

Multiple Agency Fiscal Note Summary

Bill Number: 1726 S HB	Title: Vehicle registration renewal
-------------------------------	--

Estimated Cash Receipts

Agency Name	2013-15		2015-17		2017-19	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Licensing	0	28,663,800	0	43,868,100	0	42,364,700
Total \$	0	28,663,800	0	43,868,100	0	42,364,700

Estimated Expenditures

Agency Name	2013-15			2015-17			2017-19		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Licensing	.7	0	748,557	.2	0	1,205,045	.2	0	953,578
Total	0.7	\$0	\$748,557	0.2	\$0	\$1,205,045	0.2	\$0	\$953,578

Local Gov. Courts *									
Local Gov. Other **	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Impact

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

Prepared by: Jim Albert, OFM	Phone: (360) 902-0419	Date Published: Preliminary 3/ 5/2013
-------------------------------------	---------------------------------	---

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 34891

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 1726 S HB	Title: Vehicle registration renewal	Agency: 240-Department of Licensing
-------------------------------	--	--

Part I: Estimates



No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2014	FY 2015	2013-15	2015-17	2017-19
Motor Vehicle Account-State 108-1	9,209,500	19,936,000	29,145,500	44,501,000	43,088,400
Multimodal Transportation Account-State 218-1	(122,300)	(359,400)	(481,700)	(632,900)	(723,700)
Total \$	9,087,200	19,576,600	28,663,800	43,868,100	42,364,700

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	0.7	0.7	0.7	0.2	0.2
Account					
Motor Vehicle Account-State 108-1	324,157	424,400	748,557	1,205,045	953,578
Total \$	324,157	424,400	748,557	1,205,045	953,578

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

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: 03/04/2013
Agency Preparation: Sally McVaugh	Phone: (360) 902-3642	Date: 03/05/2013
Agency Approval: Sam Knutson	Phone: (360) 902-3644	Date: 03/05/2013
OFM Review: Jim Albert	Phone: (360) 902-0419	Date: 03/05/2013

Request # 1726 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 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	0.7	0.7	0.7	0.2	0.2
A-Salaries and Wages	32,050	32,050	64,100	28,448	28,448
B-Employee Benefits	11,948	11,948	23,896	8,498	8,498
E-Goods and Other Services	273,009	380,402	653,411	1,168,099	916,632
J-Capital Outlays	7,150		7,150		
Total:	\$324,157	\$424,400	\$748,557	\$1,205,045	\$953,578

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 2014	FY 2015	2013-15	2015-17	2017-19
Cust Serv Spec 2	35,652	0.5	0.5	0.5		
Economic Analyst 3	67,668	0.2	0.2	0.2	0.2	0.2
Total FTE's	103,320	0.7	0.7	0.7	0.2	0.2

III. C - Expenditures By Program (optional)

Program	FY 2014	FY 2015	2013-15	2015-17	2017-19
Mgmt & Support Services (100)	228,069	577,489	805,558	1,570,677	1,319,210
Information Services (200)	150,768	908	151,676	1,816	1,816
Customer Relations (300)	(54,680)	(153,997)	(208,677)	(367,448)	(367,448)
Total \$	324,157	424,400	748,557	1,205,045	953,578

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.

Due to the language removal in sections 5 and 6, WAC 308-96A-021 will need to be amended.

Part II: Explanation

This bill requires the Department of Licensing (DOL) to provide an education and marketing campaign regarding the benefits derived from the \$5 State Parks donation. Additional requirements are as follows:

- Imposes an additional \$1.25 fee for license plates at each vehicle registration. The fee does not replace but is in addition to the replacement plate fees due when plates are replaced.
- Creates a voluntary replacement fee.
- Eliminates the periodic replacement requirement for license plates.
- Requires the replacement of plates upon transfer of vehicle ownership.
- Allows registered owners to retain their plates and place them on a replacement vehicle of the same use.
- Allows discontinued special plates to potentially remain on vehicles indefinitely.

Note: This bill differs from HB 1726.

- It eliminates the seven year mandatory replacement of vehicle license plates whereas the original bill moved plate replacement to ten years.
- It allows configuration retention upon replacement but the original bill allowed it only at the ten year replacement.
- It does not allow an accumulation of the \$1.25 plate fee when registration periods are lapsed.
- It does not increase the replacement plate fee by \$2.50 per plate.
- It does not require DOL to sell fasteners and collect sales tax.

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

Section 1 requires DOL to provide education about and market the benefits that are derived from the \$5 State Parks donation.

Section 2 (8) requires standard issue plates to be replaced upon change in ownership. It allows the owner to retain the plates for a replacement vehicle of the same use by requiring all other taxes and fees due upon change in ownership to be paid in addition to the license plate transfer fee.

Section 2 (9) allows “voluntary” application for a replacement plate at any time the owner chooses and pays the appropriate fee.

Section 2 (10) is deleted and eliminates the periodic replacement of vehicle license plates.

Section 2 (10 new) allows DOL to adopt rules to implement Section 2.

Section 3 amends RCW 46.17.200 by adding a voluntary replacement fee of \$12.50 to the list of license plate fees.

Section 4 creates a license plate fee of \$1.25 per plate to be collected before accepting an application for vehicle registration renewal. The fee is to be deposited into the Motor Vehicle Account.

Section 5 amends RCW 46.18.130 and section 6 amends RCW 46.18.140 by removing the language that states discontinued plates are valid until replaced.

Section 7 makes this act applicable to vehicle registrations that are due or become due on or after January 1, 2014.

<u>Workload Indicator</u>	<u>FY 14</u>	<u>FY 15</u>	<u>13-15 Total</u>	<u>15-17 Total</u>	<u>17-19 Total</u>
Req Replacement 2-plts	(5,720,000)	(10,425,400)	(16,145,400)	(18,532,400)	(20,792,400)
Req Replacement 1-plt	(458,500)	(874,100)	(1,332,600)	(1,460,200)	(1,678,600)
Req Replacement MC	(61,500)	(110,500)	(172,000)	(177,500)	(213,100)
Reflectivity 2-plts	341,000	888,400	1,229,400	2,338,300	1,999,800
Reflectivity 1-plt	(18,000)	(27,100)	(45,100)	8,000	(29,900)
Reflectivity MC	1,300	9,100	10,400	42,200	26,800
Plate Number Retention	(122,300)	(359,400)	(481,700)	(632,900)	(723,700)
Change in Ownership 2-plts	7,433,600	14,867,200	22,300,800	30,224,400	30,791,200
Change in Ownership 1-plt	369,100	738,200	1,107,300	1,500,700	1,529,000
Change in Ownership MC	64,400	128,800	193,200	261,800	266,700
Annual Plate Fee 2-plts	6,719,300	13,646,200	20,365,500	28,033,900	28,825,500
Annual Plate Fee 1-plt	402,500	815,400	1,217,900	1,677,000	1,742,600
Annual Plate Fee MC	136,300	279,800	416,100	584,800	620,800

Note: The workload table above represents the revenue impact by transaction type. The cash receipt table below represents the same total revenue impact, displayed by account/fund.

II. B – Cash Receipt Impact

This bill will have an impact on cash receipts. DOL assumes the following:

- Vehicle owners will replace their license plates when transferring ownership of their vehicle.
- The reflectivity fee would still be charged for plate issues at the current rate of \$2 per plate.
- The current seven year mandatory replacement cycle is eliminated. Some vehicle owners will still pay to retain their plate number but the amount will be smaller due to the elimination of the mandatory plate replacement cycle.
- A license plate fee of \$1.25 per plate will be collected before accepting an application for vehicle registration renewal. Vehicles not subject to this annual fee are trucks over 26,000 pounds, combination license fee trailers, prorate motor vehicles, restored and antique vehicles, exempt vehicles, off road vehicles, and snowmobiles. The distribution of trucks by specific weight and the forecast of vehicle registrations by use class were provided by the Washington State Department of Transportation Forecasting Office.
- Currently, the term “Voluntary replacement plates” refers to any plate replaced sooner than the 7-year plate replacement cycle no matter the reason. Under this bill, if a plate is replaced because it is illegible, destroyed, lost, or stolen the current replacement plate fees of \$10 per plate, and \$4 for motorcycles would apply. However, if the plate is replaced for some other reason such as the vehicle owner does not want the plate number, a voluntary plate replacement fee of \$12.50 would be assessed. It seems unlikely that vehicle owners would opt to pay a higher fee to replace these plates rather than a lower fee. Therefore, it is assumed that there would be no change to the current forecast of voluntary replacement plate revenues and that the plates replaced would continue at the current fees rather than an increased fee of \$12.50 per plate.
- The effective date is January 1, 2014. Fiscal Year 2014 reflects a half year of revenue.
- The November 2012 forecasts for vehicle registration, plate reflectivity, and plate replacement as adopted by the Transportation Revenue Forecast Council in November 2012 were used to estimate revenue and workload impacts. Change of ownership data was provided by DOL's Research and Planning Office.

<u>Cash Receipts</u>	<u>FY 14</u>	<u>FY 15</u>	<u>13-15 Total</u>	<u>15-17 Total</u>	<u>17-19 Total</u>
Motor Vehicle Account	9,209,500	19,936,000	29,145,500	44,501,000	43,088,400
Multi Modal Account	(122,300)	(359,400)	(481,700)	(632,900)	(723,700)
Total Revenue	9,087,200	19,576,600	28,663,800	43,868,100	42,364,700

II. C – Expenditures

The expenditures for this bill include computer programming, staffing, license plates, tabs, and postage. DOL will not have expenditures related to the requirement in Section 1 to provide education and marketing of the \$5 State Parks donation. State Parks has agreed that DOL already complies with this requirement through the information contained on renewal notices and on DOL's internet site.

DOL's information technology systems are programmed to automatically have either Correctional Industries, county auditors or their subagents send replacement plates and charge the corresponding fee every seven years. Thus, stopping this practice will require programming of DOL's information technology systems. The Information Services Division will need to hire contract programmers to modify department information technology systems to accomplish the requirements of this bill.

For specific transactions, programming code currently calculates the age of a plate based on when it was issued. When the plate reaches the age of mandatory replacement, a "flag" in the system is set and is used not only on specific Vehicle Field System (VFS) transactions, but also on Internet Payment Option transactions, and carried throughout the transaction to trigger an edit requiring a replacement plate to be purchased. On the Vehicle Headquarters System, the age of plate calculation is performed when pricing for selected renewal notices. When the system notes the need for plate replacement, it adds the fee to the notice as well as wording to tell the customer a replacement plate is needed. In addition, all reports for fee distribution and other business-related reports need to be modified.

Additionally, computer systems will need to be programmed to accommodate the new transfer of ownership transactions, charging for new plates on title transfers, adding exemptions for new replacement plates, and modifying pricing including the new charge of \$1.25 per plate at the time of registration renewal.

The systems impacted are the vehicle field system (VFS), vehicle headquarters system (VHS), internet payment option (IPO), and the DOL revenue systems. The agency will hire contract programmers in Fiscal Year 2014 for 5 months to accomplish the work. Detail of information systems modifications, contract rates, and costs are provided in the table below.

The cost for programming and testing of DOL's computer systems is estimated to take 7 months of contractor time. The work will involve programming of the vehicle field system (VFS), vehicle headquarters system (VHS), internet payment option (IPO), IPO help desk, DOL revenue system, and various other applications. The agency will hire contract programmers to accomplish the work. Detail of information systems modifications, contract rates, and costs are provided in the table below.

Breakdown of startup costs:

Cost Category	Description	Months	Rate	Cost
Contract IS Project Manager	Manage schedule and contracts	1.0	\$26,100	\$26,100
Contract IS Project Analyst	Determine business requirements. Translate requirements into what changes need to be made to the various computer systems, including such items as new account codes, new inventory codes, testing considerations, etc.	1.5	\$22,620	\$33,930
Contract IS Project Developers and Testers	Modifying programming and coding to all major vehicles-related and revenue-related systems, including Headquarters/Field Systems and Internet. Test to verify individual	4.5	\$16,878	\$75,951

	components meet the requirements, and that other business transactions have not been impacted.			
Project Contingency	OCIO designated rate of 10%			\$13,599
		7.0		\$149,580

DOL will have cost savings from purchasing fewer license plates and tabs due to eliminating mandatory plate replacement. However, these savings are offset by a greater number of plates and tabs that will be purchased for the new requirement of replacing plates at the time of ownership transfer. The cost for the increased plates and tabs is \$767,192 in the 2015 Biennium.

There will be postage savings from not mailing plates to customers due to the elimination of mandatory plate replacement. Part of this savings is offset by any mailings resulting from the plate replacements from transfers of ownership. The postage savings for the 2015 Biennium are estimated at \$275,586. There will be no staff savings for DOL because all plate replacement mailings are done either by Correctional Industries or by County Auditors, Agents, and their subagents.

Due to the expected increase in calls to DOL's Customer Service Center regarding the required purchase of new plates at the time of ownership transfer, an additional Customer Service Specialist 2 (CSS2) will be needed. A 0.5 CSS2 FTE will be needed in the first two years of the new requirement.

DOL's Forecasting Unit will need an Economic Analyst 3 (0.2 FTE) ongoing. This bill will create two new revenue forecasts that need to be presented to Transportation Revenue Forecast Council and reported to OFM on a quarterly basis. They are the change of ownership transactions and the associated plate revenue and the \$1.25 per plate fee for all annual registration renewals. These two new revenue streams will generate an expected additional revenue of \$28 million the first biennium and \$40 million each of the following biennia.

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 14	FY 15	13-15 Total	15-17 Total	17-19 Total
FTE Staff Years	0.7	0.7	0.7	0.2	0.2
Salaries and Wages	32,050	32,050	64,100	28,448	28,448
Employee Benefits	11,948	11,948	23,896	8,498	8,498
Goods and Services	273,009	380,402	653,411	1,168,099	916,632
Equipment	7,150		7,150		
TOTAL	324,157	424,400	748,557	1,205,045	953,578

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

Object E Breakdown:	FY 14	FY 15	13-15 Total	15-17 Total	17-19 Total
EA Plates & Tabs	208,886	558,306	767,192	1,532,311	1,280,844
EA Office Supplies	525	525	1,050	300	300
EB Postage	(91,862)	(183,724)	(275,586)	(367,448)	(367,448)
EB Phone/Install/Usage	575	270	845		
ED Facility/Lease Costs	4,189	4,189	8,378	2,394	2,394
EG Training	372	372	744	212	212
EL Interagency DP Svcs	244	244	488	140	140
EN Personnel Services	220	220	440	190	190
ER Application Programmers	149,580		149,580		
EY Software Maintenance	280		280		
Total Goods & Svcs	273,009	380,402	653,411	1,168,099	916,632

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

Job Classification	Salary	FY 14	FY 15	13-15 Total	15-17 Total	17-19 Total
Cust Serv Spec 2	35,652	0.5	0.5	0.5	0.0	0.0
Economic Analyst 3	67,668	0.2	0.2	0.2	0.2	0.2
Total FTEs		0.7	0.7	0.7	0.2	0.2

III. B – Expenditures by Program (optional)

Program	FY 14	FY 15	13-15 Total	15-17 Total	17-19 Total
100 - Mgmt & Support Services	228,069	577,489	805,558	1,570,677	1,319,210
200 - Information Services	150,768	908	151,676	1,816	1,816
300 - Customer Relations	(54,680)	(153,997)	(208,677)	(367,448)	(367,448)
600 - Programs & Services					
700 - Business & Professions					
<i>Total</i>	324,157	424,400	748,557	1,205,045	953,578

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

Due to the language removal in sections 5 and 6, WAC 308-96A-021 will need to be amended.