

Multiple Agency Fiscal Note Summary

Bill Number: 5785 SB	Title: For hire vehicles
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Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	(4,935,000)	(4,935,000)	(5,740,000)	(5,740,000)	(6,329,000)	(6,329,000)
Department of Labor and Industries	0	8,068,000	0	8,068,000	0	8,068,000
Total \$	(4,935,000)	3,133,000	(5,740,000)	2,328,000	(6,329,000)	1,739,000

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.4	85,200	85,200	.2	47,200	47,200	.2	47,200	47,200
Department of Labor and Industries	2.9	0	8,789,000	2.8	0	8,536,000	2.8	0	8,536,000
Total	3.3	\$85,200	\$8,874,200	3.0	\$47,200	\$8,583,200	3.0	\$47,200	\$8,583,200

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

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Prepared by: Mike Woods, OFM	Phone: 360-902-9819	Date Published: Final
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 23029

FNS029 Multi Agency rollup

Department of Revenue Fiscal Note

Bill Number: 5785 SB	Title: For hire vehicles	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2010	FY 2011	2009-11	2011-13	2013-15
GF-State-State 01 - Taxes 35 - Public Utilities Tax	(2,268,000)	(2,667,000)	(4,935,000)	(5,740,000)	(6,329,000)
Total \$	(2,268,000)	(2,667,000)	(4,935,000)	(5,740,000)	(6,329,000)

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.6	0.2	0.4	0.2	0.2
Fund					
GF-STATE-State 001-1	61,600	23,600	85,200	47,200	47,200
Total \$	61,600	23,600	85,200	47,200	47,200

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: Kathy Buchli	Phone: (360) 786-7488	Date: 02/02/2009
Agency Preparation: Ray Philen	Phone: 360-570-6078	Date: 02/10/2009
Agency Approval: Kim Davis	Phone: 360-570-6087	Date: 02/10/2009
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 02/10/2009

Request # 5785-1-1

Part II: Narrative Explanation

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

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

Currently motor and urban transportation (operation of motor driven vehicles used in transporting persons or property on a for-hire basis) is subject to the public utility excise tax. Urban transportation is defined as when the origination and destination: (1) is within the same city, (2) extends no more than five miles beyond the same city, or (3) is between cities that are no more than five miles apart. The public utility tax rate on urban transportation is 0.642 percent of gross income. Other for-hire transportation is reported under the motor classification. The public utility tax rate of motor transportation is 1.926 percent of gross income.

The bill redefines "urban transportation business" to include two categories. First, the bill retains the existing definition as one category which includes any vehicle for public use "in the conveyance of persons or property for hire" operating within or between, or within five miles of, cities or towns. The bill establishes a second category of "urban transportation business" that includes for hire vehicles, limousines, and taxicabs regardless of the location and trip mileage.

This bill also eliminates the \$2,000 monthly public utility tax threshold exemption for all urban transportation businesses.

Declares that all taxicab, limousine, and other for hire vehicle businesses, defined in the act as urban transportation business operations, and all for hire vehicle operators are subject to mandatory industrial insurance coverage under Title 51 RCW.

Fifty percent of the moneys collected from urban transportation businesses must be remitted to the Department of Labor and Industries for the purpose of providing mandatory industrial insurance to urban transportation businesses and their licensed for hire vehicle operators, as provided pursuant to Title 51 RCW.

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

Department of Revenue excise tax returns.

This legislation would be effective 90 days after the end of the session which results in 10 months of cash collections for Fiscal Year 2010.

REVENUE ESTIMATES

The loss in general fund revenue is due to a shift in funds to the Department of Labor and Industries and because of the lower tax rate available to taxpayers now reporting under the category of motor transportation. The estimated loss in general fund revenue is \$2.3 million in Fiscal Year 2010.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2010 - \$ (2,268)

FY 2011 - \$ (2,667)

FY 2012 - \$ (2,800)

FY 2013 - \$ (2,940)
FY 2014 - \$ (3,087)
FY 2015 - \$ (3,242)

Local Government, if applicable (cash basis, \$000): 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

To implement this legislation, the Department of Revenue (Department) will incur costs of approximately \$61,600 in Fiscal Year 2010. These costs are for programming computer system changes and developing, printing, and mailing a new addendum to the tax return. Costs also include adoption of one amended rule. Time and effort equates to approximately 0.61 FTE.

The Department will incur costs of approximately \$23,600 in Fiscal Year 2011. These costs are for providing taxpayer assistance and processing corrections in reporting. Time and effort equates to 0.2 FTE.

The Department will incur ongoing costs of \$47,200 in each of the 2011-2013 and 2013-15 Biennia. These costs are for providing taxpayer assistance and processing corrections in reporting. Time and effort equates to 0.2 FTE in each of the Fiscal Years 2012 through 2015.

Due to the effective date of this legislation, the Department will incur costs in Fiscal Year 2009 of \$29,900. This represents one time costs for developing and mailing a special notice to all for hire vehicle, taxicab and limousine businesses and initiating programming to setup, test, and verify affected computing systems. These costs are not reflected in the fiscal note.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.6	0.2	0.4	0.2	0.2
A-Salaries and Wages	30,800	8,500	39,300	17,000	17,000
B-Employee Benefits	7,700	2,100	9,800	4,200	4,200
E-Goods and Services	19,200	12,800	32,000	25,600	25,600
J-Capital Outlays	3,900	200	4,100	400	400
Total \$	\$61,600	\$23,600	\$85,200	\$47,200	\$47,200

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 2010	FY 2011	2009-11	2011-13	2013-15
EXCISE TAX EX 2	42,583	0.2	0.2	0.2	0.2	0.2
HEARINGS SCHEDULER	32,688	0.0		0.0		
IT SPEC 4	63,195	0.2		0.1		
TAX INFO SPEC 1	36,757	0.1		0.1		
TAX POLICY SP 3	69,756	0.0		0.0		
WMS BAND 3	88,546	0.0		0.0		
Total FTE's	333,525	0.6	0.2	0.4	0.2	0.2

Part IV: Capital Budget Impact

NONE.

Request # 5785-1-1

Part V: New Rule Making Required

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

Should this legislation become law, the Department will use the expedited process to amend WAC 458-20-180, "Motor transportation, urban transportation." Persons affected by this rule-making would be for hire vehicle, taxicab and limousine operators.

Individual State Agency Fiscal Note

Bill Number: 5785 SB	Title: For hire vehicles	Agency: 235-Department of Labor and Industries
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Part I: Estimates



No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2010	FY 2011	2009-11	2011-13	2013-15
Accident Account-Non-Appropriated 608-6	1,969,000	1,969,000	3,938,000	3,938,000	3,938,000
Medical Aid Account-Non-Appropriated 609-6	1,579,000	1,579,000	3,158,000	3,158,000	3,158,000
Supplemental Pension Account-Non-Appropriated 881-6	486,000	486,000	972,000	972,000	972,000
Total \$	4,034,000	4,034,000	8,068,000	8,068,000	8,068,000

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	3.0	2.8	2.9	2.8	2.8
Fund					
Accident Account-State 608-1	245,000	118,000	363,000	236,000	236,000
Accident Account-Non-Appropriated 608-6	1,969,000	1,969,000	3,938,000	3,938,000	3,938,000
Medical Aid Account-State 609 -1	242,000	116,000	358,000	232,000	232,000
Medical Aid Account-Non-Appropriated 609 -6	1,579,000	1,579,000	3,158,000	3,158,000	3,158,000
Supplemental Pension Account-Non-Appropriated 881 -6	486,000	486,000	972,000	972,000	972,000
Total \$	4,521,000	4,268,000	8,789,000	8,536,000	8,536,000

Request # 5785 SB-4

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:	Kathy Buchli	Phone: (360) 786-7488	Date: 02/02/2009
Agency Preparation:	Jennifer C Smith	Phone: 360-902-6983	Date: 02/23/2009
Agency Approval:	Joshua Swanson	Phone: 360-902-6805	Date: 02/23/2009
OFM Review:	Mike Woods	Phone: 360-902-9819	Date: 02/24/2009

Request # 5785 SB-4

Part II: Narrative Explanation

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

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

See Attachment.

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 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	3.0	2.8	2.9	2.8	2.8
A-Salaries and Wages	152,992	135,578	288,570	271,156	271,156
B-Employee Benefits	54,429	48,144	102,573	96,288	96,288
C-Personal Service Contracts					
E-Goods and Services	226,379	42,252	268,631	84,504	84,504
G-Travel	8,200	8,026	16,226	16,052	16,052
J-Capital Outlays	45,000		45,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	4,034,000	4,034,000	8,068,000	8,068,000	8,068,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$4,521,000	\$4,268,000	\$8,789,000	\$8,536,000	\$8,536,000

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 2010	FY 2011	2009-11	2011-13	2013-15
Financial Analyst 2	40,524	0.4	0.4	0.4	0.4	0.4
Industrial Insurance Underwriter 4	50,568	1.0	1.0	1.0	1.0	1.0
Information Technology Specialist 5	78,900	0.2		0.1		
Investigator 2	51,864	0.5	0.5	0.5	0.5	0.5
Labor & Industries Auditor 3	48,168	0.5	0.5	0.5	0.5	0.5
Revenue Agent 2	53,148	0.4	0.4	0.4	0.4	0.4
Total FTE's	323,172	3.0	2.8	2.9	2.8	2.8

Request # 5785 SB-4

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

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

See Attachment.

Part II: Explanation

This bill does the following:

- Declares that all taxicab, limousine, and other for-hire vehicle businesses (defined as “urban transportation business”) operations and all for-hire operators are subject to mandatory industrial insurance coverage.
- Removes the \$2,000 per month minimum for the public utility tax on urban transportation business.
- Declares that 50 percent of the public utility tax assessed from urban transportation businesses must be remitted to Labor and Industries (L&I) to provide mandatory industrial insurance premiums.
- Requires L&I to assess premiums on a per license basis, and mandates that such premiums shall be paid prior to or at the time of issuance or renewal of a for-hire operator license by the Department of Licensing.

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

Section 1 – Defines taxicabs, limousines, and other for-hire vehicle operators as “urban transportation business” and makes them subject to mandatory industrial insurance coverage.

Section 2 – Defines an exception to the definition of worker under RCW 51.08.180. Services performed by an individual for payment are not employment if it is shown that the person operating a for-hire vehicle or an urban transportation business:

- a. Has an ownership or leasehold interest in a vehicle that is operated as a “for hire vehicle” and is operating the vehicle as a “for hire operator,” and
- b. Meets all requirements in RCW 51.08.195 (1) through (6) to qualify for the exception to the definition of “worker.”

Section 5 – Removes a \$2,000 monthly minimum revenue threshold for applying the public utility tax to urban transportation business.

Section 6 – Fifty percent of public utility tax monies collected by the Department of Revenue from urban transportation businesses under RCW 82.16.020 and RCW 82.02.030 shall be

remitted to Labor and Industries (L&I) to provide mandatory industrial insurance to urban transportation businesses and their licensed for-hire vehicle operators.

Section 7 – Any for-hire vehicle operators, operating a for-hire vehicle for an urban transportation business, are subject to mandatory industrial insurance coverage. This requires registration with a for-hire vehicle operator license issued by the Department of Licensing (DOL). These must be suspended or revoked in the failure to file a report or pay applicable premiums or taxes for mandatory industrial insurance, including but not limited to the public utility tax. It requires for-hire vehicle operators to have a registration or affiliation with an urban transportation business. It also gives rulemaking authority to L&I, DOL, and the Department of Revenue (DOR).

Section 8 – Any urban transportation business with workers subject to employment provisions of RCW 51.08.180 must receive credit against industrial insurance premiums in the amount of any public utility tax paid under RCW 82.16.020, with credit to employers and employees proportionate to their share. This allows for optional coverage if not covered under mandatory provisions. Requires rulemaking by L&I to implement and ensure costs and benefits of mandatory coverage are uniformly applied to all urban transportation businesses and for-hire vehicle operators, without regard to business employment or financial structure.

Section 11 – The department may provide for alternative reporting periods and payment due dates for urban transportation and for-hire businesses and operators. It further provides that premiums assessed are “proportionate to” and “assessed with credit for” the taxes paid for mandatory industrial insurance coverage into the public utility tax and remanded to L&I from DOR. There must be no net revenue increase or decrease to any fund, budget, or account except for the purposes of providing the mandatory industrial insurance coverage premiums. It also states that we must compute premium rates on a per license basis, which must be assessed at the time of each issuance or renewal of the for-hire vehicle operator license. Initial payment is at the time of the for-hire license issuance, and further payment reported and paid by the urban transportation business with which the for-hire vehicle license is affiliated. Assessments shall be experience rated. This allows DOR and DOL to establish alternate rules for the collection of premiums.

This bill is effective 90 days after Sine Die, except for provisions affecting local jurisdictions in Section 10 (1).

II. B – Cash Receipt Impact

The Department of Revenue included in their fiscal note the money transferred from the General Fund – State Public Utilities Tax to Labor and Industries (L&I). This money comes from an Urban Transportation Business tax of 0.6 of one percent of gross business income. It covers taxi and limousine drivers, and other urban transportation businesses. This is shown in Table 1.

TABLE 1 – Urban Transportation Business Tax Transferred to L&I from DOR					
Fund	Fiscal Year 2010	Fiscal Year 2011	2009-2011 Total	2011-13 Biennium	2013-15 Biennium
Accident – 608	803,600	920,710	1,724,310	1,982,050	2,185,890
Medical Aid – 609	688,800	789,180	1,478,980	1,698,900	1,873,620
Supplemental Pension – 881	147,600	169,110	316,710	364,050	401,490
TOTAL	1,640,000	1,879,000	3,519,000	4,045,000	4,461,000

Only a portion of the total revenue transferred to L&I is for taxi and limousine fees. This portion is shown in Table 2 below.

TABLE 2 – Portion of Urban Transportation Business Tax for Taxis and Limousines					
Fund	Fiscal Year 2010	Fiscal Year 2011	2009-2011 Total	2011-13 Biennium	2013-15 Biennium
Accident – 608	158,680	181,970	340,650	391,120	431,880
Medical Aid – 609	112,540	129,020	241,560	277,400	306,280
Supplemental Pension – 881	55,780	64,010	119,790	137,480	151,840
TOTAL	327,000	375,000	702,000	806,000	890,000

The rest of the revenue transferred to L&I is for other urban transportation businesses (\$1,640,000 - \$327,000 = \$1,313,000 in Fiscal Year 2010). We assume for this fiscal analysis that the entire amount for other urban transportation businesses will be refunded to the businesses since they are already paying annual premiums directly to L&I. This amount is shown in Table 3 below.

TABLE 3 – Portion of Urban Transportation Business Tax Refunded To Businesses					
Fund	Fiscal Year 2010	Fiscal Year 2011	2009-2011 Total	2011-13 Biennium	2013-15 Biennium
Accident – 608	(643,370)	(736,960)	(1,380,330)	(1,587,110)	(1,749,790)
Medical Aid – 609	(551,460)	(631,680)	(1,183,140)	(1,360,380)	(1,499,820)
Supplemental Pension – 881	(118,170)	(135,360)	(253,530)	(291,510)	(321,390)
TOTAL	(1,313,000)	(1,504,000)	(2,817,000)	(3,239,000)	(3,571,000)

Because the amount from the Urban Transportation Business tax is not expected to be enough to cover the industrial insurance premiums for taxis and limousines, Labor and Industries assumes that the additional revenue will come from industrial insurance premiums paid by the taxi and limousine drivers. The department will assess these premiums on taxis and limousine drivers on a per license basis. Table 4 shows the additional premiums collected from industrial insurance. Revenue estimates are based on a projected 1,831 taxi licenses and 1,169 limousine licenses. The taxi premium rate is \$0.9422 per hour and the limo rate is \$0.3216 per hour. Both of these are multiplied by 1,920 hours, which is the standard actuarial assumption for a full-time employee. There are currently 2,934 licensed for-hire vehicle and limousine operators reported to Department of Licensing.

TABLE 4 – Additional Industrial Insurance Premiums Collected From Taxi and Limousine Drivers					
Fund	Fiscal Year 2010	Fiscal Year 2011	2009-2011 Total	2011-13 Biennium	2013-15 Biennium
Accident – 608	1,810,320	1,787,030	3,597,350	3,546,880	3,506,120
Medical Aid – 609	1,466,460	1,449,980	2,916,440	2,880,600	2,851,720
Supplemental Pension – 881	430,220	421,990	852,210	834,520	820,160
TOTAL	3,707,000	3,659,000	7,366,000	7,262,000	7,178,000

Total net revenue, shown in Table 5, is estimated to be \$4,034,000 each fiscal year, beginning in Fiscal Year 2010.

TABLE 5 – Net Total Revenue					
Revenue Source	Fiscal Year 2010	Fiscal Year 2011	2009-2011 Total	2011-13 Biennium	2013-15 Biennium
Urban Transportation Business Tax Transferred to L&I from DOR	1,640,000	1,879,000	3,519,000	4,045,000	4,461,000
Portion of Urban Transportation Business Tax Refunded To Businesses	(1,313,000)	(1,504,000)	(2,817,000)	(3,642,000)	(3,571,000)
Additional Industrial Insurance Premiums for Taxis and Limousines	3,707,000	3,659,000	7,366,000	7,262,000	7,178,000
TOTAL	4,034,000	4,034,000	8,068,000	8,068,000	8,068,000
Split by Fund					
Accident – 608	1,969,000	1,969,000	3,938,000	3,938,000	3,938,000
Medical Aid – 609	1,579,000	1,579,000	3,158,000	3,158,000	3,158,000
Supplemental Pension – 881	486,000	486,000	972,000	972,000	972,000
TOTAL	4,034,000	4,034,000	8,068,000	8,068,000	8,068,000

II. C – Expenditures

Full Time Employees

Department of Licensing has 2,934 for-hire vehicles and limousines licensed currently. This bill authorizes a system of “per license” payment that will create the need to open 3,000 new employer accounts.

Labor and Industries will need the following FTEs as a result of this legislation:

- One Industrial Insurance Underwriter 4 FTE to open and maintain 3,000 new accounts and to account for the credits from the utility tax. The normal caseload for an Industrial Insurance Underwriter 4 is 3,000 accounts; however, this position will also be responsible

for handling the refund issues concerning the revenue with the money coming for Department of Revenue for other urban transportation business.

- One-half of an Auditor 3 FTE to handle compliance issues on the 3,000 new accounts. The normal caseload for an Auditor 3 is 96 audits or compliance reviews each year. Because rates are based on a per-license factor instead of the number of hours worked, each of those audits will take half the time of a normal audit. Therefore, 0.5 FTE is needed to cover this workload.
- 0.4 of a Revenue Agent 2 FTE to handle collection issues for the 3,000 new accounts. We assume that approximately 10 percent, or 300, of these accounts will go delinquent and require collection activities in a year. This is lower than our total interaction across all industries, as we assume that tying in the license issuance and renewal with payment of premiums will result in a higher compliance rate. A Revenue Agent can handle approximately 800 accounts per year. For 300 accounts we are estimating the need to be 0.4 FTE.
- One-half of an Investigator 2 FTE to handle claim investigations that will arise on the combined owner and injured worker accounts. This assumes approximately 30 investigations each year, with each one taking approximately twice the length of an average investigation, due to the unique issues with the employer being the same person as the worker. A normal Investigator 2 FTE is expected to complete 10 investigations per month, or 120 per year. Completing 30 investigations requiring twice the length of time, is equivalent to 60 investigations, which requires 0.5 FTE.
- 0.2 of an Information Technology Specialist 5 during Fiscal Year 2010 for IT project oversight.

Information Services

As a result of this legislation, Information Services will need to:

- Build an application to accept the remittances from the Department of Revenue (DOR) and match them to the appropriate L&I accounts.
- Modify the Employer Accounting System Enhancement (EASE) system to process tax money from DOR as a payment against premiums for urban transportation businesses.

- Modify the EASE system to post premiums on a per license basis. This includes modifying the system to process premiums and payments on the basis of license issuance and annual renewal instead of quarterly remittance.
- Modify the Master Business Application System (MBA) to capture license data from the Department of Licensing.
- Enhance the Express Filing web service to handle Urban Transportation accounts as a special industry.

The work will require contractor costs as shown in Table 6.

TABLE 6			
Number of Hours	Hourly Rate	Total	Task
1600	\$81	\$129,600	Modify EASE and MBA systems
240	\$90	\$21,600	Enhance Express Filing web service
1840		\$151,200	TOTAL

Other Costs

The department will also need \$3,000 for rulemaking to hold hearings around the state, pay for a court reporter, cover travel expenses, and pay for publication costs during Fiscal Year 2010.

Claims Costs

As an insurance entity, L&I rates are intended to match premiums to claims cost projections. Therefore, we assume that the increase in revenues collected will match the claims costs.

FTE Standard Costs

Permanent and temporary FTE costs include salary and benefits, and the standard costs associated with a new FTE. These standard costs include:

- Leased office space.
- Work unit (desk, file cabinet, etc.) and furniture (if needed).
- Telephone and communication expenses.
- Training.
- Travel.
- Leased PC equipment.

We assume new FTEs require new leased office space. Costs are included, prorated on a per FTE basis, to cover tenant improvements necessary to lease more office space. Tenant improvements include:

- One-time expenditures for GA real estate and architectural fees.
- Phone and data wiring.
- Copy room and conference room equipment and furniture.
- Lunch and break room equipment.
- Staff moving costs.
- Security system.
- Other miscellaneous supplies.

Indirect Allocation Included In Cost Estimates

We include agency wide indirect cost estimates. Only our Administrative Services and Information Services programs receive indirect cost allocation.

Our methodology was updated and funding approved in the 2007-2009 Budget. The biennial average indirect rates for Insurance Services include:

- 9.6 percent for both fiscal years.

The annual indirect cost is calculated on:

- Requested FTE salary and benefit costs.
- Standard costs associated with new FTEs.
- IT equipment is not included.

We convert the total indirect amount into salary and benefits for partial or full indirect FTEs. Salary and benefits costs are based on a Financial Analyst 2 (Range 44, Step G).

The amount received for the indirect FTE(s) may not be enough to actually hire a new staff person. But, this indirect funding may be used instead to pay current staff for overtime or increasing the use of temporary and seasonal employees.

Depending on the agency's needs, examples of activities provided in Administrative Services and Information Services include:

- Vendor payment and payroll processing.
- Equipment purchase, delivery, inventory, storage and set-up.
- Technical support to employees.
- Desk-top and network support.
- Internal IT systems support.
- Contract and purchasing services.
- Legislative and Public Affairs.
- Library services and public disclosure.
- Personnel and employee services.
- Budget and accounting.
- Facilities management.

Indirect Costs

The amount included in this fiscal note for indirect is:

Fund Name, Fund #	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Accident – 608	11,385	10,174	10,174	10,174	10,174	10,174
Medical Aid – 609	11,384	10,173	10,173	10,173	10,173	10,173

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Rulemaking is needed around the classification and reporting requirements. We will also include rulemaking around the calculation of premiums, as they would need to be calculated on a per license basis. Coordinated rulemaking with the Department of Revenue and the Department of Licensing is necessary on the joint portions of administering the new legislation.