

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5281 SB	<b>Title:</b> Aircraft fuel excise tax
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Licensing	0	0	27,336,000	0	0	34,491,000	0	0	35,714,000
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>27,336,000</b>	<b>0</b>	<b>0</b>	<b>34,491,000</b>	<b>0</b>	<b>0</b>	<b>35,714,000</b>

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Licensing	2.6	0	0	1,652,000	1.6	0	0	474,000	1.6	0	0	474,000
Department of Transportation	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>2.6</b>	<b>0</b>	<b>0</b>	<b>1,652,000</b>	<b>1.6</b>	<b>0</b>	<b>0</b>	<b>474,000</b>	<b>1.6</b>	<b>0</b>	<b>0</b>	<b>474,000</b>

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

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<b>Prepared by:</b> Kyle Sieferring, OFM	<b>Phone:</b> (360) 995-3825	<b>Date Published:</b> Final
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5281 SB	<b>Title:</b> Aircraft fuel excise tax	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

No Fiscal Impact

**Estimated Cash Receipts to:**

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

**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: 01/10/2023
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 01/12/2023
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/12/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/16/2023

## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

SB 5281 creates the commercial aviation mitigation account and allows the account to retain its earnings from investments.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished 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:** *FTEs listed by classification and corresponding annual compensation. Totals 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

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

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

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 5281 SB	<b>Title:</b> Aircraft fuel excise tax	<b>Agency:</b> 240-Department of Licensing
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
New Fund-State NEW-1	10,537,000	16,799,000	27,336,000	34,491,000	35,714,000
<b>Total \$</b>	10,537,000	16,799,000	27,336,000	34,491,000	35,714,000

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.6	2.6	2.6	1.6	1.6
<b>Account</b>					
New Fund-State NEW-1	1,259,000	393,000	1,652,000	474,000	474,000
<b>Total \$</b>	1,259,000	393,000	1,652,000	474,000	474,000

### 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: 01/10/2023
Agency Preparation: Gina Rogers	Phone: 360-634-5036	Date: 01/19/2023
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 01/19/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 01/19/2023

## Part II: Narrative Explanation

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

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

See attached fiscal note

### II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

See attached fiscal note

### II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

See attached fiscal note

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
NEW-1	New Fund	State	1,259,000	393,000	1,652,000	474,000	474,000
<b>Total \$</b>			1,259,000	393,000	1,652,000	474,000	474,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.6	2.6	2.6	1.6	1.6
A-Salaries and Wages	197,000	197,000	394,000	228,000	228,000
B-Employee Benefits	72,000	72,000	144,000	86,000	86,000
C-Professional Service Contracts					
E-Goods and Other Services	934,000	124,000	1,058,000	160,000	160,000
G-Travel	56,000		56,000		
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	1,259,000	393,000	1,652,000	474,000	474,000

### 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 2024	FY 2025	2023-25	2025-27	2027-29
Auditor 5	68,076	1.0	1.0	1.0	1.0	1.0
Fiscal Analyst 2	55,872	0.3	0.3	0.3	0.3	0.3
Management Analyst 4	82,896	1.0	1.0	1.0		
Tax Policy Specialist 3	96,156	0.3	0.3	0.3	0.3	0.3
<b>Total FTEs</b>		2.6	2.6	2.6	1.6	1.6

**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**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

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

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

See attached fiscal note

# Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: SB 5281

Bill Title: Modifying the aircraft fuel excise tax

**Part 1: Estimates**

No Fiscal Impact

**Estimated Cash Receipts:**

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
New Fund	NEW	10,537,000	16,799,000	27,336,000	34,491,000	35,714,000
<b>Account Totals</b>		<b>10,537,000</b>	<b>16,799,000</b>	<b>27,336,000</b>	<b>34,491,000</b>	<b>35,714,000</b>

**Estimated Expenditures:**

		FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years		2.6	2.6	2.6	1.6	1.6
Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
New Fund	NEW	1,259,000	393,000	1,652,000	474,000	474,000
<b>Account Totals</b>		<b>1,259,000</b>	<b>393,000</b>	<b>1,652,000</b>	<b>474,000</b>	<b>474,000</b>

*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: Bryon Moore	Phone: (360) 758-7726	Date:
Agency Preparation: Gina Rogers	Phone: (360) 634-5036	Date: 1-13-23
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date:

Request #	1
Bill #	5281 SB

**Part 2 – Explanation**

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

This bill removes two existing exemptions from the aircraft fuel tax imposed in Chapter 82.42 RCW, creates a new definition for “Commercial air operator”, and imposes a new excise tax of 5 cents on each gallon of aircraft fuel used by commercial air operators which the Department of Licensing (DOL) will collect and remit to a new commercial aviation mitigation account, also created under this bill.

**Workload Indicators: (if applicable)**

DOL currently licenses 60 aircraft fuel distributors who each submit monthly tax returns. In FY 2022, 733 aircraft fuel distributor tax returns were received and processed. Each return requires manual review prior to acceptance and is subject to a full evidence-based audit. This bill will likely require an increase of approximately 2% in return submission and 2% in total licensee counts attributable to amended tax returns and new licensees where tax will now be imposed. Return complexity and licensee recordkeeping requirements will also increase. Auditing complexity will increase as well but is dependent on the transaction mix contained in the returns. We anticipate up to a 50% increase in hours required to complete an audit to verify transactions are correct and properly reported under the existing 18 cent tax rate, the new 5 cent tax rate, or remain exempt from the tax entirely.

**2.B - Cash receipts Impact**

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
New Fund	NEW	10,537,000	16,799,000	27,336,000	34,491,000	35,714,000
<b>Account Totals</b>		<b>10,537,000</b>	<b>16,799,000</b>	<b>27,336,000</b>	<b>34,491,000</b>	<b>35,714,000</b>

In FY22, DOL processed returns showing all deliveries to currently exempt aircraft totaled 348,786,099 gallons. This number includes exemptions that are being removed in this bill, as well as exemptions that will remain in place. We roughly assume that 75% of these exempt gallons would likely qualify under this bill as taxable at a rate of \$0.05 per gallon. DOL does note however that there is currently no supporting data available to the agency showing the specific portion of this fuel that would be impacted by this bill, and the 75% assumption used here is subject to change if more information becomes available and based on actual returns received.

The revenue projected in the fiscal note are calculated based on growth rates from FAA forecast of fuel consumption that have been applied to the FY 22 gallons delivered. Note the FY 24 revenue is lower due to the Oct. 1, 2023, effective date of the bill.

<i>Partial Year @8 months</i>					
FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
439,883,294	447,972,579	455,670,316	464,086,919	472,076,610	480,282,331

## 2.C – Expenditures

The changes outlined in this bill will increase the complexity of audit by increasing the number of tax rates that must be independently verified during a review. Due to this increased complexity of auditing, the agency anticipates additional time, resources, and documentation will be required, as well as a significant change to the procedures for sampling and verification, and analysis of data during an audit (inspection of records) as authorized under RCW 82.42.145 (1), and subsequent assessment authorized under RCW 82.42.118 (3).

### Information Services:

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	2024	2025	2026	2027	2028	2029	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 22,620	99,500	-	-	-	-	-	99,500
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	19,800	-	-	-	-	-	19,800
PROJECT MANAGER	Manage schedule and contracts	\$ 28,710	25,800	-	-	-	-	-	25,800
QUALITY ASSURANCE	Plan and carry out activities to assure project deliverables; e.g. preventative defect activities, align quality measures and business objectives.	\$ 37,410	130,900	-	-	-	-	-	130,900
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	9,900	-	-	-	-	-	9,900
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.	\$ 37,236	175,000	-	-	-	-	-	175,000
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 22,620	27,100	-	-	-	-	-	27,100
Organizational Change Management	Prepares stakeholders for the change and develops strategies to ensure the changes are fully adopted.	\$ 37,410	130,900	-	-	-	-	-	130,900
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 25,474	61,900	-	-	-	-	-	61,900
<b>Totals</b>			<b>680,800</b>	-	-	-	-	-	<b>680,800</b>

### Support Services:

Agency Administrative Overhead is included at a rate of 23.4 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.

**Part 3 – Expenditure Detail**

**3.A – Operating Budget Expenditures**

Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
New Fund	NEW	1,259,000	393,000	1,652,000	474,000	474,000
<b>Account Totals</b>		<b>1,259,000</b>	<b>393,000</b>	<b>1,652,000</b>	<b>474,000</b>	<b>474,000</b>

**3.B – Expenditures by Object or Purpose**

Object E - The request for Attorney General line item is to cover assumed expenditures to execute this bill. Requested amount \$72,180 (480 hours)

Projecting \$30k in communication costs (printing/mailing) in year one and \$10K thereafter.

Object of Expenditure	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years	2.6	2.6	2.6	1.6	1.6
Salaries and Wages	197,000	197,000	394,000	228,000	228,000
Employee Benefits	72,000	72,000	144,000	86,000	86,000
Goods and Services	934,000	124,000	1,058,000	160,000	160,000
Travel	56,000	-	56,000	-	-
<b>Total By Object Type</b>	<b>1,259,000</b>	<b>393,000</b>	<b>1,652,000</b>	<b>474,000</b>	<b>474,000</b>

**3.C – FTE Detail**

Staffing	Salary	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Auditor 5	68,076	1.0	1.0	1.0	1.0	1.0
Management Analyst 4	82,896	1.0	1.0	1.0	0.0	0.0
Fiscal Analyst 2	55,872	0.3	0.3	0.3	0.3	0.3
Tax Policy Specialist 3	96,156	0.3	0.3	0.3	0.3	0.3
<b>Total FTE</b>		<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>1.6</b>	<b>1.6</b>

**FTE Request** – 1.0 FTE (Auditor 5) Ongoing beginning with effective date of this bill.

SB 5281 increases the complexity of aircraft distributor returns, increases the steps and documentation needs of audits, and is the primary mechanism of enforcement of Chapter 82.42 RCW. As such, the program requests 1.0 ongoing FTE beginning at the effective date of this bill at an Auditor 5 position to cover the increased time requirements, documentation, complexity, auditing, and enforcement of the differential tax rates contemplated in this bill. The additional FTE of funding will not be dedicated but will instead allow a portion of all program Auditor 5 positions to properly dedicate the time to ensure the transactions reported are verifiable, accurate, and reflect the correct tax rates as directed by this legislation. Additional staff time will be required by Auditor 6 (Supervisor) and WMS1 (Manager) audit positions but can be absorbed by the agency. The complexity of auditing the proposed language in this bill will require an advanced level auditor significant time to validate the qualifications for the reduced

tax rate, verify exemptions or reduced rates are not improperly being applied, and calculation of the appropriate taxes due or creditable to an eligible licensee.

**FTE Request** - 1.0 project Management Analyst 4 (MA4) FTE – 24-month project 2023-2025 Biennium.

The MA4 is to provide initial startup and transitional support, including stakeholder research, rulemaking, development and organization of industry communications, development or updates to documented business policies, procedures, and training plans, and coordination of form and system updates to support Sections 3 and 5. This organizational change management resource will provide communication and outreach to multiple stakeholders and state, federal, and international jurisdictional partners to support successful implementation and compliance.

**FTE Request** – 0.3 Tax Policy Specialist 3 (TPS3) FTE – Ongoing beginning with effective date of this bill in the Forecast Office in DOL

Forecasting is requesting a 0.3 FTE (TPS3) to develop and maintain forecast models for the new revenue streams. Collaborate with stakeholders to develop various new data reports for forecasting purposes. The specific taxable aviation fuel gallons associated with Commercial Air Operators and Local Service Commuters revenue will need to be tracked and maintained. The forecast for the new Commercial Aviation Mitigation Account is a transportation forecast, which requires a 16-year forecast horizon, presentation, and approval of the Transportation Revenue Forecast Council. There is also quarterly submittal to OFM of revenue allotment of these new revenue streams.

**FTE Request** – 0.3 Fiscal Analyst 2 (FA2) FTE – Ongoing beginning with effective date of this bill in the Accounting office at DOL.

This position is responsible for day-to-day fiscal duties such as financial report analysis; accounts payable-receivable discrepancy resolution, and other various reporting requirements. The new account required in this bill will require setup with the Office of Financial Management and associated financial and business systems for coding, will require additional distribution management, time for corrections or changes to transactions into this account, reconciliation on a daily/weekly/monthly/fiscal year basis, and additional reporting and response preparation for impacted agencies in reference to this account.

#### **Part 4 – Capital Budget Impact**

None.

#### **Part 5 – New Rule Making Required**

Rulemaking will be required to implement this bill. WAC 308-78 will need to be updated to adjust the listed tax-exempt uses and circumstances, update rules regarding recordkeeping, invoice requirements, and refund claims, and new sections will need to be developed to handle adjustments between the new tax rates and taxed fuel held in inventory outside the fuel terminal. Additionally, clarification will need to be built into the rulemaking on how fuel upon which the tax has been imposed should be handled both by distributors and end-users, such as fuel taxed at the 18-cent per gallon rate being used in a capacity that may qualify it for the 5-cent rate instead. We also anticipate high stakeholder engagement

in the development of these rules which may extend the length of time required to finalize any proposed changes.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5281 SB	<b>Title:</b> Aircraft fuel excise tax	<b>Agency:</b> 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: 01/10/2023
Agency Preparation: Kasandre Reeves	Phone: 360-705-7935	Date: 01/13/2023
Agency Approval: Nguyen Dang	Phone: 360-705-7512	Date: 01/13/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 01/13/2023

## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

See attached WSDOT fiscal note.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished 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:** *FTEs listed by classification and corresponding annual compensation. Totals 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

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

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

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

**Bill Number:** 5281    **Title:** Aircraft Fuel Excise Tax    **Agency:** 405-Department of Transportation

## 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: Kasi Reeves – Economic Analysis	Phone: 360-705-7935	Date: 1/11/2023
Approval: Nguyen Dang	Phone: 360-705-7512	Date: 1/11/2023
Budget Manager: Chad Johnson	Phone: 360-259-3886	Date: 1/11/2023
Economic Analysis: Kasi Reeves – Economic Analysis	Phone: 360-705-7935	Date: 1/11/2023

# Individual State Agency Fiscal Note

## 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.*

Section 1: provides intent to impose only a portion of the aircraft fuel excise tax on commercial aircraft.

Section 2: amends RCW 82.42.010. Adds a definition for *Commercial air operator* to include both air carrier or supplemental air carrier operating under a certificate of public convenience and necessity under the provisions of the federal aviation act of 1958 AND local service commuter aircraft.

Section 3: amends RCW 82.42.020. Establishes the excise tax rate for commercial air operators at 5 cents per gallon RCW 82.42.020 (2) and the excise tax rate for all non-commercial air operators at 18 cents per gallon RCW 82.42.020 (1).

Section 4: amends RCW 82.42.030. Striking the language in section 4 (4) which exempted aircraft fuel delivered directly into the aircraft fuel tank from paying aircraft fuel excise tax. This transaction type would now be taxable.

Section 5: amends RCW 82.42.090. Establishes a distribution split between the Aeronautics Account for the 18-cent excise tax RCW 82.42.020 (1). collections and the NEW Commercial Aviation Mitigation Account for the 5-cent excise tax RCW 82.42.020 (2).

Section 6: creates a new section which is added to Chapter 82.42 RCW. Creating the Commercial Aviation Mitigation Account. All monies collected under RCW 82.42.020 (2) must be deposited into the account and used only for addressing environmental and other impacts associated with airports.

Section 7 & 8: amends RCW 43.84.092. adds the Commercial Aviation Mitigation Account

Effective date is 10/1/2023

### II. B – Cash Receipts Impact

No cash receipts impact to Washington State Department of Transportation. The Department of Licensing collects the cash receipts for the aircraft excise tax; therefore, the cash receipts impact will be reflected in the Department of Licensing’s 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.*

There is no fiscal impact to WSDOT. The bill does not create new requirements for the department.

## Part III: Expenditure Detail

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

N/A

## Part IV: Capital Budget Impact

N/A

# Individual State Agency Fiscal Note

## **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.*

N/A

# Individual State Agency Fiscal Note

**Bill Number:** 5281      **Title:** Aircraft Fuel Excise Tax      **Agency:** 405-Department of Transportation

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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.

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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.*

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## Agency Contacts:

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

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## Part IV: Capital Budget Impact

N/A

# Individual State Agency Fiscal Note

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

N/A

# Individual State Agency Fiscal Note

**Bill Number:** 5281    **Title:** Aircraft Fuel Excise Tax    **Agency:** 405-Department of Transportation

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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: Kasi Reeves – Economic Analysis	Phone: 360-705-7935	Date: 1/11/2023
Approval: Nguyen Dang	Phone: 360-705-7512	Date: 1/11/2023
Budget Manager: Chad Johnson	Phone: 360-259-3886	Date: 1/11/2023
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# Individual State Agency Fiscal Note

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### 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.*

There is no fiscal impact to WSDOT. The bill does not create new requirements for the department.

## Part III: Expenditure Detail

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

N/A

## Part IV: Capital Budget Impact

N/A

# Individual State Agency Fiscal Note

## **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.*

N/A



# Multiple Agency Ten-Year Analysis Summary

<b>Bill Number</b> 5281 SB	<b>Title</b> Aircraft fuel excise tax
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

## Estimated Cash Receipts

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Department of Licensing	10,537,400	16,799,000	17,087,600	17,403,300	17,702,900	18,010,600	18,315,600	18,607,400	18,911,000	19,224,600	172,599,400
Department of Transportation	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>10,537,400</b>	<b>16,799,000</b>	<b>17,087,600</b>	<b>17,403,300</b>	<b>17,702,900</b>	<b>18,010,600</b>	<b>18,315,600</b>	<b>18,607,400</b>	<b>18,911,000</b>	<b>19,224,600</b>	<b>172,599,400</b>



# Ten-Year Analysis

<b>Bill Number</b> 5281 SB	<b>Title</b> Aircraft fuel excise tax	<b>Agency</b> 090 Office of State Treasurer
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This ten-year analysis is 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**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 1/12/2023 4:50:11 pm
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 1/12/2023 4:50:11 pm
OFM Review:	Phone:	Date:



# Ten-Year Analysis

<b>Bill Number</b> 5281 SB	<b>Title</b> Aircraft fuel excise tax	<b>Agency</b> 240 Department of Licensing
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This ten-year analysis is 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**

## Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Aviation Fuel Tax Commercial/Commuter Air	NEW	10,537,400	16,799,000	17,087,600	17,403,300	17,702,900	18,010,600	18,315,600	18,607,400	18,911,000	19,224,600	172,599,400
<b>Total</b>		<b>10,537,400</b>	<b>16,799,000</b>	<b>17,087,600</b>	<b>17,403,300</b>	<b>17,702,900</b>	<b>18,010,600</b>	<b>18,315,600</b>	<b>18,607,400</b>	<b>18,911,000</b>	<b>19,224,600</b>	<b>172,599,400</b>
<b>Biennial Totals</b>		<b>27,336,400</b>		<b>34,490,900</b>		<b>35,713,500</b>		<b>36,923,000</b>		<b>38,135,600</b>		<b>172,599,400</b>

## Narrative Explanation (Required for Indeterminate Cash Receipts)

See attached fiscal note

Agency Preparation: Gina Rogers	Phone: 360-634-5036	Date: 1/19/2023 1:37:57 pm
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 1/19/2023 1:37:57 pm
OFM Review:	Phone:	Date:



# Ten-Year Analysis

<b>Bill Number</b> 5281 SB	<b>Title</b> Aircraft fuel excise tax	<b>Agency</b> 405 Department of Transportation
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This ten-year analysis is 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**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Kasandre Reeves	Phone: 360-705-7935	Date: 1/13/2023 8:12:39 am
Agency Approval: Nguyen Dang	Phone: 360-705-7512	Date: 1/13/2023 8:12:39 am
OFM Review:	Phone:	Date: