

Multiple Agency Fiscal Note Summary

Bill Number: 2751 S HB H.4200.1	Title: Local transportation revenue
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Estimated Cash Receipts

Agency Name	2011-13		2013-15		2015-17	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Licensing	Non-zero but indeterminate cost. Please see discussion."					
Total \$	0	0	0	0	0	0

Estimated Expenditures

Agency Name	2011-13			2013-15			2015-17		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	Fiscal note not available								
Department of Licensing	.0	0	322,988	.0	0	0	.0	0	0
Total	0.0	\$0	\$322,988	0.0	\$0	\$0	0.0	\$0	\$0

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

Estimated Capital Budget Impact

NONE

Prepared by: Jim Albert, OFM	Phone: (360) 902-0419	Date Published: Preliminary 2/16/2012
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Individual State Agency Fiscal Note

Bill Number: 2751 S HB H.4200.1	Title: Local transportation revenue	Agency: 240-Department of Licensing
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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 2012	FY 2013	2011-13	2013-15	2015-17
Account						
Motor Vehicle Account-State	108	0	322,988	322,988	0	0
-1						
Total \$		0	322,988	322,988	0	0

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jerry Long	Phone: 360-786-7306	Date: 02/09/2012
Agency Preparation: Sally McVaugh	Phone: (360) 902-3642	Date: 02/14/2012
Agency Approval: Sam Knutson	Phone: (360) 902-3644	Date: 02/14/2012
OFM Review: Jim Albert	Phone: (360) 902-0419	Date: 02/14/2012

Request # 2751 SHB-2

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 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years					
E-Goods and Services		322,988	322,988		
Total:	\$0	\$322,988	\$322,988	\$0	\$0

III. C - Expenditures By Program (optional)

Program	FY 2012	FY 2013	2011-13	2013-15	2015-17
Information Services (200)		322,988	322,988		
Total \$		322,988	322,988		

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.

Part II: Explanation

This bill authorizes counties to assess a motor vehicle excise tax and counties and cities to assess vehicle license fees.

SHB 2751 differs from HB 2751. It allows Transportation Benefit Districts that have already established an up to \$20 vehicle fee to increase it to up to \$40. It clarifies that the surcharge mentioned in the original bill is a motor vehicle excise tax and that the motor vehicle excise tax must use existing valuation tables in RCW 82.44.035.

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

Section 2 amends RCW 36.73.065 by authorizing districts (cities and/or counties) which include all territory within a jurisdiction to establish up to a \$40 vehicle license fee.

Section 3 (1) revises RCW 82 .80 to allow a county to impose a motor vehicle excise tax of up to 1% of the value of vehicles registered to residents of the county, but specifically exempts vehicles weighing more than 6,000 pounds, farm vehicles, fixed load vehicles, and commercial trailers. The tax is to be based on the valuation schedules in RCW 82.44.035.

Section 3 (2) requires counties imposing the motor vehicle excise tax to contract with the Department of Licensing (DOL) for collection and administration expenses incurred by DOL.

Section 3 (5) requires counties to impose the motor vehicle excise tax within one year from the effective date of this section. If the county does not impose the tax, transit systems within the county may impose half the motor vehicle excise tax.

Section 4 amends RCW 82.80.010 by authorizing counties to impose a fuel tax of one cent, two cents, or three cents on each gallon of motor vehicle fuel.

Section 5 establishes an effective date of January 1, 2013.

II. B – Cash Receipt Impact

The cash receipts for this bill are indeterminate. It is unknown how many districts will impose the vehicle license fee. It is also unknown what the fee will be because it is a variable fee up of to \$40 per vehicle.

It is also unknown how many counties will impose the up to 1% local motor vehicle excise tax authorized in Section 3. The tax will be based on the valuation schedules in RCW 82.44.035.

II. C – Expenditures

DOL will build and test the agency's computer systems to accommodate the vehicle license fee and the motor vehicle excise tax as part of the implementation of this bill. The Vehicle Headquarters System Renewal Processes, the Vehicle Field System, the Vehicle Fee Distribution System, the Revenue Refunds and Valuation Systems, and the Vehicle Internet Tab Renewal System will all require programming. The Information Services Division will need to hire application programmers for 16.5 months for project support to assist internal staff also working on the project. The cost is projected to be \$322,988 including a twenty-five percent project contingency.

Any new vehicle license fees and vehicle surcharges imposed will increase DOL's online credit card costs. Since the revenue for this bill is indeterminate, the credit card costs are also indeterminate.

Part III: Expenditure Detail

III. A – Expenditures by Object or Purpose

	FY 12	FY 13	11-13 Total	13-15 Total	15-17 Total
FTE Staff Years					
Goods and Services		322,988	322,988		
TOTAL		322,988	322,988		

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

Object E Breakdown:	<u>FY 12</u>	<u>FY 13</u>	<u>11-13 Total</u>	<u>13-15 Total</u>	<u>15-17 Total</u>
ER Application Programmers		322,988	322,988		
Total Goods & Svcs		322,988	322,988		

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

III. B – Expenditures by Program (optional)

Program	FY 12	FY 13	11-13 Total	13-15 Total	15-17 Total
100 - Mgmt & Support Services					
200 - Information Services		322,988	322,988		
300 - Customer Relations					
600 - Programs & Services					
700 - Business & Professions					
<i>Total</i>	-	322,988	322,988	-	-

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

None

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 2751 S HB H.4200.1	Title: Local transportation revenue
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities: Potential increased revenue for cities within counties that choose to impose a motor vehicle excise tax
- Counties: Potential increased revenue for counties that choose to impose a motor vehicle excise tax
- Special Districts: Potential increased revenue for transportation districts and transit systems
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: Imposing or increasing taxes or fees
- Key variables cannot be estimated with certainty at this time: The number of jurisdictions that would impose or increase transportation-related taxes or fees; the amount of revenue that would be collected

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Jaime Kaszynski	Phone: 360-725-2717	Date: 02/16/2012
Leg. Committee Contact: Jerry Long	Phone: 360-786-7306	Date: 02/09/2012
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 02/16/2012
OFM Review: Jim Albert	Phone: (360) 902-0419	Date: 02/16/2012

Part IV: Analysis

A. SUMMARY OF BILL

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

CHANGES FROM PREVIOUS BILL VERSION:

The current bill version clarifies that TBDs with existing vehicle license fees may increase those fees to up to \$40 by majority vote, authorizes transit systems to impose an MVET if the county has not within a year of the bill's effective date, and limits the motor vehicle fuel tax that may be imposed by a county to 3 cents per gallon.

SUMMARY OF CURRENT BILL VERSION:

Section 2 provides the local option for a transportation benefit district to impose a vehicle fee of up to \$40, or increase an existing fee to up to \$40, by a majority vote of the governing board.

Section 3 provides the local options for a county to impose a countywide local motor vehicle excise tax (MVET) of up to 1 percent of the value of vehicles in the county for transportation projects. Department of Licensing (DOL) would administer and collect the local MVET. Counties that impose the tax must negotiate an interlocal agreement with cities and the transit agency within the county to distribute a portion of the revenues to the cities and transit agency. Counties must distribute a maximum of \$20 per vehicle in each city for the cities to use on local road operations and maintenance needs. The interlocal agreement must in effect prior to the imposition of the tax. The interlocal agreement is effective when approved by the county and 60 percent of the cities within the counties, or when approved by the county and by cities representing 75 percent of the population of the cities within the county. If the county has not imposed this tax within a year after the effective date of the section, a transit system within the county could impose a 0.5 percent MVET. However, if more than one transit system serves a county, either all would need to impose the tax or none could. Thereafter, counties could only impose up to a 1 percent MVET to the extent transit systems had not.

Section 4 amends RCW 82.80.010 to limit the tax that on motor vehicle fuel that may be imposed by counties to one, two or three cents per gallon (rather than 10 percent of the state tax).

Section 5 sets the effective date as January 1, 2013.

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.

CHANGES FROM PREVIOUS BILL VERSION:

Please see the Revenue section.

SUMMARY OF EXPENDITURE IMPACTS OF CURRENT BILL VERSION:

This bill would not result in additional local government expenditures, beyond those made possible as a result of additional revenue. Department of Licensing would collect and distribute the additional vehicle fee and the MVET, if imposed.

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.

CHANGES FROM PREVIOUS BILL VERSION:

The current bill version clarifies that TBDs with existing vehicle license fees may increase those fees to up to \$40 by majority vote, authorizes transit systems to impose an MVET if the county has not within a year of the bill's effective date, and limits the motor vehicle fuel tax that may be imposed by a county to 3 cents per gallon. Revenue impacts remain indeterminate.

SUMMARY OF REVENUE IMPACTS OF CURRENT BILL VERSION:

The proposed legislation would provide counties and transportation benefit districts (TBDs) with increased revenue authority. Actual revenue impacts would depend on the number of jurisdictions acting on the expanded authority, so cannot be determined, but would

potentially be substantial (greater than \$1 million per year).

Vehicle License Fee

It is not known how many transportation benefit districts would increase their vehicle license fee or by how much they would increase it, therefore revenue impacts from this section cannot be reasonably estimated. The following examples are provided as an illustration of existing revenue, based on a \$20 vehicle license fee:

- The Des Moines Transportation Benefit District collected approximately \$380,000 in 2010.
- The Edmonds Transportation Benefit District collected an estimated \$700,000 in 2009.
- The Lynwood Transportation Benefit District estimates revenues of \$420,000 per year.
- The Olympia Transportation Benefit District collected \$675,000 in 2011.

Motor Vehicle Excise Tax

It is not known how many counties, or transit systems, would implement a MVET, or at what rate the MVETs would be set, so overall revenue impacts cannot be estimated. Data from the Department of Licensing indicates that the value of vehicles that would potentially be subject to the MVET tax totals \$37.6 billion statewide. One percent of this amount is \$375 million, however actual revenue impacts would likely be much smaller. Possible impacts by county for the full 1 percent MVET would range from under \$1 million each for the state's smaller counties to over \$10 million each for the state's largest counties.

Motor Vehicle Fuel Tax

This section reduces current revenue authority. The state motor vehicle fuel tax rate exceeds 30 cents per gallon, therefore the 3 cent per gallon cap that would apply to counties is less than they could currently levy. However, the Department of Revenue indicates that no counties currently collect this tax so no revenue reductions are anticipated. Revenue increases, if any, would depend on future actions by cities and counties, so cannot be determined.

SOURCES:

- Department of Licensing
- Department of Licensing fiscal note
- Department of Revenue
- Des Moines, Lynwood, Olympia, and Edmonds transportation district websites