 03/18/2005

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 bill authorizes the replacement of the existing Regional Transportation Investment District (RTID) with a Regional Transportation Improvement Authority (RTIA). The bill also forms a temporary Commission to investigate and make recommendations on governance of transportation within the Central Puget Sound.

King, Pierce (excluding Gig Harbor area), and Snohomish counties may, with voter approval, form a RTIA separately or jointly with King County. Kitsap County and other areas with the county may be annexed to the multi-county district at a later date. King, Pierce, Snohomish, and Kitsap Counties may form a single county RTIA. The RTIA will have more flexibility than the RTID formerly had for transportation investments and strategies. Eligible projects can include highways, local roadways of regional significance, regional transit, and transportation demand strategies. Includes the potential of funding transit operations if included in the Regional Transportation Planning Organization (RTPO) plan.

The legislation directs the Secretary of Transportation, or the appropriate regional administrator of the department, to serve on the RTIA as a nonvoting member (section 104), and the Department of Transportation shall administer the collection of vehicle tolls and value pricing (section 106), designate an office of dedicated staff and services to assist the RTIA to coordinate the design, preliminary engineering, permitting, financing, and construction of projects under consideration (section 117), conduct a tolling and value pricing study of King, Pierce, and Snohomish Counties (section 118), and provide staff support and contract with other parties for staff support for the Regional Transportation Governance Commission (section 403).

The department’s 2003-05 budget includes funding of \$3.0M for RTID support, including the cost of the election and WSDOT project oversight, and \$5.0M for RTID project estimate reviews that are anticipated to cost \$2.0M. However, the department’s 2005-07 budget proposal eliminates this one-time funding.

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.

None

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 fiscal impact to the operating programs is assumed to be similar to the impact from supporting the RTID with the added requirement of a value pricing study, expanded legal work associated with contracting after a successful vote, and public information and involvement: i.e. \$8.4 million, including the \$2.0 million for project estimate reviews, \$1.8 million for the cost of the election, \$1.6 million for support (including legal), \$1 million for public information and involvement, and \$2 million for the value pricing study. The tolling/value pricing study will require consultants to analyze a high level of variables and options in a short study period (draft study due 1/15/06 and final study due 6/30/06). It is assumed that the study would incorporate any existing tolling work conducted in the region, to include existing value-of-time studies.

An estimated \$0.3 million is assumed to be needed to support the Regional Transportation Governance Commission, including \$0.04 million for WSDOT staff support and \$0.26 million for consultant staff based on \$160 per hour for project management, facilitation, financial analysis, legal support, and materials.

The impact to the capital program cannot be determined at this time. A program of this scale and scope, would

significantly impact the department's ability to deliver projects, services, and assistance required by the legislation. WSDOT will need to study the impact and size the projects before it is able to determine the fiscal impact. Expenditures necessary to administer the collection of vehicle tolls, if included in the regional transportation improvement plan, would be contained in the estimated costs on designated facilities. The cost of toll collection would be a charge against toll revenues, as would other maintenance and operations costs of a toll facility.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

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

Bill Number: 2157 E S HB	Title: Regional trans improvements	Agency: 410-Transportation Commission
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Part I: Estimates

☒ **No Fiscal Impact**

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: 03/18/2005
Agency Preparation: Pamala Boyd	Phone: 360-705-7070	Date: 03/22/2005
Agency Approval: Jennifer Ziegler	Phone: 360-705-7070	Date: 03/22/2005
OFM Review: Tom Saelid	Phone: 360-902-0562	Date: 03/23/2005

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 proposed legislation requires the Commission to serve as the toll-setting authority on toll projects designated by the Regional Transportation Investment Authority. The Commission currently has toll-setting authority for any state toll facilities. The Commission would be able to absorb any costs associated with the proposed toll-setting responsibilities within its current budget.

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

Part IV: Capital Budget Impact

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.

LOCAL GOVERNMENT FISCAL NOTE

Revised

Department of Community, Trade and Economic Development

Bill Number: 2157 E S HB	Title: Regional trans improvements
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Replaces existing Regional Transportation Improvement District statutes, changes revenue and governance options
- ☒ Counties: Replaces existing Regional Transportation Improvement District statutes, changes revenue and governance options
- ☒ Special Districts: Replaces existing Regional Transportation Improvement District statutes, changes revenue and governance options
- ☒ Specific jurisdictions only: King, Pierce, Snohomish and Kitsap Counties
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: Counties must opt in through legislative body action and a positive election
- ☒ Key variables cannot be estimated with certainty at this time: Revenue selected from nine options determines the financing of the regional transportation improvement program and would be selected locally as part of implementation.

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Anne Pflug	Phone: 509-649-2608	Date: 03/23/2005
Leg. Committee Contact:	Phone:	Date: 03/18/2005
Agency Approval: Louise Deng Davis	Phone: (360) 725-5034	Date: 03/23/2005
OFM Review: Tom Saelid	Phone: 360-902-0562	Date: 03/24/2005

Part IV: Analysis

A. SUMMARY OF BILL

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

ESHB 2157 revises the scope and authority of Regional Transportation Investment Districts (RTID) created by the legislature in 2002. RTIDs are renamed Regional Transportation Improvement Authorities (RTIA) and limited to the Counties of King, Kitsap, Snohomish and Pierce by population designators. Revenue available for funding regional transportation improvement plans, the governance of the authority and the manner of plan development are modified.

Part I - Implementing Regional Transportation Investment Plans (RTI Plan)

Changes existing statutes to provide for authority boards to approve a RTI Plan to place before the voters (after adoption by the county legislative body) based on the recommendations of the existing Regional Transportation Planning Organization's list of prioritized projects. Authorities may be created in two ways. King, Pierce and Snohomish County legislative bodies may adopt ordinances that create a two or three county authority subject to voter approval. The boundaries of the authority are based on land area within the Growth Management Act designated Urban Growth Boundaries of each county. After voter approval additional areas including all or part of Kitsap County may be annexed to the authority. The second method of creating an authority is for any of the four counties (including Kitsap County) to separately create an authority with boundaries coincident with the county's boundaries. The membership of the authority board, voting requirements, duties of the Board and dissolution are detailed.

The authority may issue general obligation bonds, after 60% voter approval, equal to up to 5% of the value of taxable property within the authority boundary; the authority may issue without voter approval general obligation bonds or other debt not to exceed one and one half percent of the value of taxable property within the authority boundary; the authority may issue revenue bonds or other indebtedness secured by the pledge of one or more revenues authorized for collection by the authority; and the authority may enter into agreements with other governmental units to pledge revenue to pay indebtedness of the authority (Section 112). A RTIA is authorized to enter into debt up to amounts provided by constitutional limitations however, legislative intent is that the plan minimize reliance on bonds, and that it rely instead on revenues, with bonding to be used for critical expenditures and cash flow purposes.

Voter approval is required for changing tax rate or imposing new taxes and fees. The board is required to develop a "material change" policy to address major plan changes related to cost, scope, and schedule and board policies to address those changes. Annual reports to the public are required to show project cost projections, revenues, and schedules.

Eligible projects and improvement plan preparation. Transportation projects that may be included in the regional transportation improvement plan are projects of statewide or regional significance that are included in the transportation plan of state or a regional transportation planning organization. Projects may include highways of statewide significance, principle arterials of regional significance, high-capacity transportation, public transportation, and other projects or programs including transportation demand management. Projects may include operation, preservation and maintenance of those facilities or programs. Projects remain under the lead agency that owns the facility or provides the service unless otherwise provided for.

The board may refer to the voters a redefinition of the plan scope, projects, schedule, or costs or it may approve the same with a 75 percent weighted majority vote. The board may only change revenue sources with voter approval. The board is required to develop a "material change" policy to address major plan changes related to cost, scope, and schedule and board policies to address those changes. Annual reports to the public are required to show project cost projections, revenues, and schedules.

Part II - Joint Ballot with RTA (Regional Transit Authority)

Re-enacts existing authority for the RTIA, with the approval of the RTA, to use any remaining high-capacity transportation tax authority under RCW 81.104 for implementation of the Regional Transportation Improvement Plan. Use of this authority must be approved through submission of a joint ballot proposition to the voters.

Part III - Finance

RTIA's are provided eight potential options for funding of a regional transportation improvement plan placed before the voters:

~up to two tenths of a cent sales and use tax which may be imposed for up to 10 years (Section 106) (reduced from one half cent in current statute).

~a mileage charge or value priced charge (Section 314) based on vehicle miles traveled by vehicles within the authority boundary or certain travel corridors or by vehicles registered to persons residing in the authority boundary.

~local option vehicle license fee of up to \$100 per registered vehicle per year.

~a local motor vehicle excise tax under RCW 81.100.060 as amended. The maximum MVET rate is increased to 0.6 percent for a RTIA and revenues may be used for any RTIA project purpose (Section 303). The local option MVET may only be imposed to the extent that it is not already imposed by a county within the authority boundaries.

~ vehicle tolls or value priced charges on a local or regional arterial or state or federal highway or either of the Lake Washington bridges within the boundaries of the authority.

~a parking tax under RCW 82.80.030
~ local option fuel tax under RCW 82.80.120;
~ an employer excise tax of up to \$2 per employee per month under RCW 81.100.030; and

All of the revenue authority is the same as existing statute except for the first five items listed. All funding is restricted to use for implementing the RTI Plan. The local option taxes may only be imposed to the extent those taxes are not already imposed by a county within the authority boundaries. RTIA may contract with the Department of Revenue, DOT or Department of Licensing to collect specific revenues

Part IV -- New Governance Development

A jointly appointed Regional Transportation Governance Commission is created and charged with evaluating and making recommendations related to the current transportation governance system in the Central Puget Sound region under the jurisdiction of the Puget Sound Regional Council. The commission is to report to the legislature their findings and conclusions by January 1, 2006.

Part V -- Repeal of Regional Transportation Investment District Provisions

RTID statutes are repealed and replaced with the provisions of this bill in total.

Engrossed Bill Compared to Original Bill:

A county of over 230,000 persons, abutting three counties eligible to form a RTIA, may form a RTIA (Kitsap County), or portions of that county may annex, with voter approval, to an existing RTIA after the RTIA plan has been approved by that authority's voters. An annexation process is set forth, permitting areas of RTIA counties not initially included in the boundaries to join the RTIA, with the approval of the RTIA, local governments, and voters in the annexed area.

Requirements for the Board to change a plan are set forth, including a 75 percent majority for some changes and a public re-vote option for certain changes and a mandatory vote for a change in taxes. The Board must also develop a policy for addressing major plan changes in cost, scope, or schedule.

Eliminates start up funding borrowed from the State and reimbursed one year after voter ratification of the authority.

The additional 0.6 percent MVET authorization is eliminated, and the existing 0.3 percent MVET for HOV lanes is increased to 0.6 percent; and the use of that tax for RTIAs is expanded to any RTIA project purpose. The \$100 vehicle license fee is applied to first-time vehicle registrations. The concept of value priced charges is added and is intended to be substituted for sales taxes in the long term (Section 106). All tolls or value priced charges on local arterials must be approved by the Transportation Commission. Tolls, value priced charges and vehicle miles taxes may be varied by corridor and time of day. The requirement that when project construction is complete, revenues can only be used for debt service is expanded to permit funding of other plan elements. Sales tax increases are limited to 10 years unless reauthorized by public vote.

Restricts the use of general obligation bonds through legislative intent that the plan minimize reliance on bonds, and that it rely instead on revenues, with bonding to be used for critical expenditures and cash flow purposes.

Provides the option for vehicle miles charges to be collected by the Department of Licensing or valued priced charges/tolls to be collected by DOT.

The Transportation Commission is to study the feasibility of value pricing certain facilities or the transportation network in Puget Sound. The study is to address using such an approach to generate revenues, maximize the efficiency of system operation and provide economic indicators for system investments. The Commission is to submit an initial draft to the Legislature by January 15, 2006, and a final report by June 30, 2006.

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.

The expenditure impact of the bill on Counties and PSRC is indeterminate. The cost of implementing the RTIPlan including construction of capital projects are defined as implementation costs which may be paid for by voter approved revenue on the ballot with the RTIPlan (SEE CASH RECEIPTS SECTION FOR REVENUE OPTIONS). If start up and operating costs of the Authority are not considered "implementation costs" (Section 106) then Counties would bear significant costs from current resources for operation of an Authority. Counties and special districts may also bear the cost of operating programs initiated by the RTIPlan if voter approval is withheld at the end of construction of built projects in the plan.

AUTHORITY OPERATING COSTS

The costs of authority operation may be considered a "plan implementation" cost under the bill. The definition of RTIPlan is "...a plan to develop, construct and finance a transportation project or projects", authority operation may be considered integral to carrying out the plan and therefore part of implementation costs. If the operation of the authority or certain parts of the operation are not considered

"implementation" costs then the local governments involved would be responsible for those costs from general government or road fund revenue.

START UP FUNDING AND PUGET SOUND REGIONAL COUNCIL COSTS

Start up costs include operation of the authority prior to public vote, the cost of the election(s) and specific and general assistance to be provided by the Regional Transportation Planning Organization which is the Puget Sound Regional Council. Section 103 requires that a prioritized list of projects is provided to the Authority by the PSRC. The PSRC estimates the cost of this work to be \$150,000 for four counties. Since all of the ballot approved funding sources under the bill are dedicated to the "implementation" of the RTIPlan (section 106) it is unclear whether start up costs of the Authority including reimbursements to the Regional Transportation Planning Organization are considered "implementation" costs. If ballot approved funding is not available then the local governments involved may be responsible for start up costs.

FUNDING OF AUTHORITY PROGRAMS AFTER CONSTRUCTION IS COMPLETED

The requirement that when project construction is complete, revenues can only be used for debt service is expanded to permit funding of other plan elements. At least one year before the time that capital debt service on transportation projects are completed, the authority shall develop a plan, including a finance plan, for ongoing project operation, and the plan must be submitted by member counties to the voters in the authority. This provision allows plan elements that include such things as transit or high capacity program operations and demand management to continue to be funded by Authority revenue. Counties, cities or transit agencies would likely bear the cost of continued operation and maintenance if voters did not approve funding. These funding obligations could be significant depending on the contents of the RTIPlan.

REVENUE COLLECTION COSTS

The bill provides the opportunity to contract with the Department of Revenue (Section 106), Licensing (Section 311 and 314) or Transportation (Section 313 and 315) for the collection of specific revenues. In most cases the bill specifies that the cost of the collect is to be deducted from the revenue collected prior to distribution to the Authority.

SOURCES:

Puget Sound Regional Council, Charlie Hanson

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.

Significantly changes the revenue authority for implementing Regional Transportation Improvement Plans. Increases the number of funding options available for regional transportation improvement plans from seven to eight and decreases and restricts sales and use tax authority from one half cent to two tenths of one cent. Restricts the use of bond financing for the RTIPlan implementation. The total amount of revenue available to finance transportation improvements is determined locally from these options. The number of counties that may fund regional transportation improvement plans is reduced from any group of two or more counties in the state to four counties based on population limits.

IMPROVEMENT PLAN FUNDING OPTIONS

A local government fiscal note was prepared in 2002 for the original adoption of legislation funding regional transportation improvements (E 2S SB 6140), which provided for the seven funding source options currently available for improvement plan funding that would be re-authorized or amended by this bill. Following is an analysis of the five new or modified financing options under the bill --

Sales and Use Tax -- Sales and Use Tax authority is reduced to 2/10 of one cent from one half cent and limited to ten years without voter re-authorization. Based on Retail Sales for 2003 at the full 2/10 of one cent the following revenue would be generated for each County:

King \$70.7M

Pierce \$18.9M

Snohomish \$15.5M

Kitsap \$5.6 M

Total for RTIA = \$110.7 M per year at maximum tax rate

Vehicle Mileage or value priced charge fee -- a mileage charge or value priced charge (Section 314) based on vehicle miles traveled by vehicles within the authority boundary or certain travel corridors or by vehicles registered to persons residing in the authority boundary. There were the following number of vehicles registered in each County in 2004 with some exceptions:

King 1,759,518

Pierce 674,639

Snohomish 639,729

There is no maximum mileage charge or method for assessing the charge described in the bill. Section 118 sets up a DOT study to establish value priced charges or tolls and any additional laws, rules, procedures, resources, studies, reports, or support infrastructure necessary or

desirable before proceeding with the review, evaluation, or implementation of any toll projects or a system-wide value pricing transportation structure.

The amount of tolls or charges would be approved by voters as part of the ballot proposition on the RTI Plan. If each car registered in the authority was charged 1/2 cent per mile traveled and each vehicle traveled an average of 10,000 miles per year at an average charge of \$50 per vehicle then the revenue for each county would be:

King \$88 M

Pierce \$33.7 M

Snohomish \$32 M

Total for RTIA = \$153.7 M per year at 1/2 per mile driven by registered cars in the authority boundary driving an average of 10,000 miles per year

MVET High Occupancy Vehicle surcharge (RCW 81.100.060) -- The maximum MVET rate is increased to 0.6 percent for a RTIA and revenues may be used for any RTIA project purpose (Section 303). At the maximum rate the following revenue would be generated in FY08 based on Department of Licensing assumptions and estimates:

Total for RTIA at maximum rate = \$100.9 M FY08

Local Option Vehicle License Fee -- The fee basis includes new and existing licensed vehicles in King, Snohomish and Pierce Counties. The revenue estimate based on Department of Licensing projections and assumptions for 2008 is:

Total for RTIA at maximum rate = \$295.6 M FY08

Toll or Value Price Charges -- Existing authority is modified to add local arterials to those roadways that may require tolls; and, to establish a Value Priced Charge or tolling method study by DOT (Section 118). The method and rate of charges is determined by the Authority and has many variables. Estimating the amount of revenue available from this option will be facilitated by the DOT study.

RTIA BOND AUTHORITY

The general obligation and revenue bond authority for the RTIA is the same as under prior statutes with the exception of a statement of legislative intent (Section 112(4)) that "...the transportation plan developed by the authority minimize its reliance on bonds..." . In addition, sales tax authority is limited to ten years (Section 106(a)) which would limit bonding capacity.

SOURCES

Department of Licensing Fiscal Note

Department of Revenue Sales statistics

Department of Licensing, Registered vehicle statistics by County