

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2663 HB	<b>Title:</b> Tow truck operators
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## Estimated Cash Receipts

Agency Name	2013-15		2015-17		2017-19	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Administrative Hearings	0	15,120	0	30,240	0	30,240
Department of Licensing	Non-zero but indeterminate cost. Please see discussion."					
<b>Total \$</b>	<b>0</b>	<b>15,120</b>	<b>0</b>	<b>30,240</b>	<b>0</b>	<b>30,240</b>

## Estimated Expenditures

Agency Name	2013-15			2015-17			2017-19		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Administrative Hearings	.1	0	15,120	.1	0	30,240	.1	0	30,240
Washington State Patrol	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Licensing	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total</b>	<b>0.1</b>	<b>\$0</b>	<b>\$15,120</b>	<b>0.1</b>	<b>\$0</b>	<b>\$30,240</b>	<b>0.1</b>	<b>\$0</b>	<b>\$30,240</b>

## Estimated Capital Budget Impact

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

<b>Prepared by:</b> Veronica Jarvis, OFM	<b>Phone:</b> (360) 902-0649	<b>Date Published:</b> Final 1/29/2014
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID: 36688

FNS029 Multi Agency rollup

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2663 HB	<b>Title:</b> Tow truck operators	<b>Agency:</b> 110-Office of Administrative Hearings
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2014	FY 2015	2013-15	2015-17	2017-19
Administrative Hearings Revolving Account-State 484-1		15,120	15,120	30,240	30,240
<b>Total \$</b>		15,120	15,120	30,240	30,240

### Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	0.0	0.1	0.1	0.1	0.1
<b>Account</b>					
Administrative Hearings Revolving Account-State 484-1	0	15,120	15,120	30,240	30,240
<b>Total \$</b>	0	15,120	15,120	30,240	30,240

### 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: 01/23/2014
Agency Preparation: Jane Habegger	Phone: 360-407-2756	Date: 01/28/2014
Agency Approval: Larry Dzieza	Phone: 360-407-2717	Date: 01/28/2014
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 01/28/2014

## 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.*

HB 2663 requires the Department of Licensing (DOL) to license tow truck operators not currently regulated by chapter 46.55 RCW.

Section 11 of the bill provides that the Director of the DOL or the Chief of the Washington State Patrol may use a hearing officer or an Administrative Law Judge to preside over administrative hearings generated by this bill.

Administrative Law Judges are employed by the Washington State Office of Administrative Hearings (OAH).

The DOL has informed us that they had 48 complaints under chapter 46.55 RCW, regulating Tow Truck Operators, which went to administrative action in calendar year 2013. Of these approximately 30% proceeded to a formal administrative hearing under chapter 34.05 RCW. That is 14 administrative hearings per year.

Assuming that 14 hearings per year are referred to the OAH for an administrative hearing, the cost will be \$15,120 per year. This is based on a billable rate of \$120 per hour for ALJ time, inclusive, and 9 hours for the entire hearing process or \$1,080 per hearing.

The DOL has also informed us that the number of individuals licensed by HB 2663 could be as much as twice the number of individuals covered by chapter 46.55 RCW. This could result in up to double the number of administrative hearings, or 28 hearings per year. If this occurs, the cost would be \$30,240 per year.

Because bills enacted in the 2014 Legislative Session will take effect June 12, 2014, there will be no costs the first fiscal year.

### 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.*

OAH estimates each case will, on average, require 9 hours and that there will be 14 cases each year. Based on the OAH rate of \$120 per ALJ hour it is estimated that \$15,120 would be billed each year beginning in FY15.

### 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.*

Expenditures assume that the average time per case is 9 hours of ALJ time for each case and 14 cases will be held each year. At the agency billing rate of \$120 an hour the estimated cost is \$15,120. The FTE effect rounds to .1 FTE beginning in FY2015.

OAH assumes no cost during the first year as bills enacted into law during the regular session of the 2014 Legislature will take effect some time after June 12, 2014.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years		0.1	0.1	0.1	0.1
A-Salaries and Wages		8,492	8,492	16,984	16,984
B-Employee Benefits		3,023	3,023	6,046	6,046
C-Professional Service Contracts					
E-Goods and Other Services		2,930	2,930	5,860	5,860
G-Travel		154	154	308	308
J-Capital Outlays		521	521	1,042	1,042
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total:</b>	\$0	\$15,120	\$15,120	\$30,240	\$30,240

**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
Administrative Law Judge 3	6,685		0.1	0.1	0.1	0.1
<b>Total FTE's</b>	6,685		0.1	0.1	0.1	0.1

## 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.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2663 HB	<b>Title:</b> Tow truck operators	<b>Agency:</b> 225-Washington State Patrol
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

### 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: 01/23/2014
Agency Preparation: Kathy Longbotham	Phone: 360-596-4067	Date: 01/29/2014
Agency Approval: Bob Maki	Phone: (360) 596-4045	Date: 01/29/2014
OFM Review: Cheri Keller	Phone: 360-902-0563	Date: 01/29/2014

Request # 0048-1

## 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.*

This bill requires tow truck operators not currently regulated under RCW 46.55 to obtain a license to operate and prescribes penalties for failure to do so. In order to obtain the license, the operator must obtain a certificate of inspection from the Washington State Patrol (WSP) which involves WSP Tow/Wrecking personnel to personally visit the operator's physical location to inspect any tow vehicles they will be using as well as ensure compliance with regulations. WSP performs annual inspections thereafter.

The WSP's Commercial Vehicle Division (CVD) of the Commercial Vehicle Enforcement Bureau (CVEB) is currently responsible for inspecting approximately 454 registered tow truck operators, utilizing twelve inspectors. This bill would require the CVD to inspect currently unregistered tow truck operators as well, increasing the number of inspectors required to perform the additional inspections. Currently unregistered operators include auto dealerships, repair shops, and any other business that tows vehicles for monetary compensation but does not engage in towing as its primary business purpose.

### 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.*

There are no cash receipts to WSP as a result of this proposed 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.*

Given that the population of currently unregistered tow truck operators is unknown, an estimate of the bill's impact to the WSP cannot be computed.

CVD currently has twelve inspectors who are responsible for inspection of approximately 454 registered tow truck operators which equates to approximately 38 inspections per inspector per year. The initial inspections take an average of about 5 hours to complete. Initial inspections focus on trucks, the facility and compliance with guidelines. Subsequent annual inspections focus more on compliance with required documentation and record keeping. As the number of unregistered tow operators increases, the number of inspectors would have to increase accordingly for WSP to perform the required inspections. In addition to the cost of a trooper, the Motor Carrier Safety Division (MCSD - the division tasked with administering the tow/wrecking program) would require an additional secretary senior to handle the additional sanction requests submitted by the new inspector(s) if the workload increased significantly.

Inspections are performed by WSP CVD troopers. The cost to add one CVD trooper is as follows:

Training and outfitting: \$150,000 (includes a vehicle, uniforms, gun, radios, etc.)

Additional training for a Commercial Vehicle Safety Alliance (CVSA) inspector: \$10,500

Salary/benefits for a CVSA qualified trooper: \$88,000 per year

Supplies/materials, phone, etc.: \$23,000.

If an additional senior secretary is required, the costs would be as follows:

Salaries/benefits: \$50,400

Goods/services, equipment: \$17,000 the first year and \$7,000 in subsequent years (goods/services and equipment include supplies and materials, phone, professional development, computer licenses and computer work station).

Rulemaking costs would include Government and Media Relations personnel (8.5 hours), Subject Matter Experts (SME) (16 hours), and various personnel involved in review of proposed regulations (2.5 hours). The Attorney General would also have to review any new rules but the time required for such review is indeterminate at this time. The estimated cost for such rule making would be approximately \$1,200.

The bill also makes provision for WSP to use a hearing officer or administrative law judge (ALJ) for presiding over a hearing regarding licensing provisions. The state funds the Office of Administrative Hearings (OAH) but the OAH may charge for its services if a financial need exists (RCW 34.12.160). The WSP has used hearing officers or ALJs infrequently over the years and we do not expect this bill to increase the need for their services so no cost has been estimated for those services.

### **Part III: Expenditure Detail**

### **Part IV: Capital Budget Impact**

NONE

Passage of this bill will not impact WSP's capital budget.

### **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.*

Section 12 requires the Director of the Department of Licensing, in cooperation with the WSP, to adopt rules to carry out the provisions and intent of the chapter. Since the guidelines put forth in the new sections set forth similar requirements that exist now for registered tow truck operators, the rulemaking may not be extensive. If additional rule making is required, input will be needed from the Government and Media Relations Legislative Analyst and the CVD Captains as well as the subject matter expert. Reviews will be needed by the MCSD and CVD Captains, the CVEB Assistant Chief, the Deputy Chief and/or Chief, and the Risk Management Division Commander. The Attorney General would also have to review any new rules or regulations.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2663 HB	<b>Title:</b> Tow truck operators	<b>Agency:</b> 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:

Non-zero but indeterminate cost. Please see discussion.

### 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.*

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- ☒ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/23/2014
Agency Preparation: Jill Rider	Phone: (360) 902-3943	Date: 01/29/2014
Agency Approval: Sam Knutson	Phone: (360) 902-3644	Date: 01/29/2014
OFM Review: Veronica Jarvis	Phone: (360) 902-0649	Date: 01/29/2014

Request # 2663 HB-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.*

### II. B - Cash receipts Impact

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

### II. C - Expenditures

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

## Part III: Expenditure Detail

## Part IV: Capital Budget Impact

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 creates a new chapter under Title 46 RCW to regulate tow truck operators that are not regulated under existing statute. This expands tow truck operator licensing through the establishment of a licensing, administrative, and regulatory program within the Department of Licensing (DOL).

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

Section 1 – describes applicability to include all non-registered tow truck operators (those regulated under chapter 46.55 RCW) and does not relieve operators from other licensing requirements such as vehicle wreckers.

Section 3 – establishes licensure requirement and allow the department to impose penalties.

Section 4 – sets the original license and an annual renewal fee at \$100 per company in addition to a \$50 fee per truck.

Section 5 – requires a vehicle permit or decal for each tow truck owned by the operator.

Section 8 – requires operators to file a fee schedule with the department.

Section 10 – requires all complaints, except equipment deficiencies, be forwarded to the department.

Section 11 – provides that a DOL or the Washington State Patrol (WSP) hearings officer or administrative law judge may preside over a hearing.

Section 12 – provides the department rule making authority.

Section 13 – provides penalties to include licensure denial, suspension, or revocation and monetary penalty.

Section 14 – provides the authority to issue a cease and desist order.

Section 15 – provides the authority for the refusal of licensure.

### **II. B – Cash Receipt Impact**

The cash receipt impact for this bill is indeterminate.

Section 1 applies to all tow truck operators not currently required to be licensed under RCW 46.55. This would encompass tow truck operators that do not have authority to impound but tow a vehicle for compensation or at the request of the registered owner. The department does not have data on how many businesses that would include.

### **II. C – Expenditures**

The expenditure impact for this bill is indeterminate as the department does not have data on how many businesses would be impacted by this legislation.

The Information Services Division (ISD) will need to program and test the DOL computer systems to meet the requirements of this bill. The system impacted is the Business and Professions Division, Dealers Regulatory System (DRS). The work estimated for this is estimated at approximately two weeks at a cost of under \$10,000 for contract programmers.

The department assumes there will be a workload impact related to this bill along with an increase in investigations and audits. As such, the department estimates that there would be an increase in staffing levels, travel costs related to investigations, and Attorney General time for rulemaking activities as well as

increased hearings. In addition, costs would be anticipated for staff related items such as facilities, telephones, and general office supplies.

### **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.

### **Part IV: Capital Budget Impact**

None

### **Part V: New Rule Making Required**

Rulemaking would be required.