

Multiple Agency Fiscal Note Summary

Bill Number: 2042 2S HB PL	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
Office of State Treasurer	24,176,000	0	26,413,000	0	31,894,000	0
Department of Revenue	(24,176,000)	(25,181,000)	(26,413,000)	(27,537,000)	(31,894,000)	(33,218,000)
Department of Licensing	0	19,335,500	0	25,110,000	0	30,292,500
Department of Transportation	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	0	(5,845,500)	0	(2,427,000)	0	(2,925,500)

Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other		(9,651,510)		(10,544,490)		(12,278,970)
Local Gov. Total		(9,651,510)		(10,544,490)		(12,278,970)

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.8	240,900	240,900	.3	46,500	46,500	.2	28,400	28,400
Utilities and Transportation Commission	.1	0	17,847	.1	0	25,496	.1	0	25,496
Department of Licensing	3.4	0	842,900	3.1	0	721,600	3.1	0	721,600
Washington State University	.9	375,723	375,723	1.0	396,945	396,945	1.0	402,322	402,322
Department of Transportation	3.0	0	737,000	3.0	0	742,000	3.0	0	742,000
Department of Ecology	.1	0	33,466	.1	0	33,466	.1	0	33,466
Total \$	8.3	616,623	2,247,836	7.6	443,445	1,966,007	7.5	430,722	1,953,284

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
Office of State Treasurer	.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
Department of Ecology	.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

<div> Prepared by: Kathy Cody, OFM </div>	<div> Phone: (360) 902-9822 </div>	<div> Date Published: Final 5/28/2019 </div>
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Individual State Agency Fiscal Note

Bill Number: 2042 2S HB PL	Title: Green transportation	Agency: 090-Office of State Treasurer
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
General Fund-State 001-1	10,824,000	13,352,000	24,176,000	26,413,000	31,894,000
Electric Vehicle Charging Infrastructure Account-State 20J-1	(6,689,000)	(9,884,000)	(16,573,000)	(22,963,000)	(27,256,000)
Multimodal Transportation Account-State 218-1	(4,135,000)	(3,468,000)	(7,603,000)	(3,450,000)	(4,638,000)
Total \$					

Estimated Operating Expenditures from:

NONE

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

Check applicable boxes and follow corresponding instructions:

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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: Bryon Moore	Phone: (360)786-7726	Date: 04/29/2019
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 05/24/2019
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 05/24/2019
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 05/24/2019

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.

E2SHB 2042 PL requires transfers from the electric vehicle account and multimodal transportation account to the general fund.

In addition, this bill modifies the name of the electric vehicle charging infrastructure account to the electric vehicle account.

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.

The department of revenue provided the transfer estimates included in this fiscal note - sections 8, 9, 10, 11, 12, 13, 21, and 22.

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

NONE

III. B - Expenditures by Object Or Purpose

NONE

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.

Department of Revenue Fiscal Note

Bill Number: 2042 2S HB PL	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	(10,824,000)	(13,352,000)	(24,176,000)	(24,747,000)	(28,854,000)
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	(407,000)	(559,000)	(966,000)	(1,084,000)	(1,278,000)
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax	(18,000)	(21,000)	(39,000)	(40,000)	(46,000)
Total \$	(11,249,000)	(13,932,000)	(25,181,000)	(27,537,000)	(33,218,000)

Estimated Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.3	0.4	0.8	0.3	0.2
Account					
GF-STATE-State 001-1	208,600	32,300	240,900	46,500	28,400
Total \$	208,600	32,300	240,900	46,500	28,400

Estimated Capital Budget Impact:

NONE

Request # 2042-8-1

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:	Bryon Moore	Phone: (360)786-7726	Date: 04/29/2019
Agency Preparation:	Marianne McIntosh	Phone: 360-534-1505	Date: 05/01/2019
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 05/01/2019
OFM Review:	Kathy Cody	Phone: (360) 902-9822	Date: 05/03/2019

Request # 2042-8-1

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.

Note: This fiscal note reflects language in E2SHB 2042 as passed in the 2019 Legislative Session.

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

Section 8 and 13

CURRENT LAW:

RCW 82.04.4496 and RCW 82.16.0496 provide business and occupation (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 \$6 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 increasing the B&O and PUT credits to 75 percent of the incremental cost amount. For converted commercial vehicles, the percentage of the cost to calculate the credit is raised to 50 percent.

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 credit for infrastructure is limited to \$2 million dollars annually. On September 1 of each year, any unused credits from any category, must be made available to applicants applying for credits under any other category, subject to the maximum annual credit of \$6 million dollars. The maximum total credit taken since July 15, 2015, cannot exceed \$32.5 million.

The auto transportation definition is amended to include private, nonprofit transportation provider, charter party carrier, and paratransit service providers who primarily provide special needs transportation to individuals with disabilities and the elderly.

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.

Section 9 and 10

CURRENT LAW:

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

PROPOSAL:

This bill provides a sales and use tax exemption for sales of new and used 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.

New vehicles with a selling price less than \$45,000, which includes the trade-in value, qualify for this exemption. Through July 31, 2021, the exemption is a maximum of \$25,000 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 \$20,000 and decreases to \$15,000 on August 1, 2023. The qualification period end date is August 1, 2025.

Used vehicles with a selling price less than \$30,000, which includes the trade-in value, qualify for this exemption. The first \$16,000 of the selling price or total lease payments made plus the selling price of the leased vehicle, if purchased by the original lessee, is exempt from sales and use tax.

On the last day of January, April, July, and October of each year, the State Treasurer, based on information provided by the Department, must transfer from the electric vehicle account to the general fund a sum equal to the dollar amount that would have been deposited in the general fund had the exemption not been granted.

Every six months, beginning the last day of October 2019 through qualification period end date, the Department must report to the transportation committees of the Legislature the cumulative number of qualifying vehicles titled in the state and the corresponding dollar amount of exempted state retail sales tax and estimated future costs of leased vehicles.

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

Section 11 and 12

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 or fuel cells for electric vehicles and electric buses if sold as a component of the bus at the time of sale. The exemption extends to sales of zero emission buses as well as hydrogen fueling stations and renewable hydrogen production facilities. Zero emission bus means a bus that emits no exhaust gas from the onboard source of power. Renewable hydrogen means hydrogen produced using renewable resources both as the source for hydrogen and the source for the energy input into the production process. The expiration date is extended to July 1, 2025.

On the last day of January, April, July, and October of each year, the State Treasurer, based on information provided by the Department, must transfer from the multimodal account to the general fund a sum equal to the dollar amount that would have been deposited in the general fund had the exemption not been granted.

Section 14

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 July 1, 2025, and expands the exemption to include hydrogen fueling stations and renewable hydrogen production facilities.

Section 21 and 22

CURRENT LAW

Sales and use tax is due on sales of new electric vessels and marine propulsion systems.

PROPOSAL

This bill provides a sales and use tax exemption for new battery-powered electric marine propulsion systems with a continuous power greater than 15 kilowatts and new vessels equipped with these propulsion systems. The propulsion system is a fully electric outboard or inboard motor used by vessels with battery packs being the only source of the power. The exemption includes required accessories, such as throttles/displays and battery packs. The term vessel includes every watercraft other than a seaplane, used or capable of being used as a means of transportation on the water. This exemption expires July 1, 2025.

On the last day of January, April, July, and October of each year, the State Treasurer, based on information provided by the Department, must transfer from the multimodal account to the general fund a sum equal to the dollar amount that would have been deposited in the general fund had the exemption not been granted.

EFFECTIVE DATE:

Sections 8 and 13 take effect on January 1, 2020.

Sections 9 through 12, 14, 21, and 22, 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 20 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 six 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.
- The alternative fuel commercial vehicle tax credit program will continue to grow by 15 percent, 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 Years 2020 and 2021. Recharging infrastructure will be installed to accommodate the additional electric buses and is included in the calculation.
- "Zero emission bus" includes 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 and hydrogen refueling stations located on public property is unknown but the impact to the leasehold excise tax is thought to be minimal.
- National growth for boat sales is 5 percent, electric boats are about 0.1 percent of the sales.
- Electric boats are forecasted to grow 11 percent annually.
- Per Geekwire article dated November 1, 2018, Seco Development plans to build and operate three electric water taxis from Lake Union to Renton by 2020. It is assumed the taxis will be purchased in Fiscal Year 2020.
- Article posted on Oregon Public Broadcasting, dated April 15, 2019, states the Douglas County public utility district plans on purchasing a 2-3 megawatt electrolyzer to split water molecules to make hydrogen. The PUD estimates the cost of the electrolyzer at \$3 million and the purchase to occur in 2-3 years.
- National Renewable Energy Laboratory published the Hydrogen Station Cost Estimate report in 2013. Based on the report, the average cost for hydrogen fueling station is approximately \$3 million.
- California Air Resources Board published the 2018 Annual Evaluation of Fuel Cell Electric Vehicle Deployment & Hydrogen Fuel Station Network Development. As of 3/26/19, California has 39 fueling stations with an addition 25 more in development. In 2015, 5 fueling stations were opened. This number jumped to 19 additional stations built in 2016. There are no hydrogen fuel stations in Washington, but with California's quick implementation, Washington would most likely install at least one fuel station a year beginning in Fiscal Year 2021.
- At this time, the Department is unaware of any plans for a renewable hydrogen production facility besides Douglas PUD's project. The impact could increase significantly if a facility is built.

DATA SOURCES

- Department of Revenue excise tax returns
- Office of Financial Management, November 2018 Transportation Revenue Forecast
- Washington State Department of Licensing
- Qualifying Vehicles List <https://www.dol.wa.gov/vehicleregistration/docs/current-list-of-qualifying-vehicles.pdf>
- 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>
- Geekwire article,
<https://www.geekwire.com/2018/developer-plans-launch-water-taxis-connect-seattle-regions-tech-hubs-2020/>
- PR Newswire article,
<https://www.prnewswire.com/news-releases/electric-boats-market-to-represent-a-significant-expansion-at-110-cagr-during-2018---2028---future-market-insights-684173351.html>

- Businesswire article,
<https://www.businesswire.com/news/home/20180109005475/en/U.S.-Boat-Sales-Strong-Heading-2018-Poised>
- Oregon Public Broadcasting article,
<https://www.opb.org/news/article/hydrogen-h2-fuel-renewable-dams-hydropower-washington/>
- California Fuel Cell Partnership, https://cafcp.org/sites/default/files/h2_station_list.pdf

REVENUE ESTIMATES

This bill decreases state revenues by an estimated 25.1 million in the 2019-21 Biennium. This bill also decreases local revenues by an estimated \$9.7 million in the 2019-21 Biennium.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2020 -	(\$ 11,249)
FY 2021 -	(\$ 13,932)
FY 2022 -	(\$ 12,326)
FY 2023 -	(\$ 15,211)
FY 2024 -	(\$ 15,192)
FY 2025 -	(\$ 18,026)

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

FY 2020 -	(\$ 4,320)
FY 2021 -	(\$ 5,429)
FY 2022 -	(\$ 4,851)
FY 2023 -	(\$ 5,800)
FY 2024 -	(\$ 5,601)
FY 2025 -	(\$ 6,802)

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 100 taxpayers will claim the alternative fuel vehicle sales tax exemption.
- Approximately 25 taxpayers will claim the sales tax exemption for batteries used with electric vehicles and zero emission buses.
- Approximately 25 taxpayers will claim the sales and use tax exemption for electric vessels.
- Less than 5 taxpayers will claim the deduction for utilizing renewable hydrogen.

FIRST YEAR COSTS:

The Department will incur total costs of \$208,600 in Fiscal Year 2020. These costs include:

Labor Costs – Time and effort equates to 1.28 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 - \$88,200.

- 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 \$32,300 in Fiscal Year 2021. These costs include:

Labor Costs – Time and effort equates to 0.4 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.

Object Costs - \$200.

- Printing and mailing additional reporting forms.

ONGOING COSTS:

Ongoing costs for the 2021-2023 Biennium equal \$46,500 and include similar activities described in the second year costs.

Time and effort equates to 0.3 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	1.3	0.4	0.8	0.3	0.2
A-Salaries and Wages	75,200	21,000	96,200	29,900	17,800
B-Employee Benefits	22,500	6,300	28,800	9,000	5,400
C-Professional Service Contracts	88,000		88,000		
E-Goods and Other Services	14,600	4,200	18,800	6,400	4,400
J-Capital Outlays	8,300	800	9,100	1,200	800
Total \$	\$208,600	\$32,300	\$240,900	\$46,500	\$28,400

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	0.5	0.2	0.4	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		1.3	0.4	0.9	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 2S HB PL	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	0.0	0.1	0.1	0.1	0.1
Account					
Public Service Revolving Account-State 111-1	5,099	12,748	17,847	25,496	25,496
Total \$	5,099	12,748	17,847	25,496	25,496

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Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Bryon Moore	Phone: (360)786-7726	Date: 04/29/2019
Agency Preparation: Melissa Hamilton	Phone: 360 664-1158	Date: 05/02/2019
Agency Approval: Jon Noski	Phone: 360-664-1209	Date: 05/02/2019
OFM Review: Alyssa Ball	Phone: (360) 902-0419	Date: 05/10/2019

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. 4: Modifies language of SHB 1512 to clarify that legislature's intent is "to allow all utilities to support transportation electrification to further the state's policy goals..."

Sec. 5: Modifies Sec. 4 of SHB 1512 to remove a 0.25 percent cost increase cap for investor-owned electric utilities' (IOUs) efforts related to their electrification of transportation plans. The bill states that these plans should have a planning horizon as long as the utility's IRP or as long as the actions contemplated in the plan. The plans may include programs being proposed contemporaneously with the filing of the plan, or later in the plan period. Plans may also include anticipated benefits electrification based on a forecast of electric transportation in the utility's service area, and anticipated program costs.

Sec. 6: Modifies Sec. 5 of SHB 1512 to set the cost cap for IOUs' electrification of transportation plans to create no more than a 0.25 percent increase in the utility's retail revenue requirement, after accounting for the benefits of the plans.

Sec. 18: The bill directs a Utilities and Transportation Commission (UTC) representative to serve on an advisory committee established by the department of transportation, to assist in identifying projects under the green transportation capital grant program identified in subsection (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.

Sections 4, 5, 6: While the above sections are relevant to the implementation work required for SHB 1512, the changes to 1512 under this bill do not cause UTC to incur costs that would otherwise be avoided. Therefore, UTC estimates no increased or decreased expenditures resulting from these sections.

Advisory Committee (Sec 18): UTC assumes that the department of transportation 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 –

\$5,099 (Regulatory Analyst 3, 0.02 FTE (3 mtgs. * (8 hrs./mtg. + 8 hrs. preparation/mtg.) = 48 hrs.); Policy Advisor, 0.02 FTE)

FY 2021 and annually thereafter –

\$12,748 (Regulatory Analyst 3, 0.05 FTE (6 mtgs. * (8 hrs. at mtg. + 8 hrs. prep) = 96 hrs.); Policy Advisor, 0.05 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	5,099	12,748	17,847	25,496	25,496
Total \$			5,099	12,748	17,847	25,496	25,496

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	0.1	0.1	0.1	0.1
A-Salaries and Wages	3,469	8,672	12,141	17,344	17,344
B-Employee Benefits	1,214	3,035	4,249	6,070	6,070
C-Professional Service Contracts					
E-Goods and Other Services	416	1,041	1,457	2,082	2,082
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 \$	5,099	12,748	17,847	25,496	25,496

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
Policy Advisor	87,768	0.0	0.1	0.0	0.1	0.1
Regulatory Analyst 3	85,668	0.0	0.1	0.0	0.1	0.1
Total FTEs		0.0	0.1	0.1	0.1	0.1

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.

No Rule Changes Required.

Individual State Agency Fiscal Note

Bill Number: 2042 2S HB PL	Title: Green transportation	Agency: 240-Department of Licensing
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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
Electric Vehicle Charging Infrastructure Account-State 20J-1	8,258,000	11,077,500	19,335,500	25,110,000	30,292,500
Total \$	8,258,000	11,077,500	19,335,500	25,110,000	30,292,500

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	3.7	3.1	3.4	3.1	3.1
Account					
Electric Vehicle Charging Infrastructure Account-State 20J-1	482,100	360,800	842,900	721,600	721,600
Total \$	482,100	360,800	842,900	721,600	721,600

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: Bryon Moore	Phone: (360)786-7726	Date: 04/29/2019
Agency Preparation: Merdan Bazarov	Phone: 360-902-3795	Date: 05/02/2019
Agency Approval: Justin Leppa	Phone: 360-902-3644	Date: 05/02/2019
OFM Review: Veronica Jarvis	Phone: (360) 902-0649	Date: 05/09/2019

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
20J-1	Electric Vehicle Charging Infrastructure Account	State	482,100	360,800	842,900	721,600	721,600
Total \$			482,100	360,800	842,900	721,600	721,600

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	3.7	3.1	3.4	3.1	3.1
A-Salaries and Wages	257,900	221,500	479,400	443,000	443,000
B-Employee Benefits	97,300	83,300	180,600	166,600	166,600
C-Professional Service Contracts					
E-Goods and Other Services	103,100	54,400	157,500	108,800	108,800
G-Travel					
J-Capital Outlays	23,800	1,600	25,400	3,200	3,200
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	482,100	360,800	842,900	721,600	721,600

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	0.2	0.1	0.2	0.1	0.1
Indirect MSS Fiscal Tech 2	3,249	0.4	0.3	0.4	0.3	0.3
It Specialist 3	6,159	3.0	2.6	2.8	2.6	2.6
Tax Policy Specialist 3	7,500	0.1	0.1	0.1	0.1	0.1
Total FTEs		3.7	3.1	3.4	3.1	3.1

III. D - Expenditures By Program (optional)

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Mgmt & Support Services (100)	423,200	345,900	769,100	691,800	691,800
Information Services (200)	58,900	14,900	73,800	29,800	29,800
Total \$	482,100	360,800	842,900	721,600	721,600

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 E2SHB PL

Bill Title: Green transportation

Part 1: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts

Account Name	Account	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
Electric vehicle account	20J	8,258,000	11,077,500	19,335,500	25,110,000	30,292,500
Account Totals		8,258,000	11,077,500	19,335,500	25,110,000	30,292,500

Estimated Expenditures:

		FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
FTE Staff Years		3.6	3.1	3.4	3.1	3.1
Account Name	Account	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
Electric vehicle account	20J	482,100	360,800	842,900	721,600	721,600
Account Totals		482,100	360,800	842,900	721,600	721,600

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: Steven Puvogel	Phone: 360-902-0576	Date: 4/29/2019
Agency Preparation: Merdan Bazarov	Phone: 360-902-3795	Date: 5/2/2019
Agency Approval: Justin Leppa	Phone: 360-902-3644	Date: 5/2/2019

Request #	1
Bill #	2042 E2SHB PL

Part 2 – Explanation

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.

Note: While the Fiscal Note System (FNS) indicates the bill number of the fiscal note assignment is for 2SHB PL 2042, the actual bill that is attached in the FNS is E2SHB PL 2042, which passed the legislation. The assumptions provided for this fiscal note are on E2SHB PL 2042.

E2SHB 2042 compared to E2SHB 2042 PL: The engrossed second substitute version of this bill that is passed the legislation requires the Department of Licensing (DOL) to charge a new fee for hybrid vehicles which will require research and analysis of vehicle models that need to be charged this new fee.

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

Section 7 is a new section added to the tax preference performance statement for the tax preferences contained in sections 8 through 14 of the act.

- Section 7(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 DOL and the Department of Revenue (DOR).
- Section 7(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 9 adds a new section to chapter 82.08 RCW requiring DOL to maintain and publish a list of all vehicle models that meet the qualifying criteria in subsection (1)(a)(i) or (ii) of this section and section 10(1)(a)(i) or (ii) of this act until the expiration date of this section, and is authorized to issue final rulings on vehicle model qualification for these criteria. This section expires August 1, 2028.

Section 10 adds a new section to chapter 82.12 RCW. Under subsection (2)(b) requires DOL to establish a process for granting a use tax exemption when the seller is not a vehicle dealer as defined under RCW 46.70.011, which is a current DOL practice.

Section 15 amends RCW 82.44.200, changing the name of the account from “electric vehicle charging infrastructure account” to “electric vehicle account”.

Section 20 requires DOL and DOR to provide data needed for the joint legislative audit and review committee analysis related to the number of electric vessels titled in the state. The joint legislative audit and review committee may use any other data it deems necessary.

Section 23 amends chapter 46.17 RCW, establishing a new transportation electrification fee for certain electric and alternative fuel vehicles of \$75, beginning on August 1, 2019. This also imposes a new annual fee on hybrid and alternative fuel vehicles that do not pay the current alternative fuel registration renewal fee of \$75, beginning October 1, 2019. Revenue must be deposited to the new “electric vehicle account” until July 1, 2025 and later to the “motor 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 and October 1, 2019.

2.B - Cash receipts Impact

Account Name	Account	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
Electric vehicle account	20J	8,258,000	11,077,500	19,335,500	25,110,000	30,292,500
Account Totals		8,258,000	11,077,500	19,335,500	25,110,000	30,292,500

Section 23 establishes a new transportation electrification fee for certain electric and alternative fuel vehicles of \$75, beginning on August 1, 2019. This also imposes a new annual fee on hybrid and alternative fuel vehicles that do not pay the current alternative fuel registration renewal fee of \$75, beginning October 1, 2019. Revenue must be deposited to the new “electric vehicle account” until July 1, 2025 and later to the “motor vehicle account”.

The hybrid transaction estimates are based on DOL Research and Analysis data, which is a conservative scenario.

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 1.5 FTE in FY20, reducing to 1.3 FTE ongoing.

This bill requires DOL to charge a new fee for hybrid electric vehicles which will require research and analysis of vehicle models that need to be charged this new fee. To cover the additional workload from the new population of qualified vehicles, DOL will need to hire 1.5 FTEs for FY20, reducing to 1.3 FTEs ongoing.

Additionally, DOL will need 0.1 FTE to produce a new hybrid vehicle forecast, which will require monthly tracking of hybrid vehicle transactions, revenue deposits, as well as developing and maintaining a forecasting model.

Information Services:

DOL will implement the following changes to DRIVES:

1. Logic change to identify the vehicles that meet the exemption criteria.
2. Create a new use tax exemption type.
3. New fee, account code and fund for the \$75 transportation electrification fee (specified alternative fuel/hybrid vehicles, effective 8/1/2019).
4. New fee, account code and fund for the \$75 transportation electrification fee (all other alternative fuel/hybrid vehicles, effective 10/1/2019).
5. Add logic to identify the vehicles that should be charged the \$75 fee (effective 8/1/2019) and \$75 fee (effective 10/1/2019).

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	7,400	-	-	-	-	-	7,400
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	5,300	-	-	-	-	-	5,300
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	17,400	-	-	-	-	-	17,400
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ -	3,600	-	-	-	-	-	3,600
Totals			39,100	-	-	-	-	-	39,100

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	20J	482,100	360,800	842,900	721,600	721,600
Account Totals		482,100	360,800	842,900	721,600	721,600

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	3.6	3.1	3.4	3.1	3.1
Salaries and Wages	257,900	221,500	479,400	443,000	443,000
Employee Benefits	97,300	83,300	180,600	166,600	166,600
Goods and Services	103,100	54,400	157,500	108,800	108,800
Equipment	23,800	1,600	25,400	3,200	3,200
Total By Object Type	482,100	360,800	842,900	721,600	721,600

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	1,500	1,300	2,800	2,600	2,600
EB - Phone/Install/Usage	2,800	2,400	5,200	4,800	4,800
EC - Utilities	1,500	1,200	2,700	2,400	2,400
ED - Facility/Lease Costs	15,800	13,600	29,400	27,200	27,200
EE - Repairs, Alterations & Maintenance	1,800	1,500	3,300	3,000	3,000
EG - Training	400	300	700	600	600
EH - Manage Print Services	900	800	1,700	1,600	1,600
EK - Facilities and Services	3,500	3,100	6,600	6,200	6,200
EL - Interagency DP Svcs	18,200	15,600	33,800	31,200	31,200
EN - Personnel Services	700	600	1,300	1,200	1,200
ER - Contracted Costs	1,700	1,500	3,200	3,000	3,000
ER - Application Programmers	39,100	-	39,100	-	-
EY - Software Maintenance	15,200	12,500	27,700	25,000	25,000
Total Goods & Services	103,100	54,400	157,500	108,800	108,800

3.C – FTE Detail

Position	Salary	FY 20	FY 21	19-21 Total	21-23 Total	23-25 Total
It Specialist 3	6,159	3.0	2.6	2.8	2.6	2.6
Tax Policy Specialist 3	7,500	0.1	0.1	0.1	0.1	0.1
Indirect MSS Fiscal Tech 2	3,249	0.4	0.3	0.3	0.3	0.3
Indirect ISD IT Specialist 4	6,793	0.2	0.1	0.1	0.1	0.1
Total FTE		3.6	3.1	3.4	3.1	3.1

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	404,300	329,700	734,000	659,400	659,400
200 - Information Services	ISD	58,900	14,900	73,800	29,800	29,800
100 - Central Payment Area	CPA	18,900	16,200	35,100	32,400	32,400
Totals by Program		482,100	360,800	842,900	721,600	721,600

Part 4 – Capital Budget Impact

None.

Part 5 – New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 2042 2S HB PL	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: Bryon Moore	Phone: (360)786-7726	Date: 04/29/2019
Agency Preparation: Chris Jones	Phone: 509-335-9682	Date: 05/02/2019
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 05/02/2019
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 05/07/2019

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 2S HB.PL 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 2S HB PL	Title: Green transportation	Agency: 405-Department of Transportation
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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	3.0	3.0	3.0	3.0	3.0
Account					
Multimodal Transportation Account-State 218-1	256,000	254,000	510,000	508,000	508,000
Electric Vehicle Account-State New-1	110,000	117,000	227,000	234,000	234,000
Total \$	366,000	371,000	737,000	742,000	742,000

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: Bryon Moore	Phone: (360)786-7726	Date: 04/29/2019
Agency Preparation: Lizbeth Martin-Mahar	Phone: 360-705-7942	Date: 05/08/2019
Agency Approval: Amber Coulson	Phone: 360-705-7525	Date: 05/08/2019
OFM Review: Erik Hansen	Phone: 360-902-0423	Date: 05/16/2019

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.

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
218-1	Multimodal Transportation Account	State	256,000	254,000	510,000	508,000	508,000
New-1	Electric Vehicle Account	State	110,000	117,000	227,000	234,000	234,000
Total \$			366,000	371,000	737,000	742,000	742,000

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	3.0	3.0	3.0	3.0	3.0
A-Salaries and Wages	229,000	249,000	478,000	498,000	498,000
B-Employee Benefits	86,000	95,000	181,000	190,000	190,000
C-Professional Service Contracts					
E-Goods and Other Services	30,000	12,000	42,000	24,000	24,000
G-Travel	3,000	3,000	6,000	6,000	6,000
J-Capital Outlays	18,000	12,000	30,000	24,000	24,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	366,000	371,000	737,000	742,000	742,000

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
Transportation Planning Specialist 3	77,616	1.0	1.0	1.0	1.0	1.0
Transportation Planning Specialist 4	85,668	2.0	2.0	2.0	2.0	2.0
Total FTEs		3.0	3.0	3.0	3.0	3.0

III. D - Expenditures By Program (optional)

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Public Private & Partnership (K)	110,000	117,000	227,000	234,000	234,000
Public Transportation (V)	256,000	254,000	510,000	508,000	508,000
Total \$	366,000	371,000	737,000	742,000	742,000

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.

Bill Number: 2042 E2SHB.PL	Title: Green Transportation	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.

☒ Indeterminate Cash Receipts Impact (Explain in section II. B)

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures:

Account	Fund Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
218 - Multi-modal Transportation Account	State	256,000	254,000	510,000	508,000	508,000
New Account – Electric Vehicle	State	110,000	117,000	227,000	234,000	234,000
Total \$		366,000	371,000	737,000	742,000	742,000

Estimated Expenditures by Object:

Object	FY 2020	FY 2021	2019-21	2021-23	2023-25
A - Salaries & Wages	229,000	249,000	478,000	498,000	498,000
B - Employee Benefits	86,000	95,000	181,000	190,000	190,000
E - Goods and Other Services	30,000	12,000	42,000	24,000	24,000
G - Travel	3,000	3,000	6,000	6,000	6,000
J - Capital Outlays	18,000	12,000	30,000	24,000	24,000
Total \$	366,000	371,000	737,000	742,000	742,000

*Estimated Expenditures by Program:

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
K - Public Private Partnerships	110,000	117,000	227,000	234,000	234,000
V - Public Transportation	256,000	254,000	510,000	508,000	508,000
Total \$	366,000	371,000	737,000	742,000	742,000

**This table is optional, only required if multi-program split.*

Estimated FTE Expenditures:

FTE Title	FY 2020	FY 2021	2019-21	2021-23	2023-25
Transportation Planning Spec. 3	1.0	1.0	1.0	1.0	1.0
Transportation Planning Spec. 4	2.0	2.0	2.0	2.0	2.0
Total FTE	3.0	3.0	3.0	3.0	3.0

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.

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: 5/8/2019
Agency Approval: Amber Coulson	Phone: 360-705-7525	Date: 5/8/2019
Agency Budget Analyst: My-Trang Le and Nhu-Mai Vu	Phone: 360-705-7517	Date: 5/8/2019

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.

Sections 8 and 13 of this engrossed second substitute bill increases the incremental cost amount of the alternative fuel powered commercial vehicle tax credit from 50 percent to 75 percent of the incremental cost for all gross vehicle weight categories. The tax credit allows for up to 50 percent of cost to purchase the alternative fuel vehicle infrastructure, tangible personal property that will become a component of alternative fuel vehicle infrastructure and installation of alternative fuel vehicle infrastructure. The Department of Revenue must disallow commercial alternative fuel vehicle credits that would cause the total amount of B&O and public utilities tax credits claimed beginning July 15, 2015 to exceed \$32.5 million. The Department of Revenue must report monthly on their web site the amount of credits applied for, issued and 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 removes the expiration dates in current law of January 1, 2021 for credits being earned, and the expiration date for the credits being used by January 1, 2022.

Section 9 of the engrossed second substitute bill establishes a sales and use tax exemption for electric vehicles capable of traveling at least 30 miles using battery only with a sales price of less than \$45,000 beginning August 1, 2019. The qualification requirement for the price of the new vehicle less trade-in value is \$45,000 or less and used vehicles with a sales price less trade-in of \$30,000 or less are eligible for the exemption. For the period from the start date until July 31, 2021, the maximum amount eligible is \$25,000. For the period from August 1, 2021 until July 31, 2023, the maximum amount eligible for the exemption is \$20,000 and for the period from August 1, 2023 until July 31, 2025, the maximum eligible amount is \$15,000. Each year, the state treasurer must transfer from the electric vehicle account to the state 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.

In sections 11 and 12, this proposal also adds a sales and use tax exemption for new purchases of zero emissions buses and extends the expiration date from January 2020 to July 1, 2025. Each quarter of each year, the state treasurer must transfer funds from the multimodal account to the state general fund a sum equal to the dollar amount that would have otherwise been deposited into the general fund but for this exemption. These sections also extend the EV battery and infrastructure sales and use tax exemption to August 1, 2025 (from January 1, 2020) and expands it to include batteries sold as a component of electric buses and zero emission buses.

Subject to availability of amounts appropriated through 2023-2025 for this specific purpose, Section 3 of the engrossed second substitute bill requires WSDOT's Public Private Partnership Office to develop, maintain, and administer a grant/loan program to support the deployment of the clean alternative fuel vehicle charging and refueling infrastructure that is supported by private financing. The department must define corridors in which bidders may propose to install electric vehicle charging or hydrogen fueling infrastructure, supported by private funding.

Subject to the availability of amounts appropriated for this specific purpose, section 16 requires WSDOT's Public-Private Partnership Office to develop a pilot program to support clean alternative fuel car sharing programs to provide clean alternative fuel vehicle use opportunities to underserved communities and low to moderate income members of the workforce not served by transit. It prohibits property acquired through grant funding awarded for the EV car sharing grant program from being used for non-program purposes and requires that if the property is sold, the proceeds of the sale be used for program purposes or that the state be reimbursed.

Subject to the availability of amounts appropriated for this specific purpose, section 18 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.

Section 20 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.

Sections 21 and 22 establish a sales and use tax exemption for purchases of new battery-powered electric marine propulsion systems with power greater than 15 kilowatts. Seller may make the purchase tax-exempt if the buyer provides the seller with an exemption certificate. This exemption expires on August 1, 2025. Each quarter of each year, the state treasurer must transfer funds from the multimodal account to the state general fund a sum equal to the dollar amount that would have otherwise have been deposited into the General Fund but for this exemption.

Section 23 establishes a new \$75 annual fee on hybrids and alternative fuel vehicles that do not pay the existing alternative fuel registration renewal fee or the new transportation electrification fee. This new fee is effective October 1, 2019. This fee revenue is deposited into the Electric Vehicle Account until July 1, 2025 and then it is deposited into the Motor Vehicle Account.

Effective dates: the provisions in the bill pertaining to sections 1-7, 12, and 14-23 take effect August 1, 2019. Sections 8 and 13, which apply to the alternative fuel commercial vehicle and infrastructure tax credit, take effect Jan 1, 2020. Provisions for sections 3, 16, and 18 end in fiscal year 2025.

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 the bill that have an impact on WSDOT's available resources. These provisions include the new \$75 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; transfers of funds from the Multimodal Account-State and Electric Vehicle Account-State (transportation accounts) to the General Fund-State.

The cash receipts impacts of these changes will be reflected on the fiscal notes from Department of Revenue and Department of Licensing. The fiscal notes from these departments will reflect changes to taxes, fees, and tax credits. The transfer of funds from the Electric Vehicle and Multimodal Account to the General Fund-State to pay for the new sales and use tax exemption for purchases of new electric vehicles and zero emission busses are not a change in cash receipts, but a change in distributions by the Office of State Treasurer.

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 below reflect only the costs for the department to implement the new or extended programs in the bill. (Specific appropriations to fund the new or expanded grant programs in the bill are reflected in ESHB 1160, the transportation budget passed by the Legislature.)

Sections 3 (Alternative Fuel Infrastructure Grants/Loans), section 16 (Alternative Fuel Car Sharing Pilot), and section 18 (Green Transportation Capital Grants) create new or extended activities for WSDOT, subject to funding provided for this specific purpose. (Such funding is assumed to be provided in a separate appropriations bill). The department will need additional staff resources to implement and administer these grant programs and the pilot program. The fiscal note shows the distinct workload impacts to the department for these grant programs. The department assumes that these costs would be the administrative portion of the grant programs.

For the purposes of informing workload-related fiscal impacts, the department assumes the "amounts appropriated for this specific purpose" are those listed as supporting E2SHB.PL 2042 in the transportation budget passed by the 2019 Legislature as of April 28, 2019. These include the following appropriations for biennium 2019-21 biennium. (Per the bill's language, the fiscal note assumes these grant programs would continue through 2023-25.)

- \$2 million appropriated to Program K (Public Private Partnership) for Alternative Fuel Infrastructure Grants/Loans;
- \$1.2 million appropriated to Program K for the Alternative Fuel Car Sharing Pilot;
- \$12 million appropriated to Program V (Public Transportation) for the Green Transportation Capital Grant.

Cost breakdown for of administrative support for new or expanded programs is as follows:

Program K (Public Private and Partnership Program)

The department requires one FTE and related costs to administer the deployment of clean alternative fuel vehicle charging infrastructure or hydrogen fuel stations (\$2 million is appropriated in the transportation budget passed by the Legislature) and develop a pilot program to support alternative fuel vehicle sharing (\$1.2 million is appropriated).

The estimated cost to run the programs is approximately \$110,000 for eleven months (beginning August 2019) in fiscal year 2020 and \$117,000 for twelve months of fiscal year 2021 and the ensuing fiscal years to 2025. Costs are calculated using department salaries and benefits for one FTE for a Transportation Planning Specialist 3 (TPS3) position plus \$1,000 for travel per year, and standard staffing costs. One-time costs for furniture and office space accommodated with existing space and items.

The TPS3 responsibilities include:

- Establish and implement program standards and procedures.
- Determine program goals, objectives, and resource requirements.
- Coordinate and collaborate with stakeholders.
- Monitor and evaluate programs' effectiveness and implement improvement strategies.
- Manage, coordinate, implement, and monitor projects associated with assigned program.
- Interact with internal and external customers.
- Provide technical advice and assistance to department management and grant managers.
- Develop a pilot program to support alternative fuel (AF) car sharing programs to provide AF 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 AF use in underserved and low to moderate-income communities.

Program V (Public Transportation)

The department estimates two Transportation Planning Specialist 4 (TPS4) FTEs and related standard costs to establish and administer the Green Transportation Capital Grant Program. The total cost is approximately \$256,000 for 11 months in fiscal year 2020, then \$254,000 for fiscal year 2021 and ensuing fiscal years to 2025. There is a one-time cost of \$18,000 in the first fiscal year. This one-time cost includes the standard desks, chairs, and office space configurations.

Shared responsibilities for the two staff are:

- 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.

In addition, one TPS4 will:

- Participate in the advisory committee meetings in the rule making process,
- Evaluate performance and revisit the rules,
- Solicit the grant applications,
- Participate in the grants evaluation group to score and prioritize the projects, and
- Administer the award process and communicate with the grant recipients.

Individual State Agency Fiscal Note

The additional responsibilities for the other TPS4 include:

- Outreach to community, deliver of awarded projects, monitor compliance, and
- Provide technical assistance, reports, and manage change the ongoing process.

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose

See the above tables.

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.

None

Individual State Agency Fiscal Note

Bill Number: 2042 2S HB PL	Title: Green transportation	Agency: 461-Department of Ecology
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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	0.1	0.1	0.1	0.1	0.1
Account					
State Toxics Control Account-State 173-1	16,733	16,733	33,466	33,466	33,466
Total \$	16,733	16,733	33,466	33,466	33,466

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: Bryon Moore	Phone: (360)786-7726	Date: 04/29/2019
Agency Preparation: Lori Peterson	Phone: 360-407-0244	Date: 05/01/2019
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 05/01/2019
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 05/08/2019

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.

Compared to 2042 E2SHB, 2042 E2SHB.PL has the following change that would relate to the Department of Ecology.

Section 18 would be subject to the availability of amounts appropriated for the section's purpose, as in the E2SHB version, but the PL version would add "through the 2023-2025 biennium." This would not alter the estimated fiscal impact.

Background: The Washington Legislature adopted Washington Clean Car standards in 2005. Under current law, cars, light duty trucks, and passenger vehicles (SUVs and passenger vans) manufactured after January 1, 2009, must meet strict clean air standards to be registered, leased, rented, licensed, or sold in Washington. Most of Clark, King, Pierce, Snohomish, and Spokane counties require vehicle emission tests for personal and fleet vehicles that have model year 2006 or older. Under current law, state air quality regulations align with federal Clean Air Act (CAA) requirements. Areas in the state that do not meet federal air quality standards are designated by the federal government as nonattainment or maintenance areas. Ecology monitors air quality statewide and tracks areas at risk of nonattainment.

This bill would provide various incentives for zero-emission vehicles (ZEVs), electric vehicle infrastructure, and transit electrification options. These changes are intended to promote the adoption of green transportation and transit options, which include zero-emission vehicles (ZEVs) and other clean alternative fuel vehicles, in order to reduce air pollution from exhaust emissions, including greenhouse gas (GHG) emissions.

Section 18 (2) would require Ecology to provide a representative to an advisory committee created to assist in the identification of projects for the green transportation capital grant program created by section 18 (1) (a).

Section 18 would take effect August 1, 2019, per section 24.

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 18 (2) would require Ecology to provide a representative to an advisory committee created to assist in the identification of projects for the green transportation capital grant program created by section 18 (1) (a). Per section 24, the grant program and advisory committee would be effective starting August 1, 2019.

Ecology assumes that the Climate Policy Section Manager (WMS Band 2) and Mobile Source Specialist (Environmental Planner 5) would participate in the advisory committee. Based on an assumption of eight hours

of meetings every other month and an equal time commitment to prepare for meetings and to assist with developing proposals and scoring criteria for the grants, the estimated staff time needed would be as follows:

WMS Band 2 – 0.05 FTE in FY 2020 and ongoing thereafter;
Environmental Planner 5 – 0.05 FTE in FY 2020 and ongoing thereafter.

Expenditures are assumed to be in the State Toxics Control Account, the fund source for the agency’s activity to Reduce Health and Environmental Threats from Motor Vehicle Emissions.

Notes on costs by object:

Salary estimates are current biennium actual rates at Step L.
Benefits are the agency average of 37.1% of salaries.
Goods and Services are the agency average of \$4,230 per direct program FTE.
Travel is the agency average of \$2,577 per direct program FTE.
Equipment is the agency average of \$1,319 per direct program FTE.
Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 29.7% of direct program salaries and benefits, and is shown as object 9. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT Specialist 2.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
173-1	State Toxics Control Account	State	16,733	16,733	33,466	33,466	33,466
Total \$			16,733	16,733	33,466	33,466	33,466

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
A-Salaries and Wages	8,953	8,953	17,906	17,906	17,906
B-Employee Benefits	3,321	3,321	6,642	6,642	6,642
E-Goods and Other Services	424	424	848	848	848
G-Travel	258	258	516	516	516
J-Capital Outlays	132	132	264	264	264
9-Agency Administrative Overhead	3,645	3,645	7,290	7,290	7,290
Total \$	16,733	16,733	33,466	33,466	33,466

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
ENVIRONMENTAL PLANNER 5	85,671	0.1	0.1	0.1	0.1	0.1
FISCAL ANALYST 2		0.0	0.0	0.0	0.0	0.0
IT SPECIALIST 2		0.0	0.0	0.0	0.0	0.0
WMS BAND 2	93,384	0.1	0.1	0.1	0.1	0.1
Total FTEs		0.1	0.1	0.1	0.1	0.1

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

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

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2042 2S HB PL **Title:** Green transportation

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

Legislation Impacts:

- ☒ Cities: Decreases in revenues from sales tax exemptions, indeterminate revenue losses from leasehold tax exemptions, potential indeterminate revenue gains from grants, potential indeterminate costs and cost savings
- ☒ Counties: Same as above.
- ☒ Special Districts: Same as above.
- ☐ Specific jurisdictions only:
- ☒ Variance occurs due to: King County would likely be disproportionately impacted by this legislation's tax exemptions; but the exact proportion is not known

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: 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: Which jurisdictions would be impacted by this legislation's tax preferences.

Estimated revenue impacts to:

Jurisdiction	FY 2020	FY 2021	2019-21	2021-23	2023-25
City	(1,400,224)	(1,759,680)	(3,159,904)	(3,452,266)	(4,020,135)
County	(1,455,395)	(1,829,014)	(3,284,409)	(3,588,290)	(4,178,533)
Special District	(1,421,181)	(1,786,016)	(3,207,197)	(3,503,934)	(4,080,302)
TOTAL \$	(4,276,800)	(5,374,710)	(9,651,510)	(10,544,490)	(12,278,970)
GRAND TOTAL \$					(32,474,970)

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Austin Scharff	Phone: 360-725-3126	Date: 05/06/2019
Leg. Committee Contact: Bryon Moore	Phone: (360)786-7726	Date: 04/29/2019
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 05/06/2019
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 05/07/2019

Part IV: Analysis

A. SUMMARY OF BILL

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

CHANGES FROM PRIOR LEGISLATION:

- Limits the Washington State University Extension Energy Program's technical assistance and education program to between 2023-2025.
- Decreases the annual vehicle registration renewal fee increase from \$100 to \$75.
- Changes the maximum dollar amounts eligible for some tax exemptions under section 10.
- Expires tax exemptions in section 11 earlier, July 1, 2025.

SUMMARY OF THIS BILL:

SECTION 2:

Subject to available funds, section 2 would permit the Washington State University Extension Energy Program to provide education and assistance on alternative fuel vehicles to public agencies, including local governments and other state political subdivisions.

SECTION 3:

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 4:

This section would clarify that it is the Legislature's intent to allow all utilities to support transportation electrification to further the state's policy goals.

SECTIONS 7-14:

These sections would establish a number of tax preferences.

SECTION 15:

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 9 and 10 of this legislation.

SECTION 16:

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. Nonprofit organizations or local governments, with a demonstrated history of managing or implementing low-income transportation clean alternative fuel and shared mobility pilot programs would be eligible to participate in the program.

SECTION 18:

Section 18 would establish a green transportation capital grant program.

SECTION 20-22:

These sections would establish a number of tax preferences.

SECTION 23:

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 \$75 until July 1, 2025.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

CHANGES FROM PRIOR VERSION OF THIS BILL:

Changes from the prior version of this bill would have no impact on local government expenditures.

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.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

CHANGES FROM PRIOR BILL VERSION:

Changes from the prior version of this legislation would have a reduced impact on local government revenues.

SUMMARY OF THE CURRENT BILL:

This bill's sales tax exemptions would decrease local revenues by an estimated \$4,276,800 in 2020; \$5,374,710 in 2021; \$4,802,489 in 2022; \$5,742,001 in 2023; \$5,544,990 in 2024; and \$6,733,980 in 2025. The Local Government Fiscal Note Program (LGFN) assumes a large portion of these exemptions would occur in King County, but the exact proportion is not known.

The Department of Revenue (DOR) assumes that the revenue impact for the leasehold exemption is indeterminate, and would vary by the number of charging stations located on public property. DOR assumes the impact of the leasehold exemption would be minimal.

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.

LOCAL GOVERNMENT REVENUE IMPACT FROM SALES TAX EXEMPTIONS:

Counties:

FY 2020 -	(-\$1,455,395)
FY 2021 -	(-\$1,829,014)
FY 2022 -	(-\$1,634,287)
FY 2023 -	(-\$1,954,003)
FY 2024 -	(-\$1,886,960)
FY 2025 -	(-\$2,291,573)

Cities:

FY 2020 -	(-\$1,400,224)
FY 2021 -	(-\$1,759,680)
FY 2022 -	(-\$1,572,335)
FY 2023 -	(-\$1,879,931)
FY 2024 -	(-\$1,815,430)
FY 2025 -	(-\$2,204,705)

Special Districts:

FY 2020 -	(-\$1,421,181)
FY 2021 -	(-\$1,786,016)
FY 2022 -	(-\$1,595,867)
FY 2023 -	(-\$1,908,067)
FY 2024 -	(-\$1,842,600)
FY 2025 -	(-\$2,237,702)

METHODOLOGY:

The distributions in this note for cities, counties, and special districts are based on Department of Revenue (DOR) data for local sales and use tax distributions from calendar year 2015 (the most current year available). Mitigation payments and distributions to hospital benefit zones are not factored into this distribution. School districts are also not included in the special districts distribution. This results in a distribution of 34.03 percent to counties, 32.74 percent to cities, and 33.23 percent to special districts. The one percent DOR administrative fee has also been accounted for.

SOURCES:

- Department of Commerce, Energy Division
- Department of Revenue
- Department of Transportation
- Department of Revenue fiscal note

Department of Revenue Local Tax Distributions (2016)
Local Government Fiscal Note program "Local Sales Tax" model (2019)
Local Government Fiscal Note program "Sales and Use Tax Distribution" model (2019)
Washington State Public Utility Districts Association