

Multiple Agency Fiscal Note Summary

Bill Number: 5574 SB	Title: Pay per mile fee system
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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
Department of Licensing	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

Agency Name	2023-25		2025-27		2027-29		
	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	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Licensing	.0	0	0	558,000	.0	0	0	0	.0	0	0	0
Department of Licensing	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Total \$	0.0	0	0	558,000	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29			
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	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 Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	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 Capital Budget Breakout

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

Bill Number: 5574 SB	Title: Pay per mile fee system	Agency: 240-Department of Licensing
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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:

		FY 2024	FY 2025	2023-25	2025-27	2027-29
Account						
Motor Vehicle Account-State 108		558,000	0	558,000	0	0
-1						
Total \$		558,000	0	558,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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:	Phone:	Date: 01/26/2023
Agency Preparation: Aaron Harris	Phone: (360) 902-3795	Date: 02/01/2023
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 02/01/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 02/02/2023

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
108-1	Motor Vehicle Account	State	558,000	0	558,000	0	0
Total \$			558,000	0	558,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services	558,000		558,000		
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 \$	558,000	0	558,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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.

See attached fiscal note

Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: 5574 SB

Bill Title: Pay Per Mile Fee System

INDETERMINATE FOR CASH RECEIPTS AND EXPENDITURES.

Part 1: Estimates

No Fiscal Impact

Estimated Expenditures:

Partially indeterminate, please see expenditure narrative.

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:	Phone: (360)	Date:
Agency Preparation: Aaron Harris	Phone: (360) 902-3795	Date: 02/01/23
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date: 02/01/23

Request #	1
Bill #	5574 SB

Part 2 – Explanation

This bill creates a per-mile fee system for vehicle owners.

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

Section 1. Adds a new section to Chapter 46.17 RCW to create a per-mile fee system (road usage charge):

1. (a) Beginning in July 2027, all vehicles are required to pay a per-mile fee at original or renewal registration.

(b) The per-mile rate will be established in future legislation, based on the annual miles driven as reported by vehicle owners in subsection (c).

(i) Any miles driven on private property, farmland, outside of the state, or any other nonpublic highway travel, must be excluded from the per mile fee, by affidavit signed by the vehicle owner.

(ii) Miles driven on farmland may be excluded from the per mile fee only if the applicant maintains a log of annual miles driven on farmland. Each log of annual miles driven on farmland must be maintained by the applicant for a minimum of 3 years.

(c) At the time of vehicle registration or renewal, the applicant must manually report the annual miles driven by submitting a copy of the vehicle's odometer. The difference in mileage between the mileage being currently reported on the application, and the mileage reported the previous year, constitutes the annual miles driven for purposes of paying the fee.

(d) For purposes of making this calculation, DOL shall adopt rules for determining the mileage reported for the previous year for vehicles being registered in the state for the first time because of a new vehicle purchase, a transfer of ownership, or being registered in Washington for the first time after being registered in another state. Prior to a transfer of ownership, DOL shall verify that all per mile fee obligations have been paid by the vehicle owner.

(e) The per mile funding system must be implemented by allowing the applicant to establish an account for the prepayment or monthly payments. The account may be reviewed by the following in order to determine if any fees are owed: (i) The department, county auditor or other agent, or subagent or (ii) Vehicle dealers under chapter 46.70 RCW.

2. Proceeds from the per mile fee must be used for preservation and maintenance and must be deposited in the motor vehicle fund created in RCW 46.68.070.

3. In administering the per mile fee system, the department shall only expend funds specifically appropriated for this purpose. These amounts must be separately identified in each transportation omnibus appropriations act.

Section 2. Adds a new section to Chapter 46.08 RCW:

1. The per mile system established to collect the per mile fee under section 1 of this act may not involve the collection of any personally identifying information beyond what is necessary to properly calculate, report, and collect the per mile fee, unless the vehicle owner provides his or her express written consent for the collection of additional information.

2. Per mile reporting methods may record or report general location data under the following circumstances: (a) The vehicle owner chooses that specific reporting method.

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

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

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.
4. The department and any per mile account manager has an affirmative public duty regarding the collection of the per mile fee under section 1 of this act to:
 - (a) Ensure that per mile information is protected with reasonable operational, administrative, technical, and physical safeguards to ensure its confidentiality and integrity.
 - (b) Implement and maintain reasonable security procedures and practices in order to protect per mile information from unauthorized access, destruction, use, modification, or disclosure; and
 - (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.
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.
6. Definitions are established for the purposes of this act.

Section 3. Amends RCW 42.56.330:

Subsection 10: PII for vehicle owners in a per-mile fee system may only be disclosed in aggregate form as long as the data does not contain any personally identifying information. PII may be released to law enforcement agencies only if the request is accompanied by a court order.

Effective date: 90 days Sine Die

2.B - Cash receipts Impact

The cash receipts for this bill are indeterminate. The rate of the per mile fee is not provided in this legislation.

2.C – Expenditures

Customer Relations Division:

Indeterminate impact to expenditures for the call center and vehicle and vessel operations. If this legislation passes, the call center and vehicle and vessel operations unit are assuming a significant increase in call volume that could require up to 28 FTEs (10 FTEs in the call center and 18 FTEs in the vehicle and vessel operations unit). The vehicle licensing offices would require signature pads at a cost of \$216,000 (865 signature pads x \$250 each) so customers could attest to their reported mileage.

Business and Professions Division:

Indeterminate impact to expenditures due to an indeterminate number of ordinances that would need to be updated in the DRIVES system. Staffing needs are indeterminate, with over 1 million title transfers submitted annually, by vehicle dealers, which would require this new process and fee, we are unable to project how many of those transactions would result in a complaint that may need to be investigated further by staff.

Programs and Services Division:

Indeterminate impact to expenditures. Section 1 of this bill will require 1 FTE of a management analyst 5 for implementation, rulemaking, processes, and operational requirements. After implementation, 1 FTE of a MA5 will be retained to help maintain the program. The Programs and Services Division assumes an

indeterminate operational need based on rule making and exception processes created during rule making. If this legislation is passed, the positions needed would be customer service specialist 2s, customer service specialist 3s, a customer service specialist 4, and a licensing services manager 1. If the customer service specialist 2 need is above 6 FTEs then a customer service specialist 3 will be required for escalated needs as well as an additional customer service specialist 4 to supervise the team.

Administrative Services Division:

Indeterminate impact to expenditures. Section 1 of this bill will require 1 FTE of a project manager in the Enterprise Business Alignment Services unit to manage this project from bill passage through implementation and roll out.

Information Services Division:

What IS Will Implement:

LOGIC

1. New logic and screen changes to require odometer reading during registration renewal for qualifying vehicles beginning 1 July 2026 (if not earlier). Includes updates to screens for new data element "odometer reading" and messages.
2. 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 beginning 1 July 2027.
3. Modify logic for what vehicles are subject to the new per mile charge beginning 1 July 2027.
4. New indicator, banner and logic for vehicles subject to per mile charge, includes ability to manually add/remove indicator.
5. Modify renewal notice jobs to use indicator to include new message on renewal notices and letters.

ACTIVITY/CASE

6. New activity to allow a user to add the payment indicator so a customer can renew if an exception\exemption applies including security of who can access or update the indicator.

LETTERS

7. Modify paper renewal notice to add language per mile charge must be paid before tabs can be renewed.
8. Modify electronic renewals to add language that the per mile charge must be paid before tabs can be renewed.
9. Modify fleet insert to add language that per mile charge must be paid before the fleet can be renewed and add which vehicles on fleet billing notice require per mile charge.
10. New letter(s) as part of the audit case.

FINANCIALS

11. New calculation total year milage at per mile rate.

REPORTS

12. New reports for the new per mile charge.
13. New reports for the audit case.

eServices

14. Modify Vehicle eServices allowing customers to report their annual mileage.

Assumptions:

1. Rate will be established prior to development.
2. Per mile charge is not in advance, not post registration period.
3. Per mile charge is due upon initial annual registration or registration renewal.
4. The per mile charge must be paid in full before the customer can renew their registration. This includes an online, mail or in person renewal activity. Similar process to vehicle violations.
5. DOL will:
 - a. Will provide all data on a daily basis, or as required by the department for any vehicles they are managing payment of the per mile charge.
 - b. Will, if required send a one-time letter notifying customers, they are required to provide odometer reading for per mile charge.
 - c. Accept all per mile charge payments.
 - d. Refund the customers.
 - e. Produce shortages to customers.
 - f. Collect all odometer readings required if the new per mile charge is due.
6. Per mile charge will not be prorated.
7. Research and Planning office, business area and Forecasting will define data elements for new report(s).
8. Per mile charge will not be included on renewal notices, but notices will include a message that the charge must be paid before the customer can renew.
9. If a report of sale or affidavit of sale is cancelled/deleted, the owner is responsible for any per mile charge owed during the time frame from the point the report or affidavit was filed and then cancelled/deleted.
10. Vehicles subject to liquid propane gas fee are also required to pay the per mile charge.
11. Per mile charge is also considered the road usage charge.
12. Registration renewal includes fleet renewals or batched renewals.
13. The Hybrid Vehicle Electrification fee is still due for any vehicles subject to the fee.
14. The new "payment" indicator is used to notate on the record if the charge was paid for the current registration cycle.
15. New data element (odometer reading) is required for vehicles subject to the per mile charge. It is not the same data element used when an odometer reading is required for titling a vehicle.
16. Renewal notice text for per vehicle charge will only be updated once.
17. Business will define WHICH vehicles must be part of the program to pay the per mile charge.
18. Business will determine who has access to case and add/removing indicators.

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	74,600	-	-	-	-	-	74,600
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	14,900	-	-	-	-	-	14,900
PROJECT MANAGER	Manage schedule and contracts	\$ 28,710	20,100	-	-	-	-	-	20,100
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	8,300	-	-	-	-	-	8,300
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	126,600	-	-	-	-	-	126,600
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 22,620	20,400	-	-	-	-	-	20,400
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 25,474	26,500	-	-	-	-	-	26,500
Totals			291,400	-	-	-	-	-	291,400

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
Motor Vehicle	108	558,000	-	558,000	-	-
Account Totals		558,000	-	558,000	-	-

3.B – Expenditures by Object or Purpose

Object of Expenditure	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Goods and Services	558,000	-	558,000	-	-
Total By Object Type	558,000	-	558,000	-	-

3.C – FTE Detail

Staffing	Salary	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Total FTE		0.0	0.0	0.0	0.0	0.0

Part 4 – Capital Budget Impact

None.

Part 5 – New Rule Making Required

DOL will need to adopt rules for determining the mileage reported for vehicles, including but not limited to new vehicle purchases, transfers of ownership, and vehicles being registered in Washington for the first time from out of state.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5574 SB

Title: Pay per mile fee system

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

Legislation Impacts:

- Cities: indeterminate impact from fees deposited into the Motor Vehicle Fund
- Counties: possible costs to implement collection of the per mile fees
- Special Districts: indeterminate impact from fees deposited into the Motor Vehicle Fund
- 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: the rate of the per mile fee, the number of miles reported, or how the fees collected will be dispersed within the Motor Vehicle Fund

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Alexander	Phone: 360-725-5038	Date: 02/02/2023
Leg. Committee Contact:	Phone:	Date: 01/26/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/02/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 02/02/2023

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This bill creates a new section in RCW 46.17 to establish a per mile funding system. Beginning in July 2027, all vehicles are required to pay a per-mile fee at original or renewal registration. The per-mile rate will be established in future legislation, based on the annual miles driven as reported by vehicle owners as outlined in the bill. Proceeds from the per mile fee must be used for preservation and maintenance and must be deposited in the motor vehicle fund created in RCW 46.68.070.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This legislation would have an indeterminate expenditure impact on local governments. There could be some administration related costs for county auditors associated with the collection of the "per mile fees" established in the bill.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

There are many unknown factors that make the local government revenue impact of this legislation indeterminate: the rate of the per mile fee, the number of miles that will be reported each year, or how the fees collected will be dispersed within the Motor Vehicle Fund.

SOURCES:

Department of Licensing

Department of Licensing fiscal note, 5574 SB (2023)

Municipal Research and Services Center