

Multiple Agency Fiscal Note Summary

Bill Number: 5444 SB	Title: Electric vehicles/per mile
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Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Licensing	0	0	0	0	0	0	0	0	(4,973,300)
County Road Administration Board	0	0	0	0	0	0	0	0	(2,808,400)
Transportation Improvement Board	0	0	0	0	0	0	0	0	(2,808,400)
Total \$	0	0	0	0	0	0	0	0	(10,590,100)

Agency Name	2021-23		2023-25		2025-27	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Licensing	.6	0	0	556,000	1.3	0	0	321,000	2.6	0	0	642,000
Department of Transportation	.0	0	0	0	.0	0	0	0	.0	0	0	0
County Road Administration Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Transportation Improvement Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Transportation Commission	.0	0	0	450,000	.0	0	0	0	.0	0	0	0
Total \$	0.6	0	0	1,006,000	1.3	0	0	321,000	2.6	0	0	642,000

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
County Road Administration Board	.0	0	0	.0	0	0	.0	0	(2,808,400)
Transportation Improvement Board	.0	0	0	.0	0	0	.0	0	(2,808,400)
Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	(5,616,800)

Estimated Capital Budget Breakout

NONE

Agency Name	2021-23	2023-25	2025-27
	Total	Total	Total
Grants/Loans	0	0	(2,808,400)
Grants/Loans	0	0	(2,808,400)
Total \$	0	0	(5,616,800)

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Prepared by: Kyle Siefering, OFM	Phone: (360) 995-3825	Date Published: Final 3/12/2021
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Individual State Agency Fiscal Note

Revised

Bill Number: 5444 SB	Title: Electric vehicles/per mile	Agency: 240-Department of Licensing
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
Rural Arterial Trust Account-State 102-1					(2,868,400)
Motor Vehicle Account-State 108-1					763,500
Transportation Improvement Account-State 144-1					(2,868,400)
Total \$					(4,973,300)

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	1.1	0.6	1.3	2.6
Account					
Motor Vehicle Account-State 108-1	0	556,000	556,000	321,000	642,000
Total \$	0	556,000	556,000	321,000	642,000

Estimated Capital Budget Impact:

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:

- ☒ 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: 02/09/2021
Agency Preparation: Merdan Bazarov	Phone: 360-902-3795	Date: 03/05/2021
Agency Approval: Kristin Bettridge	Phone: 360-902-3644	Date: 03/05/2021
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 03/05/2021

Part II: Narrative Explanation

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

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

This bill Implements a per mile charge on electric and plug-in hybrid vehicles, beginning on July 1, 2026.

Section 1 creates a new section in Chapter 46.17 RCW to introduce the intention of the legislature to move the state to a per mile funding system for vehicles.

Section 2 creates a new section in Chapter 46.17 RCW:

Section 2(1) requires the Department of Licensing (DOL) and the Washington State Transportation Commission, by December 1, 2022, to develop an implementation plan for the voluntary early adoption plan pursuant to subsection (3) of this section and imposing a per mile fee on electric and plug-in hybrid vehicles. This plan must incorporate the ongoing work of the transportation commission in evaluating a road usage charge, including coordinating with federal grant-funded research and development to continue in parallel with these activities. The plan must include, but is not limited to:

Section 2(1)(a) different mileage reporting options;

Section 2(1)(b) recommended payment collection means and rates (payment plans);

Section 2(1)(c) options for collaborating with other states or countries in the development and administration of the system;

Section 2(1)(d) evaluation and comparison of the benefits and costs for allowing payments plan options;

Section 2(1)(e) any recommended statutory changes, including suggested offsets or rebates to the per mile fees;

Section 2(1)(f) specific recommendations to align the system with other vehicle-related charges and potentially establish the framework for broader implementation of a per mile funding system;

Section 2(1)(g) a recommended implementation and governance structure, and transition plan with the department as the designated lead agency to operate and administer the per mile funding system; and

Section 2(1)(h) a recommendation on the best agency to be lead on public outreach and education;

Section 2(1)(i) recommendations for augmenting vehicle owner privacy and proposed rules to be adopted by the commission related to privacy protections; and

Section 2(1)(j) detailed information on the recommended periodic review and evaluation process.

Section 2(2)(a) beginning July 1, 2026, electric and plug-in hybrid vehicle owners are required to pay a per mile fee. This fee is in addition to all other fees and taxes required by law.

Section 2(2)(b) the rate of the per mile fee is as follows:

Section 2(2)(b)(i) from July 1, 2026 through June 30, 2029, two cents per mile driven; and

Section 2(2)(b)(ii) on July 1, 2029 and thereafter, two and one-half cents per mile driven.

Section 2(3)(a) by July 1, 2025, the department must establish a voluntary early adoption program that allows the registered owner of an electric or plug-in hybrid vehicle to start paying a per mile fee earlier than the mandatory participation date of July 1, 2026.

Section 2(3)(b) except as otherwise specified in this subsection (3), participants in the voluntary early adoption program must pay two cents per mile driven in addition to all other fees and taxes required by law.

Section 2(3)(c) for active participants in the voluntary early adoption program, the department must waive payment of the electric vehicle registration renewal fees as specified in RCW 46.17.323 and the transportation electrification fee as specified in RCW 46.17.324 (1).

Section 2(3)(d) the voluntary program must include at least 500 electric, hybrid, and has-powered state fleet vehicles and these vehicles are not subject to the per-mile fee. The voluntary early adoption program as it specifically relates to state-owned fleet vehicles may be initiated as early as July 1, 2024, based on the capability of the department to implement the program.

Section 2(3)(e) by January 1, 2024, after consultation with the transportation commission, the department must adopt rules to implement the voluntary early adoption program specified in this subsection (3), which must include procedures for recoupment of any waived fees if the participant is not actively participating.

Section 2(4) states that this section only applies to a vehicle that is designed to have the capability to drive at a speed of more than 35 miles per hour and has a gross vehicle weight rating of 10,000 pounds or less.

Section 2(5) proceeds from the per mile fee must be deposited in the motor vehicle fund created in RCW 46.68.070.

Section 3(5) states however, for purposes of this subsection, the establishment of the voluntary early adoption program described in section 2(3) of this act does not constitute legislation that imposes a vehicle miles traveled fee or tax.

Section 3(6) amends RCW 46.17.323 to exempt participants in the early adoption program from the electric vehicle fees in RCW 46.17.323 (after July 1, 2025).

Section 4(3) states that beginning July 1, 2026, the department, county auditor, or other agent or subagent appointed by the director must require that an applicant for the annual vehicle registration renewal for vehicles specified in this subsection to pay a \$75 hybrid vehicle transportation electrification fee, in addition to any other fees and taxes required by law. This fee applies to:

Section 4(3)(a) an electric or plug-in hybrid vehicle that uses at least one method of propulsion that is capable of being reenergized by an external source of electricity, but is not capable of traveling at least 30 miles using only battery power; or

Section 4(3)(b) a hybrid electric and gasoline vehicle that is not a plug-in hybrid.

Section 4(6) states that for hybrid and plug-in hybrid owners, transportation electrification fees are waived for those participants in the early adoption program beginning on July 1, 2025.

Section 5 creates a new section in Chapter 46.08 RCW:

Section 5(1) require that the per mile system may not involve the collection of any personally identifying information (PII) beyond what is necessary to properly collect the per mile fee, unless the vehicle owner provides their express written consent for the collection of additional information.

Section 5(2) per mile reporting methods may record or report general location data under the following circumstances:

Section 5(2)(a) the vehicle owner chooses that specific reporting method;

Section 5(2)(b) proper disclosure of the reporting method was made pursuant to rules adopted by the transportation commission; and

Section 5(2)(c) the vehicle owner specifically consents to the reporting of general location data.

Section 5(3) per mile reporting methods shall not report specific location data to the department or any subdivision of the state, including travel patterns, origins, destinations, waypoint locations, or times of travel unless a vehicle owner specifically consents to the recording or reporting of such location data.

Section 5(4) the department and any per mile account manager has a public duty regarding the collection of the per mile fee to:

Section 5(4)(a) ensure that per mile information is protected with all safeguards to ensure its confidentiality and integrity;

Section 5(4)(b) implement and maintain security procedures and practices in order to protect per mile information from unauthorized access, destruction, use, modification, or disclosure; and

Section 5(4)(c) implement and maintain a usage and privacy policy to ensure that the collection of per mile information is consistent with respect for individuals' privacy and civil liberties.

Section 5(5) per mile system data retained beyond the period of time necessary to ensure proper mileage account payment must have all personally identifying information removed and may only be used for public purposes.

Section 6(10) amends RCW 42.56.330 to exempt from disclosure the personally identifying information for anyone who report their vehicle odometer mileage, including any vehicle location information, in relation to a per mile fee. The information may be disclosed in aggregate form as long as the data does not contain any personally identifying information. Personally identifying information may be released to law enforcement agencies only if the request is accompanied by a court order.

Section 7 repeals RCW 46.17.323; electric vehicle registration fees on July 1, 2026.

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 bill establishes the new per mile fee for electric and plug-in hybrid vehicles starting July 1, 2025 as a voluntary participation early adoption program. Starting July 1, 2026 the fee becomes mandatory. The vehicles paying the new per mile fee will no longer be subject to the current \$150 electric vehicle fee or the \$75 transportation electrification fee.

Notes:

- Data source for the electric vehicle fee revenue is based on the November 2020 transportation forecast.
- The new fee collections will be deposited to the Motor Vehicle Fund (108). The \$225 fee revenue loss is distributed between the Motor Vehicle Fund (108), the Transportation Improvement Account (144), and the Rural Arterial Trust Account (102).

This analysis assumes an average of annual 10,000 miles travelled per vehicle. Participation rate in the voluntary program during Fiscal Year (FY) 26 is assumed to be 50% of all eligible vehicles, which is approximately 60,935 vehicles.

FY	Per Mile Fee	Per Mile Fee Revenue	EV Fee Revenue	Net Impact
FY26	\$0.020	\$12,186,900	\$(13,677,400)	\$(1,490,500)
FY27	\$0.020	\$28,477,400	\$(31,960,200)	\$(3,482,800)

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.

For the purposes of this fiscal note, DOL is assuming that we would implement this program by outsourcing the collection of the fee and miles to outside third-party vendors, with the agency supporting the program through vendor contract management, data sharing/analysis and state revenue forecasting.

Section 2(3)(d) of this bill has a voluntary program starting in July 2024 (FY2025) for state fleet vehicles (500 electric, hybrid, and gas-powered state fleet), therefore our expenditures will begin in FY2023 to account for implementation. Vehicles in the voluntary program starting in July 2024 (FY2025) are not subject to the per-mile fee, therefore it does not affect our revenue estimates shown in the cash receipts section.

Program Services Division (PSD); Contracts and Initiatives Unit:

PSD is requesting 1.0 FTE Management Analyst 4 from FY2025 and forward to manage the vendor contract(s) associated with this new per-mile fee program. This position would manage all vendor communication and financial reconciliations.

Forecasting Office:

Forecasting Office would need 0.2 FTE Tax Policy Specialist 3 from FY2025 and forward. The resource is needed to develop a new forecast model for the new per-mile fee forecast, which would involve monthly tracking of related data and quarterly delivery of forecast as well as responding to requests around this forecast and data behind it.

Information Services:

DOL will implement the following changes to DRIVES (system changes will occur in May 2023 (FY2023) for approximately 14 months):

1. New logic and screen changes to stop tab renewal if payment of the per mile charge has not been made when payment indicator not set, includes online renewals.
2. New logic and screen changes to require odometer reading during registration renewal for qualifying vehicles. Includes updates to screens for new data element "odometer reading" and messages.
3. New indicator, banner and logic for vehicles subject to per mile charge, includes ability to manually add/remove indicator.
4. New indicator for vehicles that paid the charge to the vendor for each renewal cycle.
5. Modify logic for what vehicles are subject to the new per mile charge.

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.

Please see attachment 1 for information services contractor costs.

Support Services:

Agency Administrative Overhead is included at a rate of 26 percent of the direct program costs. This 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.

Vendor Costs:

Policy and system design choices will determine the total cost to set up and operate a per-mile road usage charge (RUC). For example, the bill specifies that the system include more than one method of mileage reporting, but leaves the details of how many methods, which methods, and how to procure them to DOL and Transportation Commission. Other cost factors, such as the number of vehicles paying a per-mile fee, depend on adoption rates of subject vehicles, including electric vehicles.

For the purposes of this fiscal notes, we have provided the costs associated with three illustrative scenarios as explained below. In all scenarios, the costs presented cover vendor operations, including costs of managing customers and accounts, collecting mileage data, collecting fees, and remitting fees and data to the state periodically. Given the rapid pace of technological change in the automotive sector, there is uncertainty about future costs, so we are providing a range of unit costs across the three scenarios.

This analysis assumes that DOL does not allow these third party vendors to charge customers directly for the service of measuring miles traveled and collecting charges. Such an approach could reduce the costs borne

directly by the state.

Scenario 1 assumes the following:

- A RUC system with two choices for reporting miles driven:
 1. Plug in devices: with or without GPS, the latter of which allows motorists to avoid being charged for miles driven on private roads or out-of-state
 2. Odometer photo reporting: reports total miles driven
- The DOL utilizes an open market approach for providers of both methods.
- The DOL certifies vendors based on standards developed by the agency in accordance with SB 5444 and the RUC implementation plan, building on existing technical design and performance standards in use in Oregon and Utah.
- The DOL negotiates a “market rate” of compensation to vendors on a per-vehicle basis for each method of mileage reporting, at \$1 per year per vehicle enrolled with odometer photo, and \$25 per year per vehicle enrolled with plug-in devices.
- The DOL compensates vendors an additional customer service fee of \$5 per vehicle per year.
- 50% of customers opt for the odometer photo option, and 50% opt for the plug-in device.

Scenario 2 assumes the following:

- A RUC system with three choices for reporting miles driven:
 1. Plug-in devices
 2. Native automaker telematics
 3. Odometer photo reporting
- The DOL allows an open market for providers of all three methods.
- The DOL certifies vendors based on standards developed by the agency in accordance with SB 5444 and the RUC implementation plan, building on existing technical design and performance standards in use in Oregon and Utah.
- The DOL negotiates a “market rate” of compensation to vendors on a per-vehicle basis for each method of mileage reporting, at \$3 per year per vehicle enrolled with odometer photo, \$40 per year per vehicle enrolled with plug-in devices, and \$15 per year per vehicle enrolled with native automaker telematics.
- The DOL compensates vendors an additional a customer service fee of \$20 per vehicle per year.
- 40% of customers opt for native automaker telematics, and 30% each opt for the odometer photo and plug-in device options.

Scenario 3 assumes the following:

- A RUC system with four choices for reporting miles driven:
 1. Plug-in devices
 2. Native automaker telematics
 3. Odometer photo reporting
 4. Assisted odometer reporting at vehicle licensing sub-agents.
- The DOL allows an open market for providers of all methods except manual reporting, which must be done through vehicle licensing offices.
- The DOL certifies vendors based on standards developed by the agency in accordance with SB 5444 and the RUC implementation plan, building on existing technical design and performance standards in use in Oregon and Utah.
- The DOL negotiates a “market rate” of compensation to vendors on a per-vehicle basis for each method of mileage reporting, at \$2 per year per vehicle enrolled with odometer photo, \$30 per year per vehicle enrolled with

plug-in devices, and \$15 per year per vehicle enrolled with native automaker telematics.

- For manual reporting, there is no additional cost as customers bear the subagent service fees.
- The DOL compensates vendors an additional customer service fee of \$10 per vehicle per year for all vehicles except those opting for manual reporting.
- In this scenario, 50% of customers opt for the plug-in device, 20% each opt for the odometer photo and native automaker telematics options, and 10% opt for manual reporting.

Key considerations on costs vs revenues:

- Regardless of the scenario, the approach of building off of existing system designs used in other states allows DOL to more quickly and efficiently access the marketplace than designing a new system from scratch.
- As the size of the vehicle fleet paying RUC grows and as RUC technology improves, DOL can negotiate more favorable “market rate” costs in the future, allowing costs as a percent of revenue to decline.
- Starting with a small subset of vehicles not currently paying fuel taxes allows the state to build a system that can accommodate much larger volumes of vehicles at lower unit costs in the next decade.

Please see attachment 2 for vendor operations costs in the first years of a small-scale RUC program.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
108-1	Motor Vehicle Account	State	0	556,000	556,000	321,000	642,000
Total \$			0	556,000	556,000	321,000	642,000

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		1.1	0.6	1.3	2.6
A-Salaries and Wages		70,000	70,000	208,000	416,000
B-Employee Benefits		28,000	28,000	74,000	148,000
C-Professional Service Contracts					
E-Goods and Other Services		458,000	458,000	39,000	78,000
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 \$	0	556,000	556,000	321,000	642,000

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 2022	FY 2023	2021-23	2023-25	2025-27
Indirect ADM Fiscal Analyst 2	4,509		0.8	0.4	0.2	0.4
Indirect ISD IT Cust. Support - Journey	6,991		0.3	0.2	0.1	0.2
Management Analyst 4	6,691				0.5	1.0
Tax Policy Specialist 3	7,761				0.5	1.0
Total FTEs			1.1	0.6	1.3	2.6

III. D - Expenditures By Program (optional)

Program	FY 2022	FY 2023	2021-23	2023-25	2025-27
Mgmt & Support Services (100)		72,000	72,000	181,000	362,000
Information Services (200)		484,000	484,000	21,000	42,000
Programs & Services (600)				119,000	238,000
Total \$		556,000	556,000	321,000	642,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

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.

The DOL will amend and create new rules as needed. No additional resources are requested for this activity.

Attachment 1 – SB 5444 – Information Services Contractor Costs

Cost Category	Description	Rate	2022	2023	2024	2025	2026	2027	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 22,620	-	115,400	-	-	-	-	115,400
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 16,530	-	23,100	-	-	-	-	23,100
PROJECT MANAGER	Manage schedule and contracts	\$ 28,710	-	31,600	-	-	-	-	31,600
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.	\$ 16,530	-	11,600	-	-	-	-	11,600
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	-	187,900	-	-	-	-	187,900
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 22,620	-	31,700	-	-	-	-	31,700
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 22,620	-	40,100	-	-	-	-	40,100
Totals			-	441,400	-	-	-	-	441,400

Attachment 2 – SB 5444 – Vendor operations costs in the first years of a small-scale RUC program

FY	Vehicles Enrolled	Scenario 1	Scenario 2	Scenario 3
2026	50,000	\$ 900,000	\$ 1,945,000	\$ 1,370,000
2027	150,000	\$ 2,700,000	\$ 5,835,000	\$ 4,110,000
2028	170,000	\$ 3,060,000	\$ 6,613,000	\$ 4,658,000
2029	190,000	\$ 3,420,000	\$ 7,391,000	\$ 5,206,000
2030	210,000	\$ 3,780,000	\$ 8,169,000	\$ 5,754,000
Vendor cost as a % of revenue		9.0%	19.5%	13.7%

Individual State Agency Fiscal Note

Bill Number: 5444 SB	Title: Electric vehicles/per mile	Agency: 405-Department of Transportation
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Part I: Estimates

☒ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

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:

- ☐ 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: 02/09/2021
Agency Preparation: Lizbeth Martin-Mahar	Phone: 360-705-7942	Date: 02/18/2021
Agency Approval: Lizbeth Martin-Mahar	Phone: 360-705-7942	Date: 02/18/2021
OFM Review: Ruth Roberson	Phone: (360) 995-3826	Date: 02/19/2021

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 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.

For the fees that the Washington State Department (WSDOT) collects, SB 5444 would not have any cash receipts impacts. The change in the fee structure for electric and hybrid vehicles (plug-in and battery-operated electric vehicles) contained in this bill would be estimated by the Department of Licensing in their fiscal note. The exact amount of the revenue estimate is uncertain as it is dependent on how many electric and hybrid vehicles would choose to be participants in the early adoption program and how many miles the electric and hybrid owners drive each year. The cash receipts impact is likely to be negative overall in the near-term because the revenue from the new per mile fee is less than the reduction in existing electric and hybrid fees until the per mile fee is increased to 2.5 cents per year.

The new per mile fee is not assessed on out-of-state electric vehicles travelling on Washington highways. In addition, the per mile fee is silent on whether out-of-state miles would be part of the Washington vehicle owners' base of miles subject to the per mile charge.

This proposal eliminates part of the \$75 transportation electrification fee distribution to WSDOT and would lower the amount currently forecasted in the motor vehicle account by approx. \$10.7 million beginning in fiscal year 2027 and each year thereafter. This revenue is currently dedicated to various EV infrastructure programs administered by the department and used for preservation and maintenance projects.

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

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*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: SB 5444	Title: Electric vehicles/per mile	Agency: 405-Department of Transportation
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Part I: Estimates

Check applicable boxes and follow corresponding instructions, use the fiscal template table provided 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 template table, and go to Part II to explain briefly, why the program believes there will be no fiscal impact to the department.

☒ No Fiscal Impact (Explain in section II. A)

If a fiscal note is assigned to our agency, someone believes there might be, and we need to address that, showing why there is no impact to the department.

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

☐ Indeterminate Expenditure Impact (Explain in section II. C)

-
- ☐ If fiscal impact is less 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 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**
- ☐ Revised

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

Agency Assumptions

N/A

Agency Contacts:

Preparer: Lizbeth Martin-Mahar	Phone: 360-705-7942	Date: 02/18/2021
Approval: Lizbeth Martin-Mahar	Phone: 360-705-7942	Date: 02/18/2021
Budget Manager: Jonathan Neville	Phone: 360-705-7542	Date: 02/17/2021
Economic Analysis: Lizbeth Martin-Mahar	Phone: 360-705-7942	Date: 02/18/2021

Part II: Narrative Explanation

II. A - Brief description of what the measure does that has fiscal impact

Briefly describe by section number (sections that will change WSDOT costs or revenue), the significant provisions of the bill, and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency. **List the sections that have fiscal impact to WSDOT only. E.g., "Section 3 directs the Department to ..."** No summarizing, no interpreting, and save any background context for the revenue and expenditure parts.

Individual State Agency Fiscal Note

This bill establishes a new per mile charge on electric and hybrid vehicles.

Section 1 states the intent to impose a per mile fee to mitigate the impact of increased electric and hybrid vehicles on state highways and to allow further evaluation of the feasibility of transitioning from a revenue collection system based on fuel taxes to a per mile funding system.

Section 2 states by December 1, 2022, Department of Licensing (DOL) and the Washington State Transportation Commission (WSTC) must collaborate to develop an implementation plan for the voluntary early adoption program.

- By July 1, 2025, DOL, in consultation with WSTC must establish a voluntary early adoption program that allows the registered owner of an electric or hybrid vehicle to start paying a per mile fee earlier than the mandatory participation date of July 1, 2026.
- Beginning July 1, 2026, before accepting an application for an annual vehicle registration renewal for an electric or hybrid vehicle that both uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and can travel at least 30 miles using only battery power, the applicant needs to pay a per mile fee of 2 cents per mile driven. This fee is in addition to all other fees and taxes required by law. It applies to a vehicle that is designed to have the capability to drive at a speed of more than 35 miles per hour and has a gross vehicle weight rating of 10,000 pounds or less.
- On July 1, 2029 and thereafter, the rate of the per mile fee is increased to 2.5 cents per mile. The participants in the early adoption program also will have their electric vehicle registration renewal fees waived in RCW 46.17.323. The funds from the per mile fee is to be used for preservation and maintenance and be deposited into the motor vehicle fund.

Section 3 also states that beginning July 1, 2025, participants in the voluntary early adoption program of this act are exempt from the \$150 electric vehicle fees in 46.17.323.

Section 4 states that beginning July 1, 2025, participants in the voluntary early adoption program of this act are exempt from the \$75 transportation electrification fee contained in RCW 46.17.324 and a \$75 fee is to be assessed on hybrid vehicles which cannot travel at least 30 miles using battery power only.

Section 7 repeals the statutes with the electric vehicle registration renewal fees for Plugin-Hybrid Electric Vehicles (PHEVs) and Battery Electric Vehicles (BEVs) (those vehicles which can go 30 or more miles on their battery only) effective July 1, 2026.

II. B - Cash receipts Impact

If there are cash receipts components of the fiscal note, contact BFA-Economics to share your assumptions, and calculations. BFA-Economics will develop and supply cash receipts narrative to ensure consistent department messaging.

For the fees that the Washington State Department (WSDOT) collects, SB 5444 would not have any cash receipts impacts. The change in the fee structure for electric and hybrid vehicles (plug-in and battery-operated electric vehicles) contained in this bill would be estimated by the Department of Licensing in their fiscal note. The exact amount of the revenue estimate is uncertain as it is dependent on how many electric and hybrid vehicles would choose to be participants in the early adoption program and how many miles the electric and hybrid owners drive each year. The cash receipts impact is likely to be negative overall in the near-term because the revenue from the new per mile fee is less than the reduction in existing electric and hybrid fees until the per mile fee is increased to 2.5 cents per year.

The new per mile fee is not assessed on out-of-state electric vehicles travelling on Washington highways. In addition, the per mile fee is silent on whether out-of-state miles would be part of the Washington vehicle owners' base of miles subject to the per mile charge.

This proposal eliminates part of the \$75 transportation electrification fee distribution to WSDOT and would lower the amount currently forecasted in the motor vehicle account by approx. \$10.7 million beginning in fiscal year 2027 and each year thereafter. This revenue is currently dedicated to various EV infrastructure programs administered by the department and used for preservation and maintenance projects.

Individual State Agency Fiscal Note

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.

This bill proposes an alternative fee structure for electric and hybrid vehicles. No fiscal impact to the department.

Part III: Expenditure Detail

III. A - 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.

None



Ten Year Analysis

Bill Number: HB 5444	Title: Relating to implementing a per mile charge on electric and hybrid vehicles	Agency: 405 Washington State Department of Transportation
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Ten-year analyses are to be completed by the WSDOT BFA-Economics Office and are limited to agency-estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ No Cash Receipts ☐ Partially Indeterminate Cash Receipts ☐ Indeterminate Cash Receipts

Name of Tax or Fee	Account Code and Title	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total 2019-29
	Choose an item.			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Totals				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Narrative Explanation (Required for all Taxes and/or Fees including "Indeterminate," "Partially Indeterminate," or "No Cash Receipts.")

- Brief Description of What the Measure does that has I-960 Implications**
Briefly describe by section number, the provisions of the bill that make it subject to the requirements of I-960.

This bill establishes a new per mile charge on electric and hybrid vehicles. It eliminates the current electric vehicle fees. Both of these changes in the bill would be administered by the Department of Licensing.

- Cash Receipts Impact**
Briefly describe and quantify the cash receipts impact to the legislation on the responding agency, including rates, assumptions, and an explanation if the cash receipts are indeterminate.

For the fees that WSDOT collects, SB 5444 would not have any cash receipts impacts. The change in the fee structure for electric and hybrid vehicles (plug-in and battery operated electric vehicles) contained in this bill would be estimated by the Department of Licensing in their fiscal note. The exact amount of the revenue estimate is fairly uncertain as it is dependent on how many electric and hybrid vehicles would choose to be participants in the early adoption program and how many miles the electric and hybrid owners drive each year. The cash receipts impact is likely to be negative overall in the near-term because the revenue from the new per mile fee is less than the reduction in existing electric and hybrid fees until the per mile fee is increased to 2.5 cents per year. The new per mile fee also does not contemplate "out of state" electric vehicles travelling on Washington highways as they are not assessed the per mile fee. In addition, the per mile fee is silent on whether out of state miles would be part of the Washington vehicle owners's base of miles subject to the per mile charge. There are revenue distributional issues to WSDOT from this proposal as the elimination of part of the \$75 transportation electrification fee would lower the amount currently forecasted in the motor vehicle account by approx. \$10.7 million beginning in FY 2027 and each year thereafter. As written, the bill would effectively take away future funding currently dedicated to various EV infrastructure programs administered by the department and require the funds to be used for preservation and maintenance projects.

Individual State Agency Fiscal Note

Bill Number: 5444 SB	Title: Electric vehicles/per mile	Agency: 406-County Road Administration Board
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
Rural Arterial Trust Account-State 102-1					(2,808,400)
Total \$					(2,808,400)

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2021-23		2023-25		2025-27	
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	(834,100)	(1,974,300)
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	0	0	0	0	(834,100)	(1,974,300)

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: 02/09/2021
Agency Preparation: Drew Woods	Phone: 360-753-5989	Date: 03/12/2021
Agency Approval: Drew Woods	Phone: 360-753-5989	Date: 03/12/2021
OFM Review: Ruth Roberson	Phone: (360) 995-3826	Date: 03/12/2021

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.

Eliminates the electric/plug-in vehicle renewal fee (\$100). CRAB receives 15% of collected fees in excess of the initial \$1,000,000 in collections. These funds are deposited in Fund #102 - Rural Arterial Trust Account and used to fund preservation and reconstruction projects in the counties.

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.

Fiscal impact determined from the November 2020 transportation revenue forecast. The fiscal impact is taken from Volume II Table B-3 of the November forecast as the loss of revenue projected to come to CRAB for the electric/plug-in vehicle renewal fee.

Fiscal impact of FY 2026 assumes 50% participation in voluntary early adoption program.

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

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
102-1	Rural Arterial Trust Account	State	0	0	0	0	(2,808,400)
Total \$			0	0	0	0	(2,808,400)

IV. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					(2,808,400)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	0	0	0	(2,808,400)

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

Construction Estimate	FY 2022	FY 2023	2021-23	2023-25	2025-27
Predesign/Design					
Construction					
Grants/Loans					(2,808,400)
Staff					
Other					
Total \$					(2,808,400)

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

The fiscal impact is taken from Volume II Table B-3 of the November forecast as the loss of revenue projected to come to CRAB for the electric/plug-in vehicle renewal fee.

The capital budget for fund #102 - Rural Arterial Trust Fund will be decreased an equal amount as the loss of projected revenue generated from the electric/plug-in vehicle renewal fee.

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Revised

Bill Number: 5444 SB	Title: Electric vehicles/per mile	Agency: 407-Transportation Improvement Board
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
Transportation Improvement Account-State 144-1					(2,808,400)
Total \$					(2,808,400)

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2021-23		2023-25		2025-27	
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	(834,100)	(1,974,300)
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	0	0	0	0	(834,100)	(1,974,300)

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: 02/09/2021
Agency Preparation: Paul Bitar	Phone: 360-407-8129	Date: 03/05/2021
Agency Approval: Paul Bitar	Phone: 360-407-8129	Date: 03/05/2021
OFM Review: Ruth Roberson	Phone: (360) 995-3826	Date: 03/05/2021

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.

Eliminates the electric/plug-in vehicle renewal fee (\$100). TIB receives 15% of collected fees in excess of the initial \$1,000,000 in collections. These funds are deposited in Fund #144 - Transportation Improvement Account and used to fund preservation and reconstruction projects.

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.

Fiscal impact determined from the November 2020 transportation revenue forecast. The fiscal impact is taken from Volume II Table B-3 of the November forecast as the loss of revenue projected to come to TIB for the electric/plug-in vehicle renewal fee.

Fiscal impact of FY 2026 assumes 50% participation in voluntary early adoption program.

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

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
144-1	Transportation Improvement Account	State	0	0	0	0	(2,808,400)
Total \$			0	0	0	0	(2,808,400)

IV. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					(2,808,400)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	0	0	0	(2,808,400)

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

Construction Estimate	FY 2022	FY 2023	2021-23	2023-25	2025-27
Predesign/Design					
Construction					
Grants/Loans					(2,808,400)
Staff					
Other					
Total \$					(2,808,400)

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

The fiscal impact is taken from Volume II Table B-3 of the November forecast as the loss of revenue projected to come to TIB for the electric/plug-in vehicle renewal fee. The capital budget for fund 144 Transportation Improvement Account will be decreased an equal amount as the loss of projected revenue generated from the electric/plug-in vehicle renewal fee.

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5444 SB	Title: Electric vehicles/per mile	Agency: 410-Transportation Commission
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
Account					
Motor Vehicle Account-State 108-1	300,000	150,000	450,000	0	0
Total \$	300,000	150,000	450,000	0	0

Estimated Capital Budget Impact:

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:

- ☒ 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: 02/09/2021
Agency Preparation: Carl See	Phone: 360-705-7934	Date: 02/12/2021
Agency Approval: Reema Griffith	Phone: 360-705-7070	Date: 02/12/2021
OFM Review: Ruth Roberson	Phone: (360) 995-3826	Date: 02/15/2021

Part II: Narrative Explanation

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

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

This legislation directs undertaking an implementation study for a per mile fee and establishes the per mile fee with related changes to existing fees.

In Section 2, the WSTC and DOL are to collaborate in developing an implementation plan for a voluntary early adoption RUC program which the bill sets forth. The plan must incorporate the WSTC's ongoing work on the road usage charge assessment, and is due to the Legislature by Dec. 1, 2022. The plan must address and make recommendations on topics including: mileage reporting methods; payment, collection, and rate options; possible rebates; governance and transition plan, as well as who should lead the public outreach and education; privacy protection needs in light of new and emerging mileage reporting methods and tech.; and how to achieve/ who conducts periodic reviews and evaluation of the RUC program at DOL.

RUC will be mandatory on all EV's and plug-in hybrids by July 1, 2026. The RUC rate will be 2 cents per mile. Beginning on July 1, 2029, the RUC rate will increase to 2.5 cents per mile. By July 1, 2025, DOL in consultation with the WSTC, must establish a voluntary early adoption RUC program that allows EV's and plug-in hybrids to opt in early (before the July 1, 2026 date).

July 1, 2026: \$150 EV fees end (are waived for those that participate in the early adoption program beginning on July 1, 2025) and are fully repealed in Section 7 of the bill. July 1, 2026: \$75 transportation electrification fees only apply to hybrids and plug-in hybrids; but not electric vehicles (and are waived for those that participate in the early adoption program beginning on July 1, 2025)

Starting as early as July 1, 2024, at least 500 EV, hybrid, and gas powered vehicles from the state-owned vehicle fleet must be included in the early adoption program. However, these state-owned vehicles will not actually pay the RUC (due to the likelihood it would raise costs for participating state agencies).

DOL must consult with the WSTC in establishing which state fleet vehicles will participate in this program. By January 1, 2024, DOL must adopt rules, after consulting with the WSTC, to implement the voluntary early adoption RUC program.

The Commission must adopt rules extending privacy protections in a per mile funding system, following recommendations from the implementation plan.

Revenues generated from this RUC program will be deposited in the motor vehicle fund and will fund preservation and maintenance. Extensive language is provided regarding privacy and data protection, and exempts RUC data from public disclosure.

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

This bill contains taxes or fees with cash receipts subject to the requirements of RCW 43.135.031 (Initiative 960)

in the following sections but these taxes or fees are not collected by the Transportation Commission so they do not reflect cash receipts for the agency:

Section 2(2)(a): per mile fee at stated rates

Section 4(3): \$75 hybrid vehicle transportation electrification fee

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.

The Transportation Commission anticipates expenditures in FY 2022 and FY 2023 for development of an implementation plan, in collaboration with the Department of Licensing (DOL), for a voluntary early adoption RUC programs which the bill sets forth in Section 2. The plan is due to the Legislature by December 1, 2022 and related expenditures are identified in FY 2022 and FY 2023.

Specifically, Section 2 directs the WSTC and DOL to collaborate in developing an implementation plan for a voluntary early adoption RUC program which the bill sets forth in Section 2(3). While incorporating ongoing work of the WSTC on the road usage charge, the plan must address and make recommendations on 10 topics:

1. Different mileage reporting methods
2. Recommended payment collection means and rates for achieving efficiency, etc.
3. Options for collaborating with other states and countries in developing a per mile system
4. Evaluation of comparison of benefits and costs of payment plan options
5. Any recommended statutory changes including offsets or rebates to the per-mile fees
6. Recommendations to align the system with other vehicle related charges including analysis of 18th amendment recommendations
7. Recommended governance structure for implementation and administration
8. Recommendation on best agency to be lead for public outreach and education
9. Recommendations for augmenting vehicle owner privacy
10. Recommended periodic review and evaluation process

The WSTC assumes contracting with industry experts to conduct the necessary research and analysis to support the creation of the plan and to develop the recommendations identified by the 10 topics listed above, in collaboration with the Department of Licensing. The WSTC assumes existing and on-going work related to the WSTC's road usage charge assessment will be incorporated into the plan's development. Expenditures include an estimated \$300,000 in costs in FY 2022, and an additional \$150,000 in cost in FY 2023 for submittal of the plan by the deadline of December 1, 2022.

The WSTC assumes additional work directed by this legislation will be undertaken with existing resources including consultation with the Department of Licensing on adoption and rulemaking for the voluntary early adoption program (Section 2) and rulemaking by the commission related to extending privacy protections in a per mile funding system (following recommendations from the implementation plan).

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
108-1	Motor Vehicle Account	State	300,000	150,000	450,000	0	0
Total \$			300,000	150,000	450,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	300,000	150,000	450,000		
E-Goods and Other Services					
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 \$	300,000	150,000	450,000	0	0

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA
NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB

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.

Section 5(2) identifies proper disclosure of per mile reporting methods made pursuant to rules adopted by the transportation commission. It will be necessary for the Commission to undertake a rulemaking to establish these rules.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5444 SB	Title: Electric vehicles/per mile
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

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

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☒ Key variables cannot be estimated with certainty at this time: how much revenue will be generated by the per-mile charge/how it will be dispersed within the Motor Vehicle Fund, how many registered vehicles will opt-in to the early adoption program receiving early exemptions to the registration fees, and how the per-mile charge in lieu of registration fees will affect the programs funded within the Motor Vehicle Fund

Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Alexander	Phone: 360-725-5038	Date: 02/16/2021
Leg. Committee Contact: Bryon Moore	Phone: (360)786-7726	Date: 02/09/2021
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/16/2021
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 02/16/2021

Part IV: Analysis

A. SUMMARY OF BILL

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

This bill would:

- Establishes a per mile fee on certain electric and hybrid vehicles effective July 1, 2026
- Repeal the \$150 in combined electric vehicles fees and the \$75 transportation electrification fee effective July 1, 2026
- Establish an early adoption program from July 2025 to June 2026 to allow electric and hybrid vehicles to opt into the per mile funding system one year earlier and also requires involvement of at least 500 state fleet vehicles, exempting participants from the electric vehicle registration renewal fee and transportation electrification fee
- Require the Washington State Transportation Commission and the Department of Licensing to develop an implementation plan
- Establish provisions related to privacy of the per mile funding system data and information, including making any related personally identifiable information exempt from the public records act

B. SUMMARY OF EXPENDITURE IMPACTS

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

This bill would not impact local government expenditures because no action is required by the cities, counties, or special purpose districts.

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.

This bill would have an indeterminate impact on cities and counties. Cities and Counties receive disbursements from the Motor Vehicle Fund which would be impacted if the fees below are repealed according to this legislation.

The following fees would be repealed and replaced by a per-mile usage charge:

Registration Renewal Fees (totaling \$150)

- the first renewal fee of \$100 which is deposited into the Motor Vehicle Fund, up to \$1 million annually. If in any year the amount collected exceeds \$1 million, the excess amount is distributed as follows: 70 percent to the Motor Vehicle Fund; 15 percent to the Transportation Improvement Account; and 15 percent to the Rural Arterial Trust Account.
- the second fee is \$50. The first \$1 million raised by the fee must be deposited into the Multimodal Transportation Account. Any remaining amounts must be deposited into the Motor Vehicle Fund. The \$1 million threshold was reached in November 2017, and fee revenues from the \$50 fee are currently deposited into the Motor Vehicle Fund.

Transportation Electrification Fee (\$75)

- An annual \$75 transportation electrification fee is imposed at the time of vehicle registration renewal on an electric or hybrid vehicle using at least one method of propulsion capable of being reenergized by an external source of electricity and is capable of traveling at least 30 miles using only battery power.

OR

- An annual \$75 hybrid vehicle transportation electrification fee is imposed on hybrid and alternative fuel vehicles that do not pay the electric vehicle fee or the transportation electrification fee. This fee is collected at the time of vehicle registration renewal. Revenues collected from the transportation electrification fee and the hybrid vehicle transportation electrification fees are deposited in the Electric Vehicle Account until July 1, 2025, after which time, revenues will be deposited in the Motor Vehicle Account.

Cities and Counties can also receive funding for transportation related improvement projects through the Washington State County Road Administration Board (CRAB) and the Washington State Transportation Improvement Board (TIB.) According to CRAB, the electric vehicle fees are worth \$750k to \$1M for the Rural Arterial Program (RAP). It is a competitive grant program for preservation and reconstruction of roads or bridges. According to TIB, their anticipated disbursement from the electric vehicle fees is approximately \$5M over the next four years. This money gets transferred to the Transportation Improvement Account that funds most of TIB grants. Almost all of it goes to cities/counties in the form of various transportation grants.

There are many unknown factors that make this legislation indeterminate: how much revenue will be generated by the per-mile fee or how it will be dispersed within the Motor Vehicle Fund, how many registered vehicles will opt-in to the early adoption program receiving early exemptions to the registration fees, and how the per-mile charge in lieu of registration fees will affect the programs funded within the Motor Vehicle Fund that provide funding to cities and counties.

Sources:

Association of Washington Cities

Municipal Research and Services Center (MRSC)

Senate Bill Report, SB 5444, Transportation Committee (02/12/21)

Washington State Association of Counties

Washington State County Road Administration Board

Washington State Transportation Improvement Board