

Multiple Agency Fiscal Note Summary

Bill Number: 2042 HB	Title: Green transportation
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Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	(18,543,000)	(19,334,000)	(16,358,000)	(17,027,000)	(16,135,000)	(16,730,000)
Department of Licensing	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	(18,543,000)	(19,334,000)	(16,358,000)	(17,027,000)	(16,135,000)	(16,730,000)

Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Commerce	.9	287,550	287,550	.0	0	0	.0	0	0
Department of Revenue	.7	212,200	212,200	.3	37,000	37,000	.2	28,000	28,000
Utilities and Transportation Commission	.4	0	120,532	.1	0	30,469	.2	0	45,644
Department of Licensing	1.7	0	406,500	1.5	0	344,800	1.5	0	344,800
Washington State University	.9	375,723	375,723	1.0	396,945	396,945	1.0	402,322	402,322
Department of Transportation	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	4.6	875,473	1,402,505	2.9	433,945	809,214	2.9	430,322	820,766

Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Utilities and Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Washington State University	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

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Prepared by: Kathy Cody, OFM	Phone: (360) 902-9822	Date Published: Final 3/ 8/2019
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Individual State Agency Fiscal Note

Bill Number: 2042 HB	Title: Green transportation	Agency: 103-Department of Commerce
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.1	0.6	0.9	0.0	0.0
Account					
General Fund-State 001-1	185,855	101,695	287,550	0	0
Total \$	185,855	101,695	287,550	0	0

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:

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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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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: Beth Redfield	Phone: 360-786-7347	Date: 02/15/2019
Agency Preparation: Carolee Sharp	Phone: (360) 725-3118	Date: 02/21/2019
Agency Approval: Martin McMurry	Phone: 360-725-2710	Date: 02/21/2019
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/24/2019

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.

Section 19 directs the Department of Commerce (department) to conduct a study on potential financial services and models to support low-income individuals acquiring an electric vehicle and necessary infrastructure. The department must identify barriers, opportunities, partnerships with non-profit lenders and explore loan loss reserves and rate buy downs in addition to other financing assistance opportunities. The study must focus on potential borrowers who are at or below eighty percent of state median household income. The department must provide a report detailing the findings of the study to the transportation committees of the legislature by December 1, 2019. The section is subject to available appropriations.

Section 20 directs the Joint Transportation Committee (JTC) to produce a report that analyzes the policy, technology and infrastructure changes necessary to transition Washington to a low-carbon transportation network that minimizes costs, maximizes benefits, improves and modernizes Washington's energy infrastructure, and maintains reliability. The report must produce findings that are consistent with carbon reduction efforts of 80% below state 1990 levels. The JTC must consult with Commerce as well as other state agencies and convene stakeholder advisory committees. The report is due to the legislature by January 1, 2021.

Section 21 is a new section added to RCW 47.66, which directs the Department of Transportation's (transportation) to create a green transportation capital grant program, to support transit agencies converting their fleets to zero-emission alternatives. Provides guidance on how the competitive award process shall work. DOT must create an advisory committee to assist in identifying projects, where Commerce must be a member.

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.

None

II. C - Expenditures

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

Section 19 the department assumes that the study will start July 1, 2019 and be completed by December 1, 2019. The study will include six meetings throughout the state.

To complete this work, the department estimates:

0.4 FTE EMS2 Energy Policy Specialist (835 hours) in FY20

Salaries and Benefits

FY20 \$56,710

Goods and Services, Equipment and Travel

FY20: \$27,450

Note: Standard goods and services costs include supplies and materials, employee development and training,

Attorney General costs, central services charges and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

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Assumptions:

Sections 20 and 21 the department assumes that the consultation for both JTC and DOT will start July 1, 2019 and end by January 1, 2021.

To complete this work, the department estimates:

0.5 FTE EMS2 Energy Policy Specialist (1044 hours) in FY20 and in FY21.

Salaries and Benefits

FY20: \$70,888

FY21: \$70,888

Goods and Services, Equipment and Travel

FY20: \$30,807

FY21: \$30,807

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

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Total Costs

FY20 \$185,855

FY21 \$101,695

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	185,855	101,695	287,550	0	0
Total \$			185,855	101,695	287,550	0	0

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.1	0.6	0.9		
A-Salaries and Wages	97,000	53,889	150,889		
B-Employee Benefits	30,598	16,999	47,597		
C-Professional Service Contracts					
E-Goods and Other Services	55,453	30,807	86,260		
G-Travel	2,804		2,804		
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	185,855	101,695	287,550	0	0

III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
Administrative Services-Indirect	69,552	0.2	0.1	0.2		
EMS Band 2	107,777	0.9	0.5	0.7		
Total FTEs		1.1	0.6	0.9		0.0

Part IV: Capital Budget Impact

NONE

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.

None

Department of Revenue Fiscal Note

Bill Number: 2042 HB	Title: Green transportation	Agency: 140-Department of Revenue
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Part I: Estimates



No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2020	FY 2021	2019-21	2021-23	2023-25
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax	(8,221,000)	(10,322,000)	(18,543,000)	(14,692,000)	(13,095,000)
GF-STATE-State 01 - Taxes 05 - Bus and Occup Tax				(1,353,000)	(2,460,000)
GF-STATE-State 01 - Taxes 35 - Public Utilities Tax				(313,000)	(580,000)
Multimodal Transportation Account-State 01 - Taxes 01 - Retail Sales Tax	(335,000)	(427,000)	(762,000)	(645,000)	(574,000)
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax	(13,000)	(16,000)	(29,000)	(24,000)	(21,000)
Total \$	(8,569,000)	(10,765,000)	(19,334,000)	(17,027,000)	(16,730,000)

Estimated Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.1	0.3	0.7	0.3	0.2
Account					
GF-STATE-State 001-1	189,200	23,000	212,200	37,000	28,000
Total \$	189,200	23,000	212,200	37,000	28,000

Estimated Capital Budget Impact:

NONE

Request # 2042-1-1

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:	Beth Redfield	Phone: 360-786-7347	Date: 02/15/2019
Agency Preparation:	Marianne McIntosh	Phone: 360-534-1505	Date: 02/26/2019
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 02/26/2019
OFM Review:	Kathy Cody	Phone: (360) 902-9822	Date: 02/26/2019

Request # 2042-1-1

Part II: Narrative Explanation

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

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

This fiscal note only addresses those sections of the bill that impact the Department of Revenue (Department).

Section 10 and 15

CURRENT LAW:

RCW 82.04.4496 and RCW 82.16.0496 provide B&O tax and public utility tax (PUT) credits for businesses that purchase or lease new or qualifying used commercial vehicles powered by a clean alternative fuel, or convert vehicles to be powered by a clean alternative fuel. "Qualifying used commercial vehicle" means a vehicle with an odometer reading of less than 450,000 miles; is less than ten years past the original manufacturing date; is modified after the initial purchase with a United States environmental protection agency certified conversion that would allow the propulsion units to be principally powered by a clean alternative fuel; and is being sold for the first time after modification. Only vehicles used for commercial services or to transport commodities, merchandise, produce, refuse, freight, animals, or passengers and display a Washington state plate qualify for the credit. All commercial vehicles that provide transportation to passengers must be operated by an auto transportation company.

The credit is equal to fifty percent of the incremental cost amount, which is the difference in price between the qualified vehicle's purchase price and a comparable conventionally-fueled vehicle, or the maximum credit amount for that vehicle, whichever is smaller. For leased vehicles, the credit is equal to fifty percent of the incremental cost amount multiplied by a lease reduction factor. For converted vehicles, the credit is \$25,000 or 30 percent of the conversion costs, whichever is smaller. The maximum credit amount per vehicle is \$25,000, \$50,000, or \$100,000, depending on the gross weight of the vehicle. The maximum total B&O and PUT credits allowed each year is six million dollars, which is \$2 million per weight class. The maximum credit a person can receive in a year is \$250,000 or 25 vehicles, whichever is smaller.

On the 25th of February, May, August, and November of each year, the Department must notify the State Treasurer of the amount of the B&O and PUT credits as reported on returns filed during the preceding calendar quarter ending on the last day of December, March, June, and September, respectively. The State Treasurer then transfers a sum equal to the credit amount provided by the Department from the multimodal account to the general fund.

This credit must be earned by January 1, 2021 and used by January 1, 2022 when the credit expires.

PROPOSAL:

This bill amends RCW 82.04.4496 and RCW 82.16.0496 by removing the maximum annual credit amount per vehicle class. The combined credit from each section is limited to \$6 million annually. The maximum total credit taken since July 15, 2015 cannot exceed \$32.5 million. A credit is allowed of up to 50 percent of the cost to purchase alternative fuel vehicle infrastructure which includes tangible personal property that will become a component and installation and construction of alternative fuel vehicle infrastructure. The bill states the Department must conduct an outreach to interested parties to obtain input on how best to streamline the application process for these sections.

The time the credit can be earned is extended to January 1, 2030 in which any earned credit must be taken by January 1, 2031.

Section 11 and 12

CURRENT LAW:

Sales and use tax is due on sales of new vehicles fueled by clean alternative fuel.

PROPOSAL:

This bill provides a sales and use tax exemption for sales of new passenger cars, light duty trucks, and medium duty

passenger vehicles which (a) are exclusively powered by a clean alternative fuel or (b) use at least one method of propulsion that is capable of being recharged from an external source of electricity and are capable of traveling at least thirty miles using only battery power.

For the exemption, the qualifying vehicles lowest manufacturer's suggested retail price for the base model must be less than \$42,500, as determined by the Department of Licensing. Through July 31, 2021, the exemption is a maximum of \$32,000 of a vehicle's selling price or the total lease payments made plus the selling price of the leased vehicle if the original lessee purchases the leased vehicle. Beginning August 1, 2021, the exemption is a maximum of \$24,000 and decreases to \$16,000 on August 1, 2023. The qualification period end date is August 1, 2025.

All leased vehicles signed by the qualification period end date, continue to be exempt from sales tax until August 1, 2028, when these sections expire.

Section 13 and 14

CURRENT LAW

Per RCW 82.08.816 and 82.12.816, sales of electric vehicle batteries and infrastructure are exempt from retail sales and use tax. The exemption is available on the sale of or charge made for:

- Batteries for electric vehicles.
- Labor and services rendered in respect to installing, repairing, altering, or improving electric vehicle batteries.
- Labor and services rendered in respect to installing, constructing, repairing, or improving electric vehicle infrastructure.
- Tangible personal property that will become a component of electric vehicle infrastructure during the course of installing, constructing, repairing, or improving electric vehicle infrastructure.

This exemption expires January 1, 2020.

PROPOSAL:

This bill exempts the retail sale and use tax for batteries sold as a component of an electric bus at the time of sale and the sales of zero emissions buses. Zero emission bus means a bus that emits no exhaust gas from the onboard source of power. The expiration date is extended to August 1, 2029.

Section 16

CURRENT LAW

Per RCW 82.29A.125, leasehold interests in public lands are exempt from state and local leasehold excise taxes, if the purpose of the leasehold interest is to install, maintain, and operate electric vehicle infrastructure.

This exemption expires January 1, 2020.

PROPOSAL:

This bill extends the expiration date to August 1, 2029.

EFFECTIVE DATE:

Sections 10 and 15 take effect on January 1, 2020.

Sections 11 through 14 and 16, take effect on August 1, 2019.

II. B - Cash receipts Impact

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

ASSUMPTIONS

- Effective August 1, 2019 with 10 months of impact in Fiscal Year 2020.
- Sales of qualifying vehicles will grow by an average of 10 percent per year.

- Lease payments for agreements signed prior to the expiration date will continue to be exempt through the remainder of the lease.
- Average lease term is 36 months. To adjust for leases signed over the course of a fiscal year, sales tax is allocated over four fiscal years with 6 months of payments reflected in the first and fourth year and 12 months of payments reflected in the second and third year.
- Average residual value of the leased vehicle is 55 percent.
- Manufactured sales price for the Tesla 3 and BMW i3 base models are above the \$42,500 threshold. Although the two models were included on the Department of Licensing's prior list of qualifying vehicles they are not included in this fiscal note.
- The alternative fuel commercial vehicle tax credit program will continue to grow by 15%, which is reflected starting in Fiscal Year 2022 with five months of impact.
- Per King County website, Metro transit will be acquiring 120 all-electric buses by 2020. The acquisition of the buses is split between Fiscal Year 2020 and 2021. Recharging infrastructure will be installed to accommodate the additional electric buses and included the calculation.
- Zero emission bus include large transit buses as well as shuttle buses such as airport parking lot shuttles. These bus purchases and the recharging infrastructure also qualify for the alternative fuel commercial vehicle tax credit program.
- The sales growth for smaller recharging infrastructure is 10 percent.
- The revenue impact for the leasehold exemption is indeterminate. The number of charging stations located on public property is unknown but the impact to the leasehold excise tax is thought to be minimal.

DATA SOURCES

- Department of Revenue excise tax returns
- Washington State Department of Licensing
- Qualifying Vehicles List <https://www.dol.wa.gov/vehicleregistration/docs/current-list-of-qualifying-vehicles.pdf>
- InsideEVs.com <https://insideevs.com/monthly-plug-in-sales-scorecard/>
- Department of Ecology,
[https://ecology.wa.gov/About-us/Get-to-know-us/News/2018/\\$22-million-from-VW-settlement-goes-toward-electri](https://ecology.wa.gov/About-us/Get-to-know-us/News/2018/$22-million-from-VW-settlement-goes-toward-electri)
- King County,
<https://www.kingcounty.gov/elected/executive/constantine/news/release/2017/January/10-battery-buses.aspx>

REVENUE ESTIMATES

This bill decreases state revenues by an estimated \$8.6 million in the 10 months of impacted collections in Fiscal Year 2020, and by \$10.8 million in Fiscal Year 2021, the first full year of impacted collections. This bill also decreases local revenues by an estimated \$3.2 million in the 10 months of impacted collections in Fiscal Year 2021, and by \$4.1 million in Fiscal Year 2021, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2020 -	(\$ 8,569)
FY 2021 -	(\$ 10,765)
FY 2022 -	(\$ 7,633)
FY 2023 -	(\$ 9,089)
FY 2024 -	(\$ 7,612)
FY 2025 -	(\$ 8,338)

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

FY 2020 - (\$ 3,182)
FY 2021 - (\$ 4,127)
FY 2022 - (\$ 2,997)
FY 2023 - (\$ 3,297)
FY 2024 - (\$ 2,697)
FY 2025 - (\$ 2,897)

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.

ASSUMPTIONS:

- The Department will receive approximately 100 applications per year for the commercial vehicle credit.
- Approximately 75 taxpayers will claim the alt fuel vehicle sales tax exemption.
- Approximately 25 taxpayers will claim the sales tax exemption for batteries used with electric vehicles and zero emission buses.

FIRST YEAR COSTS:

The Department will incur total costs of \$189,200 in Fiscal Year 2020. These costs include:

Labor Costs – Time and effort equates to 1.08 FTEs.

- Create special notices and identify publications that need to be created or updated.
- Respond to additional telephone questions, email and written correspondence.
- Adopt one new rule and amend one administrative rule.
- Administer credit programs, handle difficult tax issues, monitor reports, issue assessments, resolve additional error and out of balance returns, and prepare refunds.
- Batch and scan documents, data entry, and prepare mail correspondence.
- Assist in form development, system testing, and division training.
- Set up, program, and test computer system changes.

Object Costs - \$88,000.

- Printing and mailing additional reporting forms.
- Gather requirements to test system changes and coordinate user acceptance testing.

SECOND YEAR COSTS:

The Department will incur total costs of \$23,000 in Fiscal Year 2021. These costs include:

Labor Costs – Time and effort equates to 0.3 FTEs.

- Administer credit programs, handle difficult tax issues, monitor reports, issue assessments, resolve additional error and out of balance returns, and prepare refunds.
- Batch and scan documents, data entry, and prepare mail correspondence.
- Assist in form development, system testing, and division training.
- Respond to additional telephone questions, email and written correspondence.

ONGOING COSTS:

Ongoing costs for the 2021-2023 Biennium equal \$37,000 and include similar activities described in the second year costs. Time and effort equates to 0.25 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.1	0.3	0.7	0.3	0.2
A-Salaries and Wages	63,100	15,000	78,100	23,900	17,800
B-Employee Benefits	18,900	4,500	23,400	7,200	5,400
C-Professional Service Contracts	88,000		88,000		
E-Goods and Other Services	12,200	2,900	15,100	4,900	4,000
J-Capital Outlays	7,000	600	7,600	1,000	800
Total \$	\$189,200	\$23,000	\$212,200	\$37,000	\$28,000

III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2020	FY 2021	2019-21	2021-23	2023-25
EMS BAND 4	115,593	0.0		0.0		
EXCISE TAX EX 3	56,256	0.2	0.1	0.2	0.1	0.1
IT SPEC 4	70,320	0.1		0.1		
MGMT ANALYST1	45,096	0.0		0.0		
MGMT ANALYST4	63,684	0.3		0.2		
OFF ASST 3	33,132	0.1	0.1	0.1	0.1	0.1
TAX INFO SPEC 4	60,636	0.3	0.1	0.2	0.1	
TAX POLICY SP 2	68,580	0.0		0.0		
TAX POLICY SP 3	77,616	0.0		0.0		
TAX POLICY SP 4	83,556	0.0		0.0		
WMS BAND 3	98,308	0.0		0.0		
Total FTEs		1.1	0.3	0.7	0.3	0.2

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.

Should this legislation become law, the Department will use the expedited process to adopt WAC 458-20-NEW, titled: "Clean commercial vehicles". The Department will use the expedited process to amend WAC 458-20-279, titled: "Clean alt fuel vehicles". Persons affected by this rule-making would include sellers & purchasers of clean fuel vehicles.

Individual State Agency Fiscal Note

Bill Number: 2042 HB	Title: Green transportation	Agency: 215-Utilities and Transportation Commission
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.7	0.1	0.4	0.1	0.2
Account					
Public Service Revolving Account-State 111-1	102,195	18,337	120,532	30,469	45,644
Total \$	102,195	18,337	120,532	30,469	45,644

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:

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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: Beth Redfield	Phone: 360-786-7347	Date: 02/15/2019
Agency Preparation: Melissa Hamilton	Phone: 360 664-1158	Date: 02/20/2019
Agency Approval: Amy Andrews	Phone: 360-664-1228	Date: 02/20/2019
OFM Review: Alyssa Ball	Phone: (360) 902-0419	Date: 02/21/2019

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.

Sec. 7: Investor-owned electric utilities (IOUs) may submit to the commission an “electrification of transportation plan” that deploys electric vehicle supply equipment (EVSE) or provides other programs, services, or incentives to support electrification, provided such EVSE may not increase costs to customers in excess of one-quarter of one percent above the benefits of electric transportation to all customers over a period consistent with the IOU’s integrated resource planning horizon. The commission shall acknowledge submittal of a plan within four months, and may provide comment on the plan in an acknowledgement letter.

Sec. 8: RCW 80.28.360 is changed such that the commission may offer an incentive rate of return on investment on capital expenditures for EVSE consistent with an electrification of transportation plan submitted by a utility. The bill removes the requirement that EVSE investments must result in real and tangible benefits for ratepayers at the time they are placed in rate base. Further, it removes the two-hour parking barrier so that rapid charging EVSE is eligible for an incentive rate of return.

Sec. 21: The bill directs the commission to provide a representative to serve on an advisory committee, as established by the department, to assist in identifying projects under the green transportation capital grant program identified in section (1) of this section.

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.

No Cash Receipt Impact.

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.

Rulemaking (Sec 7): The Utilities and Transportation Commission (UTC) assumes it would undertake a complex rulemaking to establish in rule the requirements for preparation and submission of electric utilities’ electrification of transportation plans, as well as providing guidance on when and how to apply an incentive rate of return.

FY 2020 – \$92,674 (Administrative Law Judge, 0.08 FTE; Assistant Director Conservation and Energy, .07 FTE; Consumer Program Specialist 3, 0.15 FTE; Director Regulatory Services, 0.02 FTE; Legal Assistant 2, 0.01 FTE; Paralegal 1, 0.03 FTE; Policy Advisor, 0.06 FTE; Regulatory Analyst 2, 0.02 FTE; Regulatory Analyst 3, 0.15 FTE)

Preparation of plans (Sec 7): UTC assumes that each of the three IOUs would prepare electrification of transportation plans, and that each utility would hold four meetings with staff and other stakeholders prior to the submittal of its plan. UTC assumes that a Regulatory Analyst 3 would attend each meeting, that each meeting would be four hours long, and that the analyst would spend eight hours preparing and reviewing materials for each meeting. UTC assumes that the electrification of transportation plans would be prepared in FY 2021.

FY 2021 – \$8,816

Regulatory Analyst 3: 0.07 FTE (4 meetings * (4 hrs. mtg. + 8 hrs. prep) * 3 IOUs = 144 hrs.)

Review and acknowledgment of plans (Sec 7): UTC assumes that each IOU will submit an electrification of

transportation plan for the commission’s review and acknowledgment at the beginning of FY 2022. UTC assumes that each plan will necessitate a commissioner briefing and a recessed open meeting. UTC estimates that review of each plan, preparation of commission briefing materials, and coordination and attendance of each recessed open meeting will require 40 hours of Regulatory Analyst 3 staff time and 20 hours of Policy Analyst staff time.

FY 2022 –

\$11,427 (Regulatory Analyst 3: 0.06 FTE (40 hrs. review/prep/coordination * 3 IOUs = 120 hrs.); Policy Advisor: 0.03 FTE (20 hrs. review/prep/coordination * 3 IOUs = 60 hrs.))

Updating of plans as needed (Sec 7): UTC assumes that the rulemaking would enable IOUs to update and revise their plans on an as-needed basis. UTC assumes that, on average, one IOU will decide to update its plan each fiscal year, starting in FY 2024. UTC assumes that the plan update process will take six months, and the review and acknowledgment process will take no more than four months. UTC assumes that preparation of an updated plan will require three four-hour meetings, and that a Regulatory Analyst 3 will spend eight hours preparing for each meeting, and will attend each meeting. UTC assumes that acknowledgment of a revised plan will require the same amount of preparation, briefing, and coordination for an open meeting as the first plans - 40 hours of Regulatory Analyst 3 staff time and 20 hours of Policy Advisor staff time.

FY 2024 and annually thereafter –

\$13,301 (Commissioner: 0.01 FTE; Regulatory Analyst 3: 0.06 FTE (40 hrs. review/prep/coordination * 3 IOUs = 120 hrs.); Policy Advisor: 0.03 FTE (20 hrs. review/prep/coordination * 3 IOUs = 60 hrs.))

Advisory Committee (Sec 21): UTC assumes that the Department will organize eight-hour meetings every other month, starting January 2020 and every year thereafter. UTC assumes one Regulatory Analyst 3 and one Policy Advisor will attend each eight-hour meeting. UTC further assumes eight hours of preparation for each staff person.

FY 2020 and every year thereafter –

\$9,521 (Commissioner, 0.01 FTE; Regulatory Analyst 3, 0.03 FTE; Policy Advisor, 0.03 FTE)

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
111-1	Public Service Revolving Account	State	102,195	18,337	120,532	30,469	45,644
Total \$			102,195	18,337	120,532	30,469	45,644

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.7	0.1	0.4	0.1	0.2
A-Salaries and Wages	56,704	12,474	69,178	20,727	31,050
B-Employee Benefits	19,847	4,366	24,213	7,255	10,868
C-Professional Service Contracts					
E-Goods and Other Services	25,644	1,497	27,141	2,487	3,726
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	102,195	18,337	120,532	30,469	45,644

III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
Administrative Law Judge	121,452	0.1		0.0		
Assist. Director, Conservation & Energy	98,088	0.1		0.0		
Consumer Program Specialist 3	62,148	0.2		0.1		
Director, Regulatory Services	122,820	0.0		0.0		
Legal Assist. 2	46,188	0.0		0.0		
Paralegal 1	59,148	0.0		0.0		
Policy Advisor	87,768	0.1	0.0	0.1	0.1	0.1
Regulatory Analyst 2	75,684	0.0		0.0		
Regulatory Analyst 3	85,668	0.2	0.1	0.1	0.1	0.1
Total FTEs		0.7	0.1	0.4	0.1	0.2

Part IV: Capital Budget Impact

NONE

No 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.

To implement the provisions of the bill UTC will conduct a complex rulemaking in FY 2020 at an estimated cost of \$92,674.

The complex rulemaking will entail two day-long workshops, development of draft and proposed rules, and two rounds of stakeholder comments.

Individual State Agency Fiscal Note

Bill Number: 2042 HB	Title: Green transportation	Agency: 240-Department of Licensing
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.8	1.5	1.7	1.5	1.5
Account					
Electric vehicle account-State NEW-1	234,100	172,400	406,500	344,800	344,800
Total \$	234,100	172,400	406,500	344,800	344,800

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: Beth Redfield	Phone: 360-786-7347	Date: 02/15/2019
Agency Preparation: Merdan Bazarov	Phone: 360-902-3795	Date: 02/20/2019
Agency Approval: Justin Leppa	Phone: 360-902-3644	Date: 02/20/2019
OFM Review: Veronica Jarvis	Phone: (360) 902-0649	Date: 02/21/2019

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 - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
NEW-1	Electric vehicle account	State	234,100	172,400	406,500	344,800	344,800
Total \$			234,100	172,400	406,500	344,800	344,800

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.8	1.5	1.7	1.5	1.5
A-Salaries and Wages	124,100	105,800	229,900	211,600	211,600
B-Employee Benefits	47,000	40,000	87,000	80,000	80,000
C-Professional Service Contracts					
E-Goods and Other Services	51,400	25,900	77,300	51,800	51,800
G-Travel					
J-Capital Outlays	11,600	700	12,300	1,400	1,400
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	234,100	172,400	406,500	344,800	344,800

III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
Indirect ISD IT Specialist 4	6,793	0.1	0.1	0.1	0.1	0.1
Indirect MSS Fiscal Tech 2	3,249	0.2	0.1	0.2	0.1	0.1
It Specialist 3	6,159	1.5	1.3	1.4	1.3	1.3
Total FTEs		1.8	1.5	1.7	1.5	1.5

III. D - Expenditures By Program (optional)

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Mgmt & Support Services (100)	204,200	165,400	369,600	330,800	330,800
Information Services (200)	29,900	7,000	36,900	14,000	14,000
Total \$	234,100	172,400	406,500	344,800	344,800

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

Agency 240 – Department of Licensing

Bill Number: 2042 HB

Bill Title: Green transportation

Part 1: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts

Non-zero but indeterminate cash receipts. Please see discussion

Estimated Expenditures:

		FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
FTE Staff Years		1.8	1.5	1.6	1.5	1.5
Account Name	Account	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
Electric vehicle account	NEW	234,100	172,400	406,500	344,800	344,800
Account Totals		234,100	172,400	406,500	344,800	344,800

The revenue 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 the fiscal impact is **less than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I)
- ☒ 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.
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Linda Hamilton	Phone: 360-902-0556	Date: 2/15/2019
Agency Preparation: Merdan Bazarov	Phone: 360-902-3795	Date: 2/20/2019
Agency Approval: Justin Leppa	Phone: 360-902-3644	Date: 2/20/2019

Request #	1
Bill #	2042 HB

Part 2 – Explanation

2.A – Brief Description Of What The Measure Does That Has Fiscal Impact

This bill establishes fuel-efficient programs in various state agencies, including reinstating the sales and use tax exemptions for alternative fuel vehicles and changes the electric vehicle fees and distributions.

Section 3(4)(a) amends RCW 46.17.323 to increase the electric vehicle registration renewal fee from \$50 to \$100 and deposits it into the electric vehicle account created in RCW 82.44.200.

Section 9 is a new section added to the tax preference performance statement for the tax preferences contained in sections 10 through 16 of the act.

- Section 9(3) requires the joint legislative audit and review committee to measure the effectiveness of the tax preferences in Laws of 2019 in achieving the public policy objectives, and evaluate the number of clean alternative fuel vehicles titled in the Washington state based on data provided by the Department of Licensing (DOL) and the Department of Revenue (DOR).
- Section 9(4) requires DOL and DOR to provide data needed for the joint legislative audit and review committee analysis, which may require any other data that may be necessary.

Section 11 is included in a new section that amends Chapter 82.08 RCW. It requires DOL to maintain and publish a list of all vehicle models qualifying for the sales tax exemption under this section and the use tax exemption under Section 12 of this act until the expiration date of this section, and is authorized to issue final rulings on vehicle model qualification. The information must include the following: vehicle make, vehicle model, year model, whether the vehicle has been sold or leased, date of sale or start date of lease, length of lease, and the total amount qualifying for the incentive claimed for each vehicle, in addition to the future monthly amount to be claimed for each leased vehicle. This information must be provided in a form and manner prescribed by the DOR. DOR must report this data to the Legislature beginning October 31, 2019 and every six months after. This section expires August 1, 2028.

Section 17 amends RCW 82.44.200, changing the name of the account from “electric vehicle charging infrastructure account” to “electric vehicle account”.

The expenditures in this fiscal note apply to staff needs for increased research and reporting requirements, as well as DOL technology systems.

It is possible that DOL may receive additional phone calls from customers which can be handled within the existing resources.

The sections applicable to DOL are effective August 1, 2019.

2.B - Cash receipts Impact

Account Name	Account	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
Motor Vehicle Account	108	(1,480,400)	(2,020,000)	(3,500,400)	(5,745,000)	(8,725,000)
Electric vehicle account	NEW	2,960,800	4,040,000	7,000,800	11,490,000	17,450,000
Account Totals		1,480,400	2,020,000	3,500,400	5,745,000	8,725,000

Indeterminate.

This bill increases the electric vehicle registration renewal from \$50 to \$100 and redistributes this fee proceedings from motor vehicle fund to electric vehicle account created in RCW 82.44.200 and is shown in the table above.

This portion of the impact does not include an indeterminate revenue increase for Sections 11 and 12, which extend the use tax exemption on eligible vehicles. It is unknown how many people will take advantage of this incentive for electric vehicles.

2.C – Expenditures

This bill requires DOL to research, maintain, publish, and report on all vehicle models qualifying for the sales tax exemption. It also requires DOL to compare the size of the target population to that of the general vehicle population, and to notify identified parties when the size of the target population grows to 10 percent of the total population. This bill requires research on “passenger cars, light duty trucks, and medium duty passenger vehicles”. Additionally, DOL must determine the “Base model” of each vehicle within the target population.

DOL currently researches passenger cars and would need to also research the truck population. The number of passenger car models that need to be researched is increasing very quickly.

- DOL has gone from six variations of passenger car models in 2011, to 10 times as many in 2018. Researching and reporting 59 variations of models in 2018 took two FTEs. This equates to one FTE per 30 vehicle variations. The trending data shows that the workload is projected to grow by 30 passenger cars by the time 2020 models are released, and therefore, DOL would need an additional FTE for the increased workload.
- There are fewer electric light duty trucks. DOL assumes adding the research of electric light duty trucks will increase workload by 0.5 FTE in FY20, reducing to 0.3 FTE ongoing.

Information Services:

DOL will implement the following changes to DRIVES:

1. New fee, account code and fund for the \$100 electric vehicle fee, including adding an end date for the \$50 electric vehicle fee.
2. New logic to create an electric vehicle exemption for use tax.

The agency will use appropriated funds to hire contract programmers to accomplish this work or to support current staff implementing this legislation within the required timeline. Appropriated funds may also be used to hire agency temporary staff to support permanent staff assigned to this legislative effort.

Any change requires a process to ensure changes are correctly applied to the system. This involves Project Managers that manage the team that completes the update, business analyst that documents and reviews the system changes, architect services that analyzes how the update could have an effect on other systems or DOL processes, developers who create the change, and testers and quality assurance teams that ensure the update is working correctly.

Cost Category	Description	Rate	2020	2021	2022	2023	2024	2025	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 18,444	3,700	-	-	-	-	-	3,700
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 26,448	2,600	-	-	-	-	-	2,600
PROJECT MANAGER	Manage schedule and contracts	\$ 27,492	2,700	-	-	-	-	-	2,700
SECURITY AND ARCHITECT SERVICES	Create the conceptual model that defines the structure, behavior and framework of a computerized system including a breakdown of the system into components, the component interactions and interfaces (including with the environment, especially the user), and the technologies and resources to be used in the design.	\$ 27,144	2,700	-	-	-	-	-	2,700
CONTRACTED FAST DEVELOPER / TESTER	Updates to the DRIVES system will require additional vendor hours outside of the contracted maintenance to make system updates to implement this bill.	\$ 34,800	7,000	-	-	-	-	-	7,000
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ -	1,900	-	-	-	-	-	1,900
Totals			20,600	-	-	-	-	-	20,600

Support Services:

Administrative support is included at a rate of 12 percent of the direct program costs. This percentage is split 7 percent for Management and Support Services (MSS) and 5 percent for Information Services Division (ISD) functions. DOL uses a Fiscal Technician 2 (MSS) and an IT Specialist 4 (ISD) staffing costs as a proxy to determine FTE and display them under Indirect Staff in table 3.C.

Administrative support funding received covers agency-wide functions such as vendor payments, contract administration, financial management, mail processing, equipment management, help desk support, and technical assistance to DOL employees.

Standard FTE goods and services (object E) costs are included on Table 3.B.1. Standard FTE costs do not include objects EM (AG services), ER (contractual services), and EZ (Other goods & Svcs) which are also shown in Table 3.B.1.

Part 3 – Expenditure Detail

3.A – Operating Budget Expenditures

Account Name	Account	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
Electric vehicle account	NEW	234,100	172,400	406,500	344,800	344,800
Account Totals		234,100	172,400	406,500	344,800	344,800

3.B – Expenditures by Object or Purpose

Object Name	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
FTE Staff Years	1.8	1.5	1.6	1.5	1.5
Salaries and Wages	124,100	105,800	229,900	211,600	211,600
Employee Benefits	47,000	40,000	87,000	80,000	80,000
Goods and Services	51,400	25,900	77,300	51,800	51,800
Equipment	11,600	700	12,300	1,400	1,400
Total By Object Type	234,100	172,400	406,500	344,800	344,800

3.B.1 – Detail of Expenditures by Sub-Object (Goods and Services Only)

Object E - Description	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
EA - General Office Supplies	700	600	1,300	1,200	1,200
EB - Phone/Install/Usage	1,400	1,100	2,500	2,200	2,200
EC - Utilities	700	600	1,300	1,200	1,200
ED - Facility/Lease Costs	7,700	6,600	14,300	13,200	13,200
EE - Repairs, Alterations & Maintenance	800	700	1,500	1,400	1,400
EG - Training	200	200	400	400	400
EH - Manage Print Services	400	300	700	600	600
EK - Facilities and Services	1,800	1,500	3,300	3,000	3,000
EL - Interagency DP Svcs	8,700	7,400	16,100	14,800	14,800
EN - Personnel Services	300	200	500	400	400
ER - Contracted Costs	800	700	1,500	1,400	1,400
ER - Application Programmers	20,600	-	20,600	-	-
EY - Software Maintenance	7,300	6,000	13,300	12,000	12,000
Total Goods & Services	51,400	25,900	77,300	51,800	51,800

3.C – FTE Detail

Position	Salary	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
It Specialist 3	6,159	1.5	1.3	1.4	1.3	1.3
Indirect MSS Fiscal Tech 2	3,249	0.2	0.1	0.2	0.1	0.1
Indirect ISD IT Specialist 4	6,793	0.1	0.1	0.1	0.1	0.1
Total FTE		1.8	1.5	1.6	1.5	1.5

Totals may differ due to rounding.

3.D – Expenditures by Program (Optional)

Program		FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
100 - Mgmt & Support Services	MSS	195,200	157,800	353,000	315,600	315,600
200 - Information Services	ISD	29,900	7,000	36,900	14,000	14,000
100 - Central Payment Area	CPA	9,000	7,600	16,600	15,200	15,200
Totals by Program		234,100	172,400	406,500	344,800	344,800

Part 4 – Capital Budget Impact

None.

Part 5 – New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 2042 HB	Title: Green transportation	Agency: 365-Washington State University
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.9	0.9	0.9	1.0	1.0
Account					
General Fund-State 001-1	185,106	190,617	375,723	396,945	402,322
Total \$	185,106	190,617	375,723	396,945	402,322

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: Beth Redfield	Phone: 360-786-7347	Date: 02/15/2019
Agency Preparation: Carrie Johnson	Phone: 5093354606	Date: 02/21/2019
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 02/21/2019
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 02/21/2019

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.

The stated intent of 2042 HB relates to advancing green transportation adoption.

Section 1 (4) establishes a technical assistance program for public agencies within Washington State University's energy program.

Section 2 (2) states that subject to funds appropriated for this specific purpose, the Washington State University extension energy program shall establish and administer a technical assistance and education program focused on the use of alternative fuel vehicles. Education and assistance may be provided to public agencies.

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.

Section 2 (2) of the bill says that the WSU Energy Program shall establish and administer a technical assistance and education program focused on the use of alternative fuel vehicles. It says that education and assistance may be provided to public agencies.

The WSU Energy Program assumes that a base level of effort would include activities such as: stakeholder engagement, conducting visits to public agencies statewide to provide guidance and technical assistance, developing information resources for target audiences, conducting subject matter webinars, and answering questions that come into the WSU Energy Program via phone and email. The WSU Energy Program will coordinate information resource development and outreach efforts with other state agencies and stakeholders. WSU's planning assumptions about level of effort by position type for the Fiscal Year 2020 are as follows:

- Energy Program Coordinator (.42) - Program lead, outreach lead working with local governments and other stakeholders
- Energy Engineer (.21) – Senior technical expert, provide technical assistance on system technologies, deliver webinars and serve as resource for other outreach materials
- Energy Professional (.21) – Primary first contact for phone and email inquiries, coordinate material dissemination, meeting logistics and training
- Manager (.04) – Executive leadership, work integration

In addition to approximately 1.0 FTE of labor, the WSU Energy Program anticipates travel expenses, as well as expenses for information technology support, office rent, supplies, meeting registrations, and graphics/outreach material development.

All activity described above is subject to appropriated funding for this specific purpose.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	185,106	190,617	375,723	396,945	402,322
Total \$			185,106	190,617	375,723	396,945	402,322

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.9	0.9	0.9	1.0	1.0
A-Salaries and Wages	76,980	79,860	156,840	169,431	172,754
B-Employee Benefits	47,574	49,354	96,928	104,708	106,762
C-Professional Service Contracts					
E-Goods and Other Services	52,829	53,680	106,509	107,360	107,360
G-Travel	7,723	7,723	15,446	15,446	15,446
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	185,106	190,617	375,723	396,945	402,322

III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
Energy Engineer	99,493	0.2	0.2	0.2	0.2	0.2
Energy Professional	58,486	0.2	0.2	0.2	0.2	0.2
Energy Program Coordinator	90,326	0.4	0.4	0.4	0.5	0.5
Manager	138,661	0.0	0.0	0.0	0.0	0.0
Total FTEs		0.9	0.9	0.9	1.0	1.0

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

Bill Number: 2042 HB	Title: Green transportation	Agency: 405-Department of Transportation
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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: Beth Redfield	Phone: 360-786-7347	Date: 02/15/2019
Agency Preparation: Lizbeth Martin-Mahar	Phone: 360-705-7942	Date: 03/07/2019
Agency Approval: Amber Coulson	Phone: 360-705-7525	Date: 03/07/2019
OFM Review: Erik Hansen	Phone: 360-902-0423	Date: 03/08/2019

Part II: Narrative Explanation

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

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

See attached WSDOT individual agency fiscal note.

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.

No cash receipts. See Department of Revenue and the State Treasurer's Office fiscal notes.

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 attached WSDOT individual agency fiscal note.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

see attached

Part V: New Rule Making Required

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

see attached

Individual State Agency Fiscal Note

5Bill Number: HB 2042	Title: Relating to advancing green transportation adoption	Agency: 405-Department of Transportation
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Part I: Estimates

Use the fiscal tables provided below to show fiscal impact by account, object, and program (if necessary), **add rows if needed**. If no fiscal impact, check the box below, skip fiscal tables, and go to Part II to explain briefly, why the program believes there will be no fiscal impact to the department.

- ☐ No Fiscal Impact (Explain in section II. A)
☐ Indeterminate Cash Receipts Impact (Explain in section II. B)
☒ Indeterminate Expenditure Impact (Explain in section II. C)

Non-zero but indeterminate cost. Please see discussion.

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.

Part I: Estimates (continued)

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, provide an explanation in Section I and II. A)
☒ 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.
☐ Capital budget impact, complete Part IV.
☐ Requires new rule making, complete Part V.

Agency Contacts:

Agency Preparer: Lizbeth Martin-Mahar	Phone: 360 705-7942	Date: 3/7/2019
Agency Approval: Amber Coulson	Phone: 360-705-7525	Date: 3/7/2019
Agency Budget Analyst: My-Trang Le	Phone: 360-705-7517	Date: 3/7/2019

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.

Section 3 of the bill increases the \$50 fee portion of the electric vehicle fee to \$100. It also changes the distribution of this portion of the fee from the first \$1 million going to the Multimodal Account and the remaining amount going to the Motor Vehicle Account, to the entire \$100 portion of the fee going to the Electric Vehicle Account. (Section 17 changes the name of the current Electric Vehicle Charging Infrastructure Account to the Electric Vehicle Account.)

Section 9 establishes a new tax preference reviewing process through the Joint Legislative Audit and Review Committee (JLARC) and this review of the electric and alternative fuel vehicles incentives must evaluate the number of clean alternative vehicles titled in the state in order to extend the various tax incentives.

Section 11 of this bill provides a new sales and use tax exemption for clean powered alternative fuel vehicles or electric vehicles that are capable of traveling at least 30 miles using only battery power and have a sales price or lease prices of \$42,500 or less.

Individual State Agency Fiscal Note

The sales tax exemption applies to the total amount of the vehicle's selling price up to \$32,000 for the period from the start date until July 31, 2021. For the period from August 1, 2021 until July 31, 2023, the maximum amount eligible for the exemption is \$24,000 and for the period from August 1, 2023 until July 31, 2025, the maximum eligible amount is \$16,000. Each year, the state treasurer must transfer from the multimodal account to the general fund, a sum equal to the dollar amount that would otherwise have been deposited into the general fund for this sales tax exemption for new electric vehicle purchases. There is an expiration date on the sales tax exemption of August 1, 2028. This proposal adds a sales and use tax exemption for new purchases of zero emissions buses and extends the expiration date from January 2020 to August 1, 2029.

Section 15 deletes the existing B&O and public utilities tax credit maximum annual credit per vehicle class of \$2 million in current law and replaces it with a total tax credit amount of \$6 million per year. The bill also adds a total maximum credit amount of \$32.5 million, since July 15, 2015 for the commercial alternative fuel vehicle B&O and public utilities tax incentive.

The Department of Revenue must disallow any B&O and public utilities tax credits which cause the total credits to exceed \$32.5 million and they must report monthly on their web site the amount of credits applied for, issued an remaining before the statewide limit is reached. This bill also expands the purchased property that qualifies for the B&O and public utilities commercial alternative fuel tax credit to include alternative fuel vehicle infrastructure, tangible personal property that will become a component of alternative fuel vehicle infrastructure and site improvement related to the installation of alternative fuel vehicle infrastructure. It also extends the expiration dates in current law of January 1, 2021 to January 1, 2030 for credits being earned and the expiration date for the credits being used by has been extended to January 1, 2031.

Section 13 extends the EV battery and infrastructure sales and use tax exemption to August 1, 2029 (from January 1, 2020) and expands it to include batteries sold as a component of electric buses and zero emission buses.

Subject to the availability of amounts appropriated for this specific purpose, section 18 of this bill requires WSDOT's Public-Private Partnership office to develop a pilot program to support electric vehicle car sharing programs to provide electric vehicle use opportunities to underserved communities and low to moderate income members of the workforce not served by transit.

Section 21 requires the Department of Transportation to establish a green transportation capital grants program. The purpose of this grant program is to aid any transit authority in funding cost-effective capital projects. Transit authorities must provide matching funds for any projects. The department shall identify projects and submit a prioritized list of all projects requesting funding to the Legislature by December 1 of each even-numbered year. The department must establish an advisory committee to assist in identifying projects and report annual to the transportation committees of the Legislature on the status of any grant projects

Effective dates: the provisions in the bill pertaining to sections 1-9, 11-14, and 16-21 take effect August 1, 2019. Sections 10 and 15, which apply to the alternative fuel commercial vehicle and infrastructure tax credit take effect Jan 1, 2020.

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 many provisions in this bill which will have an impact on WSDOT's available revenues, including increasing the electric vehicle fee; changing the provisions of the clean commercial vehicle tax credit; adding a new sales and use tax exemption for electric vehicle sales; exempting zero emission buses from sales tax; and transfers of funds from the Multimodal Account-State (a transportation fund) to the state's general fund.

Individual State Agency Fiscal Note

The cash receipts impacts of these changes will be reflected on the Department of Revenue's (DOR), Department of Licensing (DOL) and Office of State Treasurer's (OST) fiscal notes. The DOR and DOL fiscal notes will reflect changes to taxes, fees, and tax credits. The OST fiscal note will show the transfer of funds from the Multimodal Account-State to the General Fund-State to pay for the new sales and use tax exemption for purchases of new electric vehicles.

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 are indeterminate. Funding for the pilot program to support electric car sharing is subject to the availability of amounts appropriated for this specific purpose, and the Green Transportation Capital Grant program does not have funding under the bill but this fiscal note assumes that the list is submitted to the Legislature with a request for funding.

The department estimates the FTE-related costs to develop a pilot program to support electric car sharing and establish a Green Transportation Capital Grant Program as follows:

The estimated cost to run the programs is approximately \$65,000 for fiscal year 2020 and \$63,000 for fiscal year 2021 for Public-Private Partnership (Program K). Costs are calculated using WSDOT salaries and benefits for half-of an FTE for a Transportation Planning Specialist 3 (TPS3) position plus \$1,000 for travel per year, and standard staffing costs. In addition, the department assumes that Public Transportation (Program V) would assist with establishing a Green Transportation Capital Grant Program portion, but it can absorb the costs within existing resources.

Costs are assumed to begin July 1, 2019. The TPS3 responsibilities include:

- Develop a pilot program to support electric vehicle (EV) car sharing programs to provide EV use opportunities to underserved communities and low to moderate-income members of the workforce not readily served by transit.
- Determine specific eligibility criteria to increase EV use in underserved and low to moderate-income communities.
- Establish a Green Transportation Capital Grant Program to assist transit authorities in reducing the carbon output of their fleets.
- Identify projects and submit a prioritized list of all projects requesting funding to the legislature by December 1 of each even-numbered year.
- Establish an advisory committee to assist in identifying projects.
- Report annually to the transportation committees of the Legislature on the status of any grant projects funded by the program created under this proposal.

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose

Indeterminate.

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

None.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2042 HB	Title: Green transportation
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Cities
- ☒ Counties: Counties
- ☒ Special Districts: Special districts
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: Electric utilities would be eligible to adopt electrification of transportation plans and incentive programs; local governments would be eligible to apply for electric vehicle infrastructure grants; local governments would be eligible to apply for electric vehicle sharing grants; local governments would be eligible to apply for green transportation capital grants.
- ☒ Key variables cannot be estimated with certainty at this time: Number and value of tax preferences given to local governments and to which ones; whether and how many local governments would take up this legislation's local options

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Austin Scharff	Phone: 360-725-3126	Date: 02/22/2019
Leg. Committee Contact: Beth Redfield	Phone: 360-786-7347	Date: 02/15/2019
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/22/2019
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 02/22/2019

Part IV: Analysis

A. SUMMARY OF BILL

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

The following sections implicate local governments.

SECTION 3:

This section raises the annual vehicle registration renewal fee collected by the Department of Licensing, county auditor or other agent, or subagent appointed by the director, for a vehicle that both uses at least one method of propulsion that is capable of being re-energized by an external source of electricity and is capable of traveling at least thirty miles using only battery power from \$50 to \$100.

SECTION 4:

Under this legislation, the governing board of an electric utility may adopt an electrification of transportation plan upon making a cost-effectiveness determination.

SECTION 5:

Subject to the availability of amounts appropriated for this act's purpose, this section would transition the current Department of Transportation's public-private partnership office to develop and maintain the deployment of electric vehicle charging infrastructure that is supported by private financing.

SECTION 6:

Under this legislation, the commission of a public utility district would be able to incentive programs in the electrification of transportation for its customers upon making a cost-effectiveness determination.

SECTIONS 9-16:

These sections would establish a number of tax preferences.

SECTION 17:

This section creates the electric vehicle account in the transportation count, and specifies that funds be used for tax exemptions for sales and leases of qualified vehicles under sections 11 and 12 of this legislation.

SECTION 18:

Under this section, the Department of Transportation would develop a pilot program to support electric vehicle car sharing programs to provide electric vehicle use opportunities to underserved communities and low and middle income members of the workforce not readily served by transit or located in transportation corridors with emissions that exceed federal or state emissions standards. After selecting successful grant applications, the Department of Transportation could provide funding to them. The amount available to a project would range from \$50,000 to \$200,000.

SECTION 20:

The Joint Transportation Committee would be required to produce a report that would include an analysis of public transit vehicle fleets and electric utilities, and their roles in promoting the transportation electrification. An advisory committee would also be established. This committee would be composed of representatives from communities in the state who would experience the greatest benefits or disadvantages from widespread adoption of electric and zero emission vehicles, including, but not limited to, communities of color and low-income communities.

SECTION 21:

The Department of Commerce would be tasked to establish a green transportation capital grant program.

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.

This legislation would have an indeterminate impact on local government revenues.

POTENTIAL COSTS OF ELECTRIFICATION OF TRANSPORTATION PLANS AND INCENTIVE PROGRAMS:

Public utilities that adopt electrification of transportation plans and incentive programs would incur the costs from doing so. The number of public utilities that would chose to adopt such plans and programs and the costs they would incur from doing so are unknown, as they depend on yet to be made decisions by public utilities about whether they would take up these local options and how they might do so.

POTENTIAL COST SAVINGS FROM TAX EXEMPTIONS:

Local governments may incur indeterminate cost savings from this legislation's tax exemptions. The Local Government Fiscal Note Program (LGFN) assumes that cost savings from tax exemptions under this legislation cannot be determined.

POTENTIAL COSTS FROM APPLYING TO THIS ACT'S GRANT PROGRAMS:

If they chose to apply for any one of this act's grant programs, local governments would incur indeterminate costs associated with doing so. These costs would determine on the complexity of the grant applications and processes.

POTENTIAL COSTS ASSOCIATED WITH PARTICIPATING IN WORK GROUPS AND COMMITTEE MEETINGS:

Local governments that chose or are chosen to participate in this legislation's work groups and committee meetings would incur costs associated with their participation. The number of local governments, which ones, and the form and extent of their participation in these work groups and committees has yet to be determined; therefore, the costs associated with their participation are unknown.

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.

Local governments that apply and are selected for grant funds under one or more of this legislation's grant programs would see an indeterminate revenue increase proportionate to the amount awarded under the grant.

SOURCES:

Department of Transportation

Department of Commerce, Energy Division

Washington State Public Utility Districts Association