

Multiple Agency Fiscal Note Summary

Bill Number: 6923 SB	Title: Passenger Vehicle Greenhouse Gas Excise Tax
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Estimated Cash Receipts

Agency Name	2007-09		2009-11		2011-13	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	(621,952,000)	(466,464,000)	(1,279,786,000)	(959,840,000)	(1,323,670,000)	(992,753,000)
Department of Licensing	621,952,432	628,234,780	1,279,786,206	1,292,713,340	1,323,669,580	1,337,039,980
Total \$	432	161,770,780	206	332,873,340	(420)	344,286,980

Local Gov. Courts *						
Local Gov. Other **		466,464,000		959,840,000		992,753,000
Local Gov. Total		466,464,000		959,840,000		992,753,000

Estimated Expenditures

Agency Name	2007-09			2009-11			2011-13		
	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 Licensing	10.4	0	4,752,230	18.4	0	8,463,312	19.4	0	10,022,440
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Total	10.4	\$0	\$4,752,230	18.4	\$0	\$8,463,312	19.4	\$0	\$10,022,440

Local Gov. Courts *									
Local Gov. Other **			466,464,000			959,840,000			992,753,000
Local Gov. Total			466,464,000			959,840,000			992,753,000

Because this bill was identified as a proposal governed by the requirements of Initiative 960, this fiscal note has an attachment showing the ten-year cost to taxpayers of the proposed taxes or fees.

Prepared by: Garry Austin, OFM	Phone: 360-902-0564	Date Published: Final 2/19/2008
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 20075

Individual State Agency Fiscal Note

Bill Number: 6923 SB	Title: Passenger Vehicle Greenhouse Gas Excise Tax	Agency: 090-Office of State Treasurer
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2008	FY 2009	2007-09	2009-11	2011-13
General Fund-State 001-1		(621,952,000)	(621,952,000)	(1,279,786,000)	(1,323,670,000)
Motor Vehicle Account-State 108-1		155,488,000	155,488,000	319,946,000	330,917,000
Total \$		(466,464,000)	(466,464,000)	(959,840,000)	(992,753,000)

Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
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: Monica Jenkins	Phone: 360-902-0561	Date: 02/05/2008
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 02/15/2008
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 02/15/2008
OFM Review: Mike Woods	Phone: 360-902-9819	Date: 02/15/2008

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.

SB 6923 establishes a passenger vehicle greenhouse gas excise tax. The money collected will be distributed as follows: twenty-five percent to the Washington state department of transportation; and seventy-five percent to cities and counties based on a pro-rated share of registered passenger vehicles in incorporated and unincorporated areas.

The estimated collections were provided by the department of licensing.

Assumptions:

- 1. The passenger vehicle greenhouse gas excise tax will be deposited in the general fund.
- 2. The 25% to DOT will be transferred to the motor vehicle fund.
- 3. The distribution to the cities and counties will be a revenue reduction under state revenues for distribution.

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 different 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 November 2007 Revenue Forecast, the net rate for estimating earnings for FY 08 is 4.15% and FY 09 is 4.00%. Approximately \$41,500 in FY 08 and \$40,000 in FY 09 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.

SB 6923 establishes a passenger vehicle greenhouse gas excise tax. The money collected will be distributed as follows: twenty-five percent to the Washington state department of transportation; and seventy-five percent to cities and counties based on a pro-rated share of registered passenger vehicles in incorporated and unincorporated areas.

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 2008	FY 2009	2007-09	2009-11	2011-13
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.

Individual State Agency Fiscal Note

Bill Number: 6923 SB	Title: Passenger Vehicle Greenhouse Gas Excise Tax	Agency: 240-Department of Licensing
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2008	FY 2009	2007-09	2009-11	2011-13
General Fund-State 001-1		621,952,432	621,952,432	1,279,786,206	1,323,669,580
Motor Vehicle Account-State 108-1		6,282,348	6,282,348	12,927,134	13,370,400
Total \$		628,234,780	628,234,780	1,292,713,340	1,337,039,980

Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	0.0	20.7	10.4	18.4	19.4
Fund					
Motor Vehicle Account-State 108-1	151,380	4,600,850	4,752,230	8,463,312	10,022,440
Total \$	151,380	4,600,850	4,752,230	8,463,312	10,022,440

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: Monica Jenkins	Phone: 360-902-0561	Date: 02/05/2008
Agency Preparation: Sally McVaugh	Phone: 360-902-3642	Date: 02/11/2008
Agency Approval: Sam Knutson	Phone: 360-902-3644	Date: 02/14/2008
OFM Review: Garry Austin	Phone: 360-902-0564	Date: 02/14/2008

Part II: Narrative Explanation

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

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

II. B - Cash receipts Impact

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

II. C - Expenditures

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

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years		20.7	10.4	18.4	19.4
A-Salaries & Wages		971,685	971,685	1,782,699	1,891,044
B-Employee Benefits		290,936	290,936	518,562	549,419
C-Personal Serv Contr					
E-Goods and Services	151,380	3,186,823	3,338,203	6,139,163	7,545,473
G-Travel					
J-Capital Outlays		151,406	151,406	22,888	36,504
M-Inter Agency Fund Transfers					
N-Grants, Benefits Services					
P-Debt Service					
S-Interagency Reimbursement					
T-Intra-Agency Reimbursement					
Total:	\$151,380	\$4,600,850	\$4,752,230	\$8,463,312	\$10,022,440

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 2008	FY 2009	2007-09	2009-11	2011-13
Auditor 2	42,720		1.0	0.5	1.0	1.0
Cust. Serv. Spec. 2	36,036		10.0	5.0	7.0	7.0
Fiscal Analyst 2	44,928		2.7	1.4	3.2	3.8
Info. Tech. Spec. 5	77,352		0.7	0.4	0.7	0.7
Info.Tech. Spec. 3	63,468		0.3	0.2	0.3	0.3
Info.Tech. Spec. 4	70,092		3.0	1.5	3.2	3.6
Research Analyst 5	57,504		1.0	0.5	1.0	1.0
Vehicle Serv. Lias. 2	47,220		2.0	1.0	2.0	2.0
Total FTE's			20.7	10.4	18.4	19.4

III. C - Expenditures By Program (optional)

Program	FY 2008	FY 2009	2007-09	2009-11	2011-13
Mgmt & Support Services (100)		1,043,371	1,043,371	1,116,210	1,221,475
Information Services (200)	151,380	639,709	791,089	657,822	740,315
Vehicle Services (300)		2,917,770	2,917,770	6,689,280	8,060,650
Driver Services (600)					
Business and Professions (700)					
Total \$	151,380	4,600,850	4,752,230	8,463,312	10,022,440

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.

OFM Notes:

Because this bill was identified as a proposal governed by the requirements of Initiative 960, this fiscal note has an attachment showing the ten-year cost to taxpayers of the proposed taxes or fees.

Part II: Explanation

This bill would require the Department of Licensing (DOL) to collect a vehicle excise tax annually on greenhouse gas emissions. This tax would apply to all motor vehicles licensed under the passenger use class in chapter 308-96A WAC. The tax would be based on the Environmental Protection Agency (EPA) fuel economy rating as published in the EPA fuel economy guide. Passenger vehicles that do not have an established EPA fuel economy rating will be taxed according to their engine displacement size. The revenue from this tax will be distributed between the Washington State Department of Transportation and cities and counties.

Note: This bill would be effective 90 days sine die. The Department of Licensing needs adequate time to change and test the licensing systems and can not meet this date. This will put the Department of Licensing out of compliance with the law.

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

Section 2 (1)—Requires the Department of Licensing to annually collect a vehicle excise tax on greenhouse gas emissions in accordance with the schedule in Section 2 (4) of the bill.

Section 2 (2)—Requires the state treasurer to distribute revenues on a monthly basis less administrative fees not to exceed one percent of fees collected.

Section 2 (2) (a)—Twenty-five percent of revenue collected will go to the Washington State Department of Transportation.

Section 2 (2) (b)—Seventy-five percent of revenue collected will go to cities and counties based on a prorated share of registered passenger vehicles in incorporated and unincorporated areas.

Section 2 (4) (a)—Relates the vehicle greenhouse gas emissions excise tax to the EPA fuel economy rating.

Section 2 (4) (c)—Passenger vehicles that do not have an established EPA fuel economy rating must be taxed according to their engine displacement size according to the schedule in the bill.

This bill would become effective ninety days after the end of the legislative session.

II. B – Cash Receipt Impact

Assumptions

- Currently the Department of Licensing does not have data that links the EPA fuel economy rating to the number of vehicles in each of the mileage categories in Section 2 (4) (b) as shown below:

EPA Fuel Economy Rating Miles per gallon	Tax	Tons CO (12,000 Vehicle Miles Traveled)
10 or fewer MPG	\$240	12
11 MPG	\$220	11
12 MPG	\$200	10
13-14 MPG	\$180	9
15-16 MPG	\$160	8
17-18 MPG	\$140	7
19-21 MPG	\$120	6
22-26 MPG	\$100	5
27-34 MPG	\$80	4
35-48 MPG	\$60	3
49 + MPG	\$40	2

- DOL does have engine displacement size data as listed in Section 2 (4) (c). This data has been related to the registered vehicles in DOL's database to determine the number of vehicles in each of

the different engine displacement size categories. These numbers have been used in the revenue calculations.

- DOL assumes the engine displacement size distribution is constant and that the number of vehicle registrations will grow at the same rate as the vehicle growth projected from the Revenue Forecast Council's November 2007 forecast.
- DOL assumes vehicles will continue to register as passenger use class and be subject to the vehicle greenhouse gas emissions tax or the engine displacement size tax.
- DOL assumes there will not be a significant number of early registrations to legally avoid paying the tax. All June registrations will occur prior to the effective date.
- Since the bill does not state the accounts into which the revenue should be deposited, DOL assumes the one percent administrative fee will be deposited into the Motor Vehicle Account and the remainder of the revenue will be deposited in the General Fund for distribution by the state treasurer.

Revenue Calculations

Number of Vehicles by Engine Size						
Engine Size in Liters (L)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
4.0 L or More	712,853	730,521	744,752	758,435	771,214	783,516
3.0 L to Less Than 4.0 L	921,586	944,427	962,825	980,514	997,035	1,012,940
1.5 L to Less Than 3.0 L	2,204,794	2,259,438	2,303,453	2,345,773	2,385,299	2,423,349
Less than 1.5 Liters	143,693	147,254	150,123	152,881	155,457	157,937
Total Vehicles	3,982,926	4,081,640	4,161,153	4,237,603	4,309,005	4,377,742

Engine Displacement Size Tax						
Engine Size in Liters (L)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
4.0 L or More		\$240	\$240	\$240	\$240	\$240
3.0 L to Less Than 4.0 L		\$180	\$180	\$180	\$180	\$180
1.5 L to Less Than 3.0 L		\$120	\$120	\$120	\$120	\$120
Less than 1.5 Liters		\$80	\$80	\$80	\$80	\$80

Revenue by Engine Size in Liters						
Engine Size in Liters (L)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
4.0 L or More		\$175,325,040	\$178,740,480	\$182,024,400	\$185,091,360	\$188,043,840
3.0 L to Less Than 4.0 L		\$169,996,860	\$173,308,500	\$176,492,520	\$179,466,300	\$182,329,200
1.5 L to Less Than 3.0 L		\$271,132,560	\$276,414,360	\$281,492,760	\$286,235,880	\$290,801,880
Less than 1.5 Liters		\$11,780,320	\$12,009,840	\$12,230,480	\$12,436,560	\$12,634,960
Total Revenue		\$628,234,780	\$640,473,180	\$652,240,160	\$663,230,100	\$673,809,880

Cash Receipts	FY 08	FY 09	07-09 Total	09-11 Total	11-13 Total
GF- State	-	621,952,432	621,952,432	1,279,786,206	1,323,669,580
Motor Vehicle Fund		6,282,348	6,282,348	12,927,134	13,370,400
Total Revenue	-	628,234,780	628,234,780	1,292,713,340	1,337,039,980

II. C – Expenditures

Information Services

The Information Services Division will need to hire contract programmers to make changes to the Vehicle Field System (VFS), the Vehicle Headquarters System (VHS), the internet renewal program, the vehicle registration fee calculator, vehicle excise tax estimator and web server databases. In fiscal year 2008, a project manager and two application programmers will be needed to start the analysis and coding. The fiscal year 2008 cost is \$151,380. In fiscal year 2009, a project manager, application programmers, and system testers will be needed to continue with the analysis, development, coding, and testing of the systems. The total costs for fiscal year 2009 are \$267,960.

In addition to the contract programmers, the Information Services Division will need the following on-going staff:

- An Information Technology Specialist 4 (0.5 FTE) to support the Vehicle Field System and Vehicle Headquarters System.
- An Information Technology Specialist 5 (0.5 FTE) to support additional project management requirements.
- An Information Technology Specialist 5 (0.2 FTE) to do system analysis and requirements gathering.
- An Information Technology Specialist 3 (0.3 FTE) to provide additional support for system testing.

Vehicle Services

The Vehicle Services Division will need an Information Technology Specialist 4 (1.0 FTE) in User System Support starting in fiscal year 2009. They will be needed to test the changes across multiple platforms (VFS, VHS, Internet application, and applicable servers). These systems will need to be retested as they relate to other changes introduced over time to ensure all systems continue to interact and work cohesively.

The Vehicle Services Project Office will need an ongoing permanent Research Analyst 5 (1.0 FTE) starting in fiscal year 2009. This position will be needed to research and help DOL populate engine size in liters for vehicles that do not have an EPA fuel economy rating.

Two Vehicle Service Liaison Officer 2's (VSLO) (2.0 FTE) will be needed ongoing starting in fiscal year 2009. One will be needed to train and support the agents, subagents, vehicle dealers, financial institutions and the agency's call center staff on the fee requirements. They will also support responses to customer inquiries and complaints. The other VSLO2 will be needed to provide customer service, address customer complaints and support the agency's call center.

Two Customer Service Specialist 2's (CSS2) (2.0 FTE) will be needed ongoing starting in fiscal year 2009. One CSS2 will assist in managing the increase in dishonored checks and the other will be needed to provide customer service and support to agents and subagents.

An Auditor 2 (1.0 FTE) will also be needed starting in fiscal year 2009 to process refunds and shortages.

Funding will be needed to provide training to agents and subagents. In fiscal year 2009, approximately \$7,000 will be needed to train them on the vehicle greenhouse gas tax and the vehicle engine displacement tax. Training guides will also need to be printed. The renewal language will need to be changed by the agency's contractor who sends out the vehicle renewal notices. The messages will need to be changed in fiscal year 2009 at a cost of \$6,000. In addition, Attorney General time will be needed to adopt new rules and to settle disputes. Fifty hours will be needed in fiscal year 2009. The remaining fiscal years will require ten hours each year.

Because of the increase in transaction amounts due to the new tax, credit card costs will increase. Seventeen percent of customers are expected to renew their vehicles on the internet in fiscal year 2009. It is projected that this rate will increase by 2 percent each year. The credit card cost per dollar charged is 2.2 percent. The increase is shown in the table below:

	2009	2010	2011	2012	2013
New Revenue	\$628,234,780	\$640,473,180	\$652,240,160	\$663,230,100	\$673,809,880
Percent of Customer Participation	17.0%	19.0%	21.0%	23.0%	25.0%
Actual Dollars Collected Per Credit Cards	\$106,799,913	\$121,689,904	\$136,970,434	\$152,542,923	\$168,452,470
Percent of Credit Card Costs Per Dollar	2.2%	2.2%	2.2%	2.2%	2.2%
Increased Credit Card Costs	\$2,349,598	\$2,677,178	\$3,013,350	\$3,355,944	\$3,705,954

Administrative Services

The agency's call center will have an effect from the increase in calls due to customers' questions regarding the new fees. In fiscal year 2009, eight Customer Service 2's (8.0 FTEs) will be needed to answer these calls. It is assumed that three percent of registered vehicle owners will call regarding the new fees. In fiscal year 2009, the amount of calls will be three percent of the 4,081,640 vehicle renewals, or 122,449 calls. A Customer Service Specialist 2 (CSS2) can answer approximately 1,300 calls per month or 15,600 calls per year. This equates to 8 Customer Service Specialist 2's. In subsequent years, the need for the CSS2 positions will reduce to 5 (5.0) FTEs per year as customers become familiar with the new fees.

To house new call center staff required by this bill, the agency would need to develop a new "satellite" call center. The first year's costs would be for telecommunications, set-up costs, and lease fees and will cost approximately \$150,000. Lease costs in subsequent years will be about \$35,000 per year.

In fiscal year 2009 brochures and posters will be needed in the driver and vehicle licensing offices to help the public understand the initial new vehicle greenhouse gas emissions excise tax and the vehicle engine displacement fee. The cost for these brochures and posters is \$40,000. Inserts explaining the new fees will be included with one full cycle of renewal notices during fiscal year 2009. These inserts cost twenty-one dollars per thousand for printing, inserting and for extra postage. The cost for fiscal year 2009 is \$120,000. It is assumed that advertising will not be necessary as these new fees will generate a large amount of news coverage.

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.

Part III: Expenditure Detail

III. A – Expenditures by Object or Purpose

	FY 08	FY 09	07-09 Total	09-11 Total	11-13 Total
FTE Staff Years		20.7	10.4	18.4	19.4
Salaries and Wages		971,685	971,685	1,782,699	1,891,044
Employee Benefits		290,936	290,936	518,562	549,419
Personal Service Contracts					
Goods and Services	151,380	3,186,823	3,338,203	6,139,163	7,545,473
Travel					
Equipment		151,406	151,406	22,888	36,504
Total	151,380	4,600,850	4,752,230	8,463,312	10,022,440

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

Object E Breakdown:	FY 08	FY 09	07-09 Total	09-11 Total	11-13 Total
EA Office Supplies		13,124	13,124	21,476	21,476
EB Postage		1,440	1,440		
EB Phone/Install/Usage		14,625	14,625	12,710	12,710
ED Facility/Lease Costs		245,295	245,295	219,392	219,392
EF Printing		984	984		
EG Training		4,241	4,241	6,940	6,940
EM Attorney Gen Svcs/Costs		4,450	4,450	1,780	1,780
EN Personnel Services		5,301	5,301	9,038	9,090
ER DP Cont Programmers	151,380	267,960	419,340		
EZ Other Goods & Svcs		2,629,403	2,629,403	5,867,827	7,274,085
Total Goods & Svcs	151,380	3,186,823	3,338,203	6,139,163	7,545,473

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

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

III. B – FTE Detail

EXPENDITURE DETAIL – STAFF

Job Classification	Salary	FY 08	FY 09	07-09 Total	09-11 Total	11-13 Total
Cust. Serv. Spec. 2	36,036		10.0	5.0	7.0	7.0
Info.Tech. Spec. 4	70,092		3.0	1.5	3.2	3.6
Research Analyst 5	57,504		1.0	0.5	1.0	1.0
Vehicle Serv. Lias. 2	47,220		2.0	1.0	2.0	2.0
Auditor 2	42,720		1.0	0.5	1.0	1.0
Fiscal Analyst 2	44,928		2.7	1.4	3.2	3.8
Info.Tech. Spec. 3	63,468		0.3	0.2	0.3	0.3
Info. Tech. Spec. 5	77,352		0.7	0.4	0.7	0.7
Total FTEs		0.0	20.7	10.4	18.4	19.4

III. B – Expenditures by Program (optional)

Program	FY 08	FY 09	07-09 Total	09-11 Total	11-13 Total
100 - Mgmt & Support Services		1,043,371	1,043,371	1,116,210	1,221,475
200 - Information Services	151,380	639,709	791,089	657,822	740,315
300 - Vehicle Services		2,917,770	2,917,770	6,689,280	8,060,650
600 - Driver Services					
700 - Business & Professions					
Total	151,380	4,600,850	4,752,230	8,463,312	10,022,440

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

New rules would be needed regarding the vehicle greenhouse gas emissions tax.

Bill Number: 6923 SB	Title: Providing for a passender vehicle greenhouse gas excis
Agency: 240- Department of Licensing	

NOTE: This ten-year analysis is limited to the estimated tax or fee increases proposed in this bill and the associa of those increased taxes or fees.

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account, Major Source and Source Code, Title of Fee or Tax	Fiscal Year 08	Fiscal Year 09	2007-09 Total
GF- State 158 Greenhouse	0	621,952,432	621,952,432
Motor Vehicle F 158 Greenhouse	0	6,282,348	6,282,348
Total	0	628,234,780	628,234,780

Estimated Expenditures from:

	Fiscal Year 08	Fiscal Year 09	2007-09 Total
FTE Staff Years	0.0	4.2	2.1
Fund			
Motor Vehicle Fund	0	350,133	350,133
Total	0	350,133	350,133

se tax

d cash receipts associated with the
ated administrative costs

Fiscal Year 10	Fiscal Year 11	2009-11 Total	Fiscal Year 12	Fiscal Year 13
634,068,448	645,717,758	1,279,786,206	656,597,799	667,071,781
6,404,732	6,522,402	12,927,134	6,632,301	6,738,099
640,473,180	652,240,160	1,292,713,340	663,230,100	673,809,880

Fiscal Year 10	Fiscal Year 11	2009-11 Total	Fiscal Year 12	Fiscal Year 13
4.6	5.1	4.9	5.6	6.1
381,187	421,527	802,714	462,638	504,640
381,187	421,527	802,714	462,638	504,640

2011-13 Total	Fiscal Year 14	Fiscal Year 15	2013-15 Total
1,323,669,580	677,286,621	687,176,523	1,364,463,144
13,370,400	6,841,279	6,941,177	13,782,456
1,337,039,980	684,127,900	694,117,700	1,378,245,600

2011-13 Total	Fiscal Year 14	Fiscal Year 15	2013-15 Total
5.9	6.1	6.1	6.1

967,278	504,640	504,640	1,009,280
967,278	504,640	504,640	1,009,280

Fiscal Year 16	Fiscal Year 17	2015-17 Total	2008-17 TOTAL
697,073,929	707,004,698	1,404,078,627	5,993,949,989
7,041,151	7,141,462	14,182,613	60,544,951
704,115,080	714,146,160	1,418,261,240	6,054,494,940

Fiscal Year 16	Fiscal Year 17	2015-17 Total	2008-17 TOTAL
6.1	6.1	6.1	

504,640	504,640	1,009,280	4,138,685
504,640	504,640	1,009,280	4,138,685

Individual State Agency Fiscal Note

Bill Number: 6923 SB	Title: Passenger Vehicle Greenhouse Gas Excise Tax	Agency: 405-Department of Transportation
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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: Monica Jenkins	Phone: 360-902-0561	Date: 02/05/2008
Agency Preparation: Eric Meale	Phone: 360-705-7942	Date: 02/08/2008
Agency Approval: Amy Arnis	Phone: 360-705-7525	Date: 02/12/2008
OFM Review: Geri Beardsley	Phone: 360-902-9822	Date: 02/12/2008

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 legislation imposes an annual greenhouse gas emissions excise tax on all motor vehicles licensed under the passenger use class, as specified in chapter 308-96A WAC. The excise tax would be based upon the Environmental Protection Agency fuel economy rating for the vehicle or the engine displacement if the vehicle does not have an established fuel economy rating. The excise tax would range from \$240 per year for cars that get 10 miles per gallon or less to \$40 per year for cars that get 49 miles per gallon or more. Based upon engine displacement, the excise tax would range from \$240 for 4.0 liter and larger engines to \$80 for engines less than 1.5 liters.

The revenue from the annual greenhouse gas emissions excise tax (less an administrative fee not to exceed 1%) would be distributed 25% to the Department of Transportation and 75% to cities and counties based upon a prorated share of registered passenger vehicles in incorporated and unincorporated areas. The proceeds must be used for the design, construction, and operation of transportation facilities and services that provide alternatives to the use of single-occupant vehicles. Allowable uses include transit, high-capacity transportation, bicycle and pedestrian facilities, and transportation demand management programs.

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. Refer to the Department of Licensing fiscal note for the cash receipts impacts of this legislation.

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.

None.

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: 6923 SB	Title: Passenger Vehicle Greenhouse Gas Excise Tax
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Revenues for transportation projects
- ☒ Counties: Revenues for transportation projects
- ☐ Special 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 2008	FY 2009	2007-09	2009-11	2011-13
City		180,521,568	180,521,568	371,458,080	384,195,411
County		285,942,432	285,942,432	588,381,920	608,557,589
Special District					
TOTAL \$		466,464,000	466,464,000	959,840,000	992,753,000
GRAND TOTAL \$					2,419,057,000

Estimated expenditure impacts to:

Jurisdiction	FY 2008	FY 2009	2007-09	2009-11	2011-13
City		180,521,568	180,521,568	371,458,080	384,195,411
County		285,942,432	285,942,432	588,381,920	608,557,589
Special District					
TOTAL \$		466,464,000	466,464,000	959,840,000	992,753,000
GRAND TOTAL \$					2,419,057,000

Part III: Preparation and Approval

Fiscal Note Analyst: David Elliott	Phone: (360) 725 5033	Date: 02/19/2008
Leg. Committee Contact: Monica Jenkins	Phone: 360-902-0561	Date: 02/05/2008
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 02/19/2008
OFM Review: Garry Austin	Phone: 360-902-0564	Date: 02/19/2008

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 creates an annual greenhouse gas emissions excise tax on all motor vehicles licensed under the passenger use class, as specified in chapter 308-96A WAC. The excise tax would be based upon the Environmental Protection Agency (EPA) fuel economy rating for the vehicle or the engine displacement if the vehicle has no EPA fuel economy rating. The excise tax would range from \$240 per year for cars that get 10 miles per gallon or less to \$40 per year for cars that get 49 miles per gallon or more or, using engine displacement, from \$240 for 4.0 liter and larger engines to \$80 for engines less than 1.5 liters.

The revenue from the annual greenhouse gas emissions excise tax (less an administrative fee not to exceed 1%) would be distributed 75% to cities and counties based upon a prorated share of registered passenger vehicles in incorporated and unincorporated areas and 25% to the Department of Transportation. The proceeds must be used for the design, construction, and operation of transportation facilities and services that provide alternatives to the use of single-occupant vehicles. Allowable uses include transit, high-capacity transportation, bicycle and pedestrian facilities, and transportation demand management programs.

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.

Cities and counties receiving proceeds from the tax must use them for design, construction, and operations of transportation facilities and services that provide alternatives to the use of single-occupant vehicles and for programs that encourage the use of these facilities and services. These include but are not limited to transit, high-capacity transportation, bicycles and pedestrian facilities, and transportation demand programs.

The Department of Licensing (DOL) and Office of the State Treasurer (OST) are estimating distributions of over \$466 million in Fiscal Year 2009 rising to over \$500 million in Fiscal Year 2013.

At the time of publication, LGFN was unable to procure information on the proportion of vehicles registered in incorporated and unincorporated areas. Office of Financial Management (OFM) population statistics were used to provide an estimate of the distribution. 61.3% of the population lives in incorporated areas while the remaining 38.7% live in unincorporated areas (OFM estimate of population for April 1, 2007). The total expenditures are therefore divided accordingly:

City and county expenditures could reach:

	Total	City	County
FY2009	\$466,464,000	\$285,942,432	\$180,521,568
FY2010	\$475,551,000	\$291,512,763	\$184,038,237
FY2011	\$484,289,000	\$296,869,157	\$187,419,843
FY2012	\$492,449,000	\$301,871,237	\$190,577,763
FY2013	\$500,304,000	\$306,686,352	\$193,617,648

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.

Cities and counties would receive 75% of the proceeds from the tax.

The Department of Licensing (DOL) and Office of the State Treasurer (OST) are estimating distributions of over \$466 million in Fiscal Year 2009, rising to over \$500 million in Fiscal Year 2013.

At the time of publication, LGFN was unable to procure information on the proportion of vehicles registered in incorporated and unincorporated areas. Office of Financial Management (OFM) population statistics were used to provide an estimate of the distribution. 61.3% of the population lives in incorporated areas while the remaining 38.7% live in unincorporated areas (OFM estimate of population for April 1, 2007). The total revenues are therefore divided accordingly:

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