

# Multiple Agency Fiscal Note Summary

**Bill Number:** 6494 E S SB

**Title:** Vehicle licensing

## Estimated Cash Receipts

| Agency Name             | 2001-03   |            | 2003-05   |            | 2005-07   |            |
|-------------------------|-----------|------------|-----------|------------|-----------|------------|
|                         | GF- State | Total      | GF- State | Total      | GF- State | Total      |
| Department of Licensing | 0         | 43,429,600 | 0         | 57,362,383 | 0         | 14,390,111 |
| <b>Total \$</b>         | 0         | 43,429,600 | 0         | 57,362,383 | 0         | 14,390,111 |

|                     |  |           |  |             |  |             |
|---------------------|--|-----------|--|-------------|--|-------------|
| Local Gov. Courts * |  |           |  |             |  |             |
| Local Gov. Other ** |  | 2,738,251 |  | (1,449,517) |  | (5,836,559) |
| Local Gov. Total    |  | 2,738,251 |  | (1,449,517) |  | (5,836,559) |

## Estimated Expenditures

| Agency Name             | 2001-03 |          |           | 2003-05 |          |             | 2005-07 |          |             |
|-------------------------|---------|----------|-----------|---------|----------|-------------|---------|----------|-------------|
|                         | FTEs    | GF-State | Total     | FTEs    | GF-State | Total       | FTEs    | GF-State | Total       |
| Department of Licensing | 1.2     | 0        | 620,585   | 1.8     | 0        | (792,024)   | .0      | 0        | (977,306)   |
| Department of Ecology   | .0      | 0        | 0         | .0      | 0        | 0           | .0      | 0        | 0           |
| <b>Total</b>            | 1.2     | \$0      | \$620,585 | 1.8     | \$0      | \$(792,024) | 0.0     | \$0      | \$(977,306) |

|                     |               |  |  |  |  |  |  |  |  |
|---------------------|---------------|--|--|--|--|--|--|--|--|
| Local Gov. Courts * |               |  |  |  |  |  |  |  |  |
| Local Gov. Other ** | Indeterminate |  |  |  |  |  |  |  |  |
| Local Gov. Total    |               |  |  |  |  |  |  |  |  |

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**Prepared by:** Garry Austin, OFM

**Phone:**

360-902-0564

**Date Published:**

Final 3/13/2002

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

\*\* See local government fiscal note

# Individual State Agency Fiscal Note

|                                 |                                 |  |
|---------------------------------|---------------------------------|--|
| <b>Bill Number:</b> 6494 E S SB | <b>Title:</b> Vehicle licensing | <b>Agency:</b> 240-Department of Licensing |
|---------------------------------|---------------------------------|--|

## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

| FUND  | FY 2002 | FY 2003     | 2001-03     | 2003-05      | 2005-07      |
|---|---------|-------------|-------------|--------------|--------------|
| State Patrol Highway Account-State<br>081-1         |         | 15,090,998  | 15,090,998  | (10,872,259) | (35,723,674) |
| Recreational Vehicle Account-State 09               |         | 55,219      | 55,219      | 56,718       | 12           |
| Wildlife Account-State 104-1                        |         | 1,234,319   | 1,234,319   | 1,271,500    | 284          |
| Highway Safety Account-State 106-1                  |         |             |             | 96,834       | 99,890       |
| Motor Vehicle Account-State 108-1                   |         | 29,283,753  | 29,283,753  | 68,494,436   | 53,186,292   |
| Puget Sound Ferry Operations Account-State<br>109-1 |         | 1,408,461   | 1,408,461   | 1,888,342    | 636,053      |
| DOL Services Account-State 201-1                    |         | (3,924,514) | (3,924,514) | (4,034,753)  | (4,162,103)  |
| Multimodal Transportation Account-State<br>218-1    |         | 104,701     | 104,701     | 108,236      | 24           |
| Freshwater Aquatic Weeds Account-State<br>222-1     |         | 176,663     | 176,663     | 353,329      | 353,333      |
| <b>Total \$</b>                                     |         | 43,429,600  | 43,429,600  | 57,362,383   | 14,390,111   |

### Estimated Expenditures from:

|                                   | FY 2002 | FY 2003 | 2001-03 | 2003-05   | 2005-07     |
|-----------------------------------|---------|---------|---------|-----------|-------------|
| FTE Staff Years                   | 0.0     | 2.4     | 1.2     | 1.8       | 0.0         |
| <b>Fund</b>                       |         |         |         |           |             |
| Motor Vehicle Account-State 108-1 | 0       | 620,585 | 620,585 | (992,024) | (1,177,306) |
| DOL Services Account-State 201-1  | 0       | 0       | 0       | 200,000   | 200,000     |
| <b>Total \$</b>                   | 0       | 620,585 | 620,585 | (792,024) | (977,306)   |

*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: 03/10/2002 |
| Agency Preparation: Chris Freed | Phone: 360-902-3642 | Date: 03/11/2002 |
| Agency Approval: Larry Dzieza   | Phone: 360-902-3633 | Date: 03/13/2002 |
| OFM Review: Garry Austin        | Phone: 360-902-0564 | Date: 03/13/2002 |

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.

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 2002 | FY 2003   | 2001-03   | 2003-05     | 2005-07     |
|-------------------------------|---------|-----------|-----------|-------------|-------------|
| FTE Staff Years               |         | 2.40      | 1.2       | 1.8         |             |
| A-Salaries & Wages            |         | 95,764    | 95,764    | 133,387     |             |
| B-Employee Benefits           |         | 22,986    | 22,986    | 33,508      |             |
| C-Personal Serv Contr         |         |           |           |             |             |
| E-Goods and Services          |         | 491,100   | 491,100   | (1,158,919) | (1,177,306) |
| G-Travel                      |         | 10,735    | 10,735    |             |             |
| J-Capital Outlays             |         |           |           |             |             |
| M-Inter Agency Fund Transfers |         |           |           |             |             |
| N-Grants, Benefits Services   |         |           |           | 200,000     | 200,000     |
| P-Debt Service                |         |           |           |             |             |
| S-Interagency Reimbursement   |         |           |           |             |             |
| T-Intra-Agency Reimbursement  |         |           |           |             |             |
| Total:                        | \$0     | \$620,585 | \$620,585 | (\$792,024) | \$(977,306) |

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 2002 | FY 2003 | 2001-03 | 2003-05 | 2005-07 |
|-------------------------|--------|---------|---------|---------|---------|---------|
| Cust Serv Spec 2        | 30,468 |         | 1.0     | 0.5     | 1.0     |         |
| Financial Analyst 2     | 40,512 |         | 0.6     | 0.3     | 0.2     |         |
| IT Systems Specialist 4 | 57,252 |         | 0.4     | 0.2     | 0.1     |         |
| Veh Serv Liasion Off    | 41,064 |         | 0.5     | 0.3     | 0.5     |         |
| Total FTE's             |        |         | 2.4     | 1.3     | 1.8     | 0.0     |

III. C - Expenditures By Program (optional)

| Program                        | FY 2002 | FY 2003 | 2001-03 | 2003-05   | 2005-07        |
|--------------------------------|---------|---------|---------|-----------|----------------|
| Mgmt & Support Services (100)  |         | 38,787  | 38,787  | 41,267    | 32,011.00      |
| Information Services (200)     |         | 27,705  | 27,705  | 29,476    | 22,864.00      |
| Vehicle Services (300)         |         | 554,093 | 554,093 | (862,767) | (1,032,181.00) |
| Driver Services (600)          |         |         |         |           | 0.00           |
| Business and Professions (700) |         |         |         |           | 0.00           |
| Total \$                       |         | 620,585 | 620,585 | (792,024) | (977,306)      |

**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.*

## Part II: Explanation

This bill requires most vehicle owners to purchase two-year registrations for their vehicles.

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

The following fees are doubled to a 24-month registration period for registration fees that are due or become due on January 1, 2003 and thereafter (Sec 28):

- The license tab fee imposed in RCW 46.16.0621 (Sec 2).
- The recreational fee (campers, trailers, and motor homes) imposed in RCW 46.16.063 (Sec 3).
- The small trailer license fee imposed in RCW 46.16.065 (Sec 4).
- Gross weight fees imposed in RCW 46.16.070 for motor vehicles with a declared gross weight of 6,000 pounds or less (Sec 5).
- Additional licensing fees imposed in RCW 46.16.071 for trailers licensed under RCW 46.16.085 and motor vehicles with a declared gross vehicle weight of 6,000 pounds or less (Sec 6).
- The fixed load license fee imposed in RCW 46.16.079 (Sec 7)
- The commercial trailer license fee imposed in RCW 46.16.085 (Sec 8).
- Farm motor vehicles as defined in RCW 46.16.090 with a declared gross weight rating of 6,000 pounds or less are subject to two-year vehicle registration (Sec 9).
- Licensing fees for auto stage and for hire vehicles, except taxicabs (Sec 10).
- The original collegiate license plate and baseball stadium license plate fees go from \$40 to \$70. The current renewal fees are doubled (Sec 16).
- The camper license fee imposed by RCW 46.16.505 (Sec 17).
- Initial application fees and renewal application fees deposited into the State Wildlife Fund for personalized license plates, less the ten-dollar surcharge in RCW 46.16.060 (Sec 18).
- Additional personalized license plate fee deposited in the State Wildlife Fund. (Sec 19)
- Moped registration fees (Sec 20).
- Boat trailer fees deposited into the Aquatic Weed Account imposed by RCW 46.16.670 (Sec 21).
- Distributions of the biennial combined vehicle licensing fees deposited into the Multimodal Transportation Account and to counties. (Sec 23)
- Local option motor vehicle excise taxes (MVET) for transit and high occupancy vehicle programs. (Sec 25).
- The \$15 local license fee imposed by RCW 82.20.020 is increased to \$30. (Sec 26).

In addition, the following fees are changed as well as implemented on a biennial basis:

- Trailers and travel trailers are required to pay a \$60 registration fee. (Sec 2)
- The distribution of vehicle license fees deposited to the State Patrol Highway Account, Motor Vehicle Fund and the Puget Sound Ferry Operations Account are changed. The distribution of original vehicle license fees deposited into the State Patrol Highway Account is changed from the annual amount of \$22.60 (\$30-\$7.40) to the biennial amount of \$40.70. The bill also changes the annual distribution of renewal fee revenue to the State Patrol Highway account from \$26.60 (\$30-\$3.40) to the biennial amount \$40.70. The amount deposited in the Puget Sound Ferry Operations Account would be 27.3 percent of \$14.80 original fee and 27.3 percent of the \$6.80 renewal fee. The balance of the \$60 biennial license fee is deposited in the Motor Vehicle Fund. (Sec 22)
- County Auditor and subagent filing fees are changed from three dollars to five dollars for each transaction. In addition the 50 cent surcharge deposited into the Department of Licensing Services Account is eliminated. (Sec 27)

## **II. B – Cash Receipt Impact**

Revenue collections are impacted in the following ways:

- The major revenue impact from this legislation will be an increase of revenue to all the affected state and local funds in Fiscal Years 2003 and 2004. The out year revenue collections are impacted only by the projected population growth.
- The portion of the vehicle license fees currently deposited to the State Highway Patrol Account, the Puget Sound Ferry Operations Account and the Motor Vehicle Fund are increased as a result of the new \$60 registration fee on trailers.
- There will no longer be any revenue deposited into the Department of Licensing Services Account due to the elimination of the 50 cent surcharge on vehicle licensing transactions.

Revenue estimates in this fiscal note are based on the following assumptions:

### **Forecast and Growth Factors**

Revenue impact are based on the November 2001 forecast approved by the Transportation Revenue Forecast Council.

### **Implementation**

The primary effect of collecting all two-year renewals is a twelve month increase in receipts deposited into state and local accounts. This analysis assumes that conversion to a two year licensing cycle will be implemented in a manner to even out the workload and revenue stream. (Sec 14)

In the first twelve months of implementation, one-half of the vehicles will be issued one-year registrations, while the remaining one-half will be issued two-year registrations. During the next twelve months the one-year registrations issued the previous year will be issued a two-year registration. From that point on all registrations affected by this bill will be biennial. This staggered implementation crosses over two biennia (six months in Fiscal Year 2003 and six months in Fiscal Year 2004) with revenue impacts to both fiscal years.

### **Vehicle License Fee on Trailers**

This bill adds certain types of trailers to the number of vehicles required to pay the \$30 vehicle license fee. (Sec 4)

### **Distributions to the State Patrol Highway Account**

This bill changes the distribution of funds deposited to the State Patrol Highway Account, Motor Vehicle Fund and the Puget Sound Ferry Operations Account. (Sec 22)

Under current law, \$22.60 of original licensing fees (or \$30.00 minus \$7.40) and \$26.60 of renewal fees (or \$30.00 minus \$3.40) are deposited to the State Patrol Highway account. The remaining \$7.40 and \$3.40 are deposited as follows: The deposit to the Puget Sound Ferry Operations Account is 27.3 percent of the \$7.40 original fee and 27.3 percent of the \$3.40 renewal fee. The balance goes into the Motor Vehicle Fund. See example below:

#### **Current distribution of annual vehicle license fee:**

|                              | <u>Original</u> | <u>Renewal</u> |
|------------------------------|-----------------|----------------|
| Vehicle license fee:         | \$30.00         | \$30.00        |
| State Patrol Highway Account | 22.60           | 26.60          |
| Motor Vehicle Fund           | 5.38            | 2.47           |
| Puget Sound Ferry Operations | <u>2.02</u>     | <u>0.93</u>    |
| Total:                       | \$30.00         | \$30.00        |

Under this legislation the biennial amount deposited into the State Patrol Highway Account would now be \$40.70 of each original and renewal license fee. The amount deposited in the Puget Sound Ferry Operations Account would be 27.3 percent of the \$14.80 original fee and 27.3 percent of the \$6.80 renewal fee. The balance of the \$60 fee goes into the Motor Vehicle Fund. See example below:

#### **Proposed distribution of biennial vehicle license fee:**

|                              | <u>Original</u> | <u>Renewal</u> |
|------------------------------|-----------------|----------------|
| Vehicle license fee:         | \$60.00         | \$60.00        |
| State Patrol Highway Account | 40.70           | 40.70          |
| Motor Vehicle Fund           | 15.26           | 17.44          |
| Puget Sound Ferry Operations | <u>4.04</u>     | <u>1.86</u>    |
| Total:                       | \$60.00         | \$60.00        |

### **Distributions to Other Jurisdictions**

Revenue estimates to cities, towns and counties will be addressed in the Local Government fiscal note.

Revenue estimates on fees from special license plates include:

| <b>Type of Special Plate</b>  | <b>FY 03</b> | <b>01-03 Total</b> | <b>03-05 Total</b> | <b>05-07 Total</b> |
|-------------------------------|--------------|--------------------|--------------------|--------------------|
| University of Washington      | 71,576       | 71,576             | 73,770             | 2,282              |
| Washington State University   | 160,287      | 160,287            | 165,200            | 5,112              |
| Eastern Washington University | 6,884        | 6,884              | 7,095              | 219                |
| Western Washington University | 6,834        | 6,834              | 7,043              | 217                |
| Central Washington University | 6,398        | 6,398              | 6,594              | 203                |
| Evergreen State College       | 1,854        | 1,854              | 1,911              | 58                 |
| Baseball Stadium              | 106,536      | 106,536            | 109,801            | 3,397              |

## II. C – Expenditures

Temporary staff will be necessary to handle the additional workload in the first two years of implementation. Systems changes will be needed to recognize all the new biennial fees. Starting in Fiscal Year 2004 the inventory of new tabs and the cost to mail them will be reduced.

Three temporary FTEs will be needed in Fiscal Years 2003 and 2004 only. A Customer Service Specialist 2 (CSS2) and a Vehicle Service License Officer 2 (VSLO2) in Vehicles Field Support will handle the increased workload associated with implementing the two-year registrations as well as responding to questions from the department's agents and subagents. One (1.00) FTE CSS2 will be assigned to the Vehicle Licensing to handle the increased workload associated with assisting phone and letter questions from customers.

An additional expense of implementing a two-year registration is the increased cost to the department of paying counties "allowable costs reimbursement" for collecting vehicle registrations (RCW 46.01.140 (4) (b)). The county auditors continue to receive a fee for processing vehicle registrations. However, the volume of transactions they will be processing will be reduced by 50 percent in the second half of the second year of implementation of this bill. The agency estimates that those counties that are already receiving "allowable cost reimbursement" will require approximately 45 percent more than is currently being reimbursed to offset their costs. Of the remaining counties, several counties that have been on the margin will also require "allowable cost reimbursement". The department estimates that these marginal counties will require "allowable cost reimbursement" of an additional five percent or approximately \$100,000 per year paid from the Department of Licensing Services Account.

Starting in Fiscal Year 2005 the full cycle of two-year registration will be in place thus avoiding the need for the annual notice and the yearly tab. This reduces expenditures for tab inventory, processing and postage. Approximately 3,000,000 tabs each fiscal year will no longer need to be ordered. Printing costs for tabs are \$0.047 each (making a reduction of approximately (\$154,000) per year). A postage reduction to mail out the annual tabs results in an annual reduction of approximately (\$480,000). The estimates are adjusted each fiscal year based on the growth factors adopted by the Transportation Revenue Taskforce.

To adequately inform the public of two-year registration, the agency will perform a statewide public information campaign including posters, press releases and additional 1-800 telephone costs. This campaign is estimated to cost \$21,600.

The agency estimates that ten hours of Assistant Attorney General hours will be required to assist the department in development of new rules (WAC) necessary to implement this statute.

Contract programmers (18.00 staff months) will be required to modify the on-line Vehicles Field System (VFS) and Vehicles Headquarters System (VHS) to accommodate the implementation of two-year registrations. The department has included a cost estimate for risk management to ensure implementation of these policy changes within the time frame required by this bill.

One time travel and training costs of the department's agents and subagents located throughout the state is provided. A training manual and update of the department's Operating Guide will be mailed to department agents and subagents. Costs for postage and printing are included.

In addition to direct program costs, support services costs are included. The standard agency rate for cost of goods and services (supplies and materials, facilities, and training) are included for the Management and Support Services and Information Services programs.



## Part III: Expenditure Detail

### III. A – Expenditures by Object or Purpose

|                            | <u>FY 02</u> | <u>FY 03</u>   | <u>01-03 Total</u> | <u>03-05 Total</u> | <u>05-07 Total</u> |
|----------------------------|--------------|----------------|--------------------|--------------------|--------------------|
| FTE Staff Years            |              | 2.44           | 1.22               | 1.84               |                    |
| Salaries and Wages         |              | 95,764         | 95,764             | 133,387            |                    |
| Employee Benefits          |              | 22,986         | 22,986             | 33,508             |                    |
| Personal Service Contracts |              |                |                    |                    |                    |
| Goods and Services         |              | 491,100        | 491,100            | (1,158,919)        | (1,177,306)        |
| Travel                     |              | 10,735         | 10,735             |                    |                    |
| Equipment                  |              |                |                    |                    |                    |
| Grants and Subsidies       |              |                |                    | 200,000            | 200,000            |
| Other                      |              |                |                    |                    |                    |
| <b>Total</b>               |              | <b>620,585</b> | <b>620,585</b>     | <b>(792,024)</b>   | <b>(977,306)</b>   |

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

| <b>Object E Breakdown:</b>    | <u>FY 02</u> | <u>FY 03</u>   | <u>01-03 Total</u> | <u>03-05 Total</u> | <u>05-07 Total</u> |
|-------------------------------|--------------|----------------|--------------------|--------------------|--------------------|
| Plates & Tabs                 |              |                |                    | (295,825)          | (313,493)          |
| Office Supplies               |              | 758            | 758                | 1,515              |                    |
| Personnel Services            |              | 330            | 330                | 636                |                    |
| Postage                       |              | 8,320          | 8,320              | (956,461)          | (975,978)          |
| Printing                      |              | 13,440         | 13,440             |                    |                    |
| Phone/Fax Install             |              | 1,800          | 1,800              |                    |                    |
| Phone/Fax/DP Lines            |              | 2,736          | 2,736              | 1,368              |                    |
| Facilities Costs              |              | 8,300          | 8,300              | 16,599             |                    |
| Attorney Gen Svcs             |              | 890            | 890                |                    |                    |
| Other Goods & Svcs            |              | 96,584         | 96,584             | 68,341             | 112,165            |
| Equipment - Under \$5,000     |              | 47,874         | 47,874             | 4,908              |                    |
| DP Cont Programmers           |              | 310,068        | 310,068            |                    |                    |
| <b>Total Goods &amp; Svcs</b> |              | <b>491,100</b> | <b>491,100</b>     | <b>(1,158,919)</b> | <b>(1,177,306)</b> |

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

Additional information about assumptions and impacts is available directly from the Department of Licensing at 902-3633.

### III. B – FTE Detail

#### EXPENDITURE DETAIL – STAFF

| <b>Job Classification</b> | <b>Salary</b> | <u>FY 02</u> | <u>FY 03</u> | <u>01-03 Total</u> | <u>03-05 Total</u> | <u>05-07 Total</u> |
|---------------------------|---------------|--------------|--------------|--------------------|--------------------|--------------------|
| Cust Serv Spec 2          | 30,468        |              | 1.00         | 0.50               | 1.00               | 0.00               |
| Veh Serv Liasion Off      | 41,064        |              | 0.50         | 0.25               | 0.50               | 0.00               |
| IT Systems Specialist 4   | 57,252        |              | 0.37         | 0.19               | 0.04               | 0.00               |
| Financial Analyst 2       | 40,512        |              | 0.57         | 0.29               | 0.30               | 0.00               |
| <b>Total FTEs</b>         |               |              | <b>2.44</b>  | <b>1.22</b>        | <b>1.83</b>        | <b>0.00</b>        |

## FTEs by Program

| Program                       | FY 02 | FY 03       | 01-03 Total | 03-05 Total | 05-07 Total |
|-------------------------------|-------|-------------|-------------|-------------|-------------|
| 100 - Mgmt & Support Services |       | 0.57        | 0.24        | 0.20        | 0.00        |
| 200 - Information Services    |       | 0.30        | 0.19        | 0.10        | 0.00        |
| 300 - Vehicle Services        |       | 1.57        | 0.79        | 1.54        | 0.00        |
| 600 - Driver Services         |       | 0.00        | 0.00        | 0.00        | 0.00        |
| 700 - Business & Professions  |       | 0.00        | 0.00        | 0.00        | 0.00        |
| <b>Total</b>                  |       | <b>2.44</b> | <b>1.22</b> | <b>1.84</b> | <b>0.00</b> |

## III. B – Expenditures by Program (optional)

| Program                       | FY 02 | FY 03   | 01-03 Total | 03-05 Total | 05-07 Total |
|-------------------------------|-------|---------|-------------|-------------|-------------|
| 100 - Mgmt & Support Services |       | 38,787  | 38,787      | 41,267      | 32,011      |
| 200 - Information Services    |       | 27,705  | 27,705      | 29,476      | 22,864      |
| 300 - Vehicle Services        |       | 554,093 | 554,093     | (862,767)   | (1,032,181) |
| 600 - Driver Services         |       |         |             |             |             |
| 700 - Business & Professions  |       |         |             |             |             |
| <b>Total</b>                  | -     | 620,585 | 620,585     | (792,024)   | (977,306)   |

## Part IV: Capital Budget Impact

None

## Part V: New Rule Making Required

The department estimates that ten hours of OAG time will be required to assist in development of new rules (WAC) necessary to implement this statute.

# Individual State Agency Fiscal Note

|                                 |                                 |  |
|---------------------------------|---------------------------------|--|
| <b>Bill Number:</b> 6494 E S SB | <b>Title:</b> Vehicle licensing | <b>Agency:</b> 461-Department of Ecology |
|---------------------------------|---------------------------------|--|

## 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.
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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

|                                  |                       |                  |
|----------------------------------|-----------------------|------------------|
| Legislative Contact:             | Phone:                | Date: 03/10/2002 |
| Agency Preparation: Stuart Clark | Phone: (360) 407-6873 | Date: 03/11/2002 |
| Agency Approval: Nancy Stevenson | Phone: (360) 407-7007 | Date: 03/11/2002 |
| OFM Review: Ann-Marie Sweeten    | Phone: 360-902-0538   | Date: 03/11/2002 |

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.*

ESSB 6494 would require the Department of Licensing to switch from an annual vehicle license renewal system to a biennial license renewal system beginning in 2003.

The Department of Ecology administers a motor vehicle emission test program in five urban counties. Testing is required for all vehicles between five and twenty-five years old. Testing must be satisfactorily completed in order for a vehicle owner to receive license tab renewals. If the emission test program and the new two-year renewals authorized under ESSB 6494 were not synchronized, major disruptions to the emission test program, significant revenue losses to the state general fund, and possible claims and federal sanctions against the state could occur.

Based on discussions with and commitments from the Department of Licensing and a review of their authority under current law to phase in vehicle licensing changes, it is assumed that the switch to biennial tabs can be accomplished in a manner that will not significantly disrupt or modify the Department of Ecology's administration of its motor vehicle emission check program.

If minor adjustments to the emission test program are found to be necessary, such changes would need to be accommodated through education of the emission test contractor, an emission test program rule modification process, and public outreach to vehicle owners. The Department of Ecology will be involved in all three of these activities over the next year as it switches to a new test contractor and initiates rulemaking to accomplish program changes related to the new contract. Any additional, minor modifications necessitated by ESSB 6494 should be able to be incorporated and absorbed into previously scheduled efforts to initiate the new emission test contract.

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

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

Department of Community, Trade and Economic Development

|                                 |                                 |
|---------------------------------|---------------------------------|
| <b>Bill Number:</b> 6494 E S SB | <b>Title:</b> Vehicle licensing |
|---------------------------------|---------------------------------|

**Part I: Jurisdiction**-Location, type or status of political subdivision defines range of fiscal impacts.

**Legislation Impacts:**

- ☐ Cities:
- ☒ Counties:
- ☐ 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 2002 | FY 2003   | 2001-03   | 2003-05     | 2005-07     |
|------------------|---------|-----------|-----------|-------------|-------------|
| City             |         |           |           |             |             |
| County           |         | 2,738,251 | 2,738,251 | (1,449,517) | (5,836,559) |
| Special District |         |           |           |             |             |
| TOTAL \$         |         | 2,738,251 | 2,738,251 | (1,449,517) | (5,836,559) |
| GRAND TOTAL \$   |         |           |           |             | (4,547,825) |

**Estimated expenditure impacts to:**

|                      |
|----------------------|
| Indeterminate Impact |
|----------------------|

**Part III: Preparation and Approval**

|                                      |                       |                  |
|--------------------------------------|-----------------------|------------------|
| Fiscal Note Analyst: Catherine Suter | Phone: (360) 725-5032 | Date: 03/11/2002 |
| Leg. Committee Contact:              | Phone:                | Date: 03/10/2002 |
| Agency Approval: Val Richey          | Phone: 360-725-5036   | Date: 03/11/2002 |
| OFM Review: Mike Cheney              | Phone: 360-902-0582   | Date: 03/12/2002 |

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 would change state licensing fees of motor vehicles from annual to biennial, and double the fee. This would apply to all vehicles except vessels and trucks paying the combined licensing fee with a declared gross weight of 8,000 pounds or more, and would take effect January 1, 2003.

Local option fees, as authorized in 81.104.160 and 82.80.020, would also change to a 2-year schedule and double amount. This would be subject to a vote of the people if the original local option fee was subject to a vote.

Engrossed Compared to Substitute Bill:

Section 16: Special baseball stadium license plates are put on a 2-year cycle.

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.

Indeterminate. The bill could impact counties in a number of different ways, depending on a county’s current revenue and staffing conditions.

DISCUSSION / ASSUMPTIONS:

In general, more populous counties could recognize cost savings. For instance, Clark County processes the fifth highest number of vehicle licensing transactions in the state and has a staff of 11. The county’s initial estimate of cost savings due to this bill was \$120,000 per year. These larger counties project that their cost savings would be fully off-set by revenue losses starting in FY 2005, as discussed in Part C.

In contrast, less populated counties would have negligible cost savings due to three points:

- 1. They process far fewer transactions (Garfield County processed fewer than 3,000 in CY 2000).
- 2. They have very small staffs; ten counties have only one FTE in their offices.
- 3. Many licensing tasks would remain despite renewals occurring half as often (title transfers, new registrations, annual vessel & truck licenses).

As an example, Island County, which has a staff of 1.5, expects to see no cost savings if this bill passes.

In addition, counties project certain workload increases that could mitigate any savings under the bill. The most significant relates to work currently done by subagents. If subagents’ biennial revenue from their surcharge is decreased from \$7 to \$5.50, it is expected that between 10 and 15 of the smaller offices will go out of business, thus increasing county auditors’ workload.

Assumption:

The Central Puget Sound Regional Transit Authority would not have to have a re-vote on its local option excise tax if it converts to a two-year cycle and doubled fee.

Sources:

- Snohomish County
- Jefferson County
- Mason County
- King County
- Clark County
- Washington Association of Vehicle Subagents
- Department of Licensing

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.

Based on information from the Department of Licensing (DOL) and the Department of Transportation (DOT), counties would first realize revenue gains of \$2,738,251 in FY 2003 and \$1,397,116 in FY 2004. Thereafter, they would realize revenue losses of \$2,846,633 in FY 2005, \$2,896,480 in FY 2006, and \$2,940,079 in FY 2007. The net result would be a revenue loss to counties state-wide of \$4,547,824. See attachment for data sources, notes, and county-by-county estimates.

ASSUMPTIONS:

- DOL would exercise its option to stagger vehicle registrations so that the number of vehicle registrations being renewed each year are approximately equal.
- There would not be any retroactive impacts from section 16 amendments regarding special license plates.
- This bill applies not only to registrations due or to become due 1/1/03 (section 28), but also any thereafter.
- DOL will train its agents and run public outreach on the new cycle processes.

SOURCES:

- Department of Licensing (DOL)
- Department of Transportation's February 2002 Transportation Revenue Forecast

## Potential Revenue Impacts of ESSB 6494

|                                  | <u>FY 2003</u>     | <u>FY 2004</u>     | <u>FY 2005</u>       | <u>FY 2006</u>       | <u>FY 2007</u>       | <u>Totals</u>        |
|----------------------------------|--------------------|--------------------|----------------------|----------------------|----------------------|----------------------|
| <u>Reg. Vehicle Forecasts:</u>   | 2,976,360          | 6,074,418          | 6,188,332            | 6,296,695            | 6,391,476            | 27,927,280           |
| <u>SSB 6494 Revenues:</u>        | \$10,953,003       | \$18,162,509       | \$14,233,164         | \$14,482,398         | \$14,700,394         | \$72,531,469         |
| <u>Current Law Revenues:</u>     | \$8,214,753        | \$16,765,393       | \$17,079,797         | \$17,378,878         | \$17,640,473         | \$77,079,293         |
| <u>SSB 6494 Revenue Impacts:</u> |                    |                    |                      |                      |                      |                      |
| <b>State-wide:</b>               | <b>\$2,738,251</b> | <b>\$1,397,116</b> | <b>(\$2,846,633)</b> | <b>(\$2,896,480)</b> | <b>(\$2,940,079)</b> | <b>(\$4,547,824)</b> |
| By county:                       |                    |                    |                      |                      |                      |                      |
| Adams                            | \$9,449            | \$4,821            | (\$9,823)            | (\$9,995)            | (\$10,145)           | (\$15,693)           |
| Asotin                           | \$10,089           | \$5,148            | (\$10,489)           | (\$10,672)           | (\$10,833)           | (\$16,757)           |
| Benton                           | \$70,874           | \$36,162           | (\$73,680)           | (\$74,970)           | (\$76,098)           | (\$117,712)          |
| Chelan                           | \$36,180           | \$18,460           | (\$37,612)           | (\$38,271)           | (\$38,847)           | (\$60,090)           |
| Clallam                          | \$34,829           | \$17,771           | (\$36,208)           | (\$36,842)           | (\$37,396)           | (\$57,846)           |
| Clark                            | \$153,389          | \$78,262           | (\$159,460)          | (\$162,252)          | (\$164,695)          | (\$254,756)          |
| Columbia                         | \$2,734            | \$1,395            | (\$2,842)            | (\$2,892)            | (\$2,936)            | (\$4,541)            |
| Cowlitz                          | \$49,284           | \$25,146           | (\$51,234)           | (\$52,131)           | (\$52,916)           | (\$81,853)           |
| Douglas                          | \$15,156           | \$7,733            | (\$15,756)           | (\$16,031)           | (\$16,273)           | (\$25,171)           |
| Ferry                            | \$3,001            | \$1,531            | (\$3,120)            | (\$3,175)            | (\$3,222)            | (\$4,984)            |
| Franklin                         | \$24,798           | \$12,652           | (\$25,779)           | (\$26,231)           | (\$26,626)           | (\$41,186)           |
| Garfield                         | \$1,568            | \$800              | (\$1,630)            | (\$1,659)            | (\$1,684)            | (\$2,604)            |
| Grant                            | \$35,764           | \$18,248           | (\$37,180)           | (\$37,831)           | (\$38,400)           | (\$59,399)           |
| Grays Harbor                     | \$32,714           | \$16,691           | (\$34,009)           | (\$34,604)           | (\$35,125)           | (\$54,333)           |
| Island                           | \$32,992           | \$16,833           | (\$34,297)           | (\$34,898)           | (\$35,423)           | (\$54,794)           |
| Jefferson                        | \$13,943           | \$7,114            | (\$14,495)           | (\$14,749)           | (\$14,971)           | (\$23,157)           |
| King                             | \$786,619          | \$401,350          | (\$817,753)          | (\$832,073)          | (\$844,598)          | (\$1,306,455)        |
| Kitsap                           | \$103,957          | \$53,041           | (\$108,072)          | (\$109,964)          | (\$111,620)          | (\$172,658)          |
| Kittitas                         | \$19,111           | \$9,751            | (\$19,868)           | (\$20,215)           | (\$20,520)           | (\$31,741)           |
| Klickitat                        | \$10,607           | \$5,412            | (\$11,027)           | (\$11,220)           | (\$11,389)           | (\$17,616)           |
| Lewis                            | \$37,640           | \$19,205           | (\$39,129)           | (\$39,815)           | (\$40,414)           | (\$62,514)           |
| Lincoln                          | \$7,025            | \$3,584            | (\$7,303)            | (\$7,431)            | (\$7,543)            | (\$11,668)           |
| Mason                            | \$26,036           | \$13,284           | (\$27,067)           | (\$27,541)           | (\$27,955)           | (\$43,243)           |
| Okanogan                         | \$20,691           | \$10,557           | (\$21,510)           | (\$21,887)           | (\$22,216)           | (\$34,365)           |
| Pacific                          | \$10,326           | \$5,269            | (\$10,735)           | (\$10,923)           | (\$11,087)           | (\$17,150)           |
| Pend Oreille                     | \$6,491            | \$3,312            | (\$6,748)            | (\$6,866)            | (\$6,970)            | (\$10,781)           |
| Pierce                           | \$285,472          | \$145,654          | (\$296,771)          | (\$301,968)          | (\$306,513)          | (\$474,126)          |
| San Jaun                         | \$7,626            | \$3,891            | (\$7,928)            | (\$8,067)            | (\$8,188)            | (\$12,666)           |
| Skagit                           | \$61,401           | \$31,328           | (\$63,831)           | (\$64,949)           | (\$65,927)           | (\$101,978)          |
| Skamania                         | \$4,115            | \$2,100            | (\$4,278)            | (\$4,353)            | (\$4,418)            | (\$6,835)            |
| Snohomish                        | \$275,928          | \$140,785          | (\$286,850)          | (\$291,873)          | (\$296,266)          | (\$458,275)          |
| Spokane                          | \$199,700          | \$101,891          | (\$207,604)          | (\$211,240)          | (\$214,419)          | (\$331,672)          |
| Stevens                          | \$19,361           | \$9,879            | (\$20,128)           | (\$20,480)           | (\$20,788)           | (\$32,156)           |
| Thurston                         | \$108,110          | \$55,160           | (\$112,389)          | (\$114,357)          | (\$116,079)          | (\$179,555)          |
| Wahkiakum                        | \$1,925            | \$982              | (\$2,001)            | (\$2,036)            | (\$2,067)            | (\$3,197)            |
| Walla Walla                      | \$21,646           | \$11,044           | (\$22,503)           | (\$22,897)           | (\$23,241)           | (\$35,951)           |
| Whatcom                          | \$77,083           | \$39,329           | (\$80,134)           | (\$81,537)           | (\$82,764)           | (\$128,023)          |
| Whitman                          | \$15,836           | \$8,080            | (\$16,462)           | (\$16,751)           | (\$17,003)           | (\$26,301)           |
| Yakima                           | \$104,780          | \$53,461           | (\$108,928)          | (\$110,835)          | (\$112,503)          | (\$174,024)          |

**Sources, Assumptions, and Notes:**

- Per DOL, 92% of state-wide vehicle registrations are done by agents and subagents.
- Per DOL, 85% of registered trucks are CLF trucks less than 8,000 gross pounds.
- Vehicle registration forecast data are from DOT's February 2002 Transportation Revenue Forecast report and exclude combined license fee trucks of at least 8,000 lb gross weight. All trailers are included due to data limitations.
- Proportion of registrations in each county are from CY 2000 data from DOL, and are held constant through FY 2007.
- If revenue decreases as shown in this analysis result in a county's process costing more than it generates, that county can apply to the state for the difference.