

Multiple Agency Fiscal Note Summary

Bill Number: 5548 SB	Title: Vehicle service fees
-----------------------------	------------------------------------

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	0	0	13,832,000	0	0	20,315,000	0	0	26,701,000
Total \$	0	0	13,832,000	0	0	20,315,000	0	0	26,701,000

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	No fiscal impact					
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	.2	0	0	79,000	.2	0	0	60,000	.2	0	0	60,000
Total \$	0.2	0	0	79,000	0.2	0	0	60,000	0.2	0	0	60,000

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	No fiscal impact								
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	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Breakout

--

Prepared by: Kyle Siefering, OFM	Phone: (360) 995-3825	Date Published: Final
---	---------------------------------	---------------------------------

Individual State Agency Fiscal Note

Bill Number: 5548 SB	Title: Vehicle service fees	Agency: 240-Department of Licensing
-----------------------------	------------------------------------	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Capital Vessel Replacement Account-State 18J-1	6,850,000	6,982,000	13,832,000	20,315,000	26,701,000
Total \$	6,850,000	6,982,000	13,832,000	20,315,000	26,701,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2	0.2	0.2	0.2	0.2
Account					
Motor Vehicle Account-State 108 -1	49,000	30,000	79,000	60,000	60,000
Total \$	49,000	30,000	79,000	60,000	60,000

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: 01/23/2023
Agency Preparation: Aaron Harris	Phone: (360) 902-3795	Date: 02/03/2023
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 02/03/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 02/03/2023

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	49,000	30,000	79,000	60,000	60,000
Total \$			49,000	30,000	79,000	60,000	60,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2	0.2	0.2	0.2	0.2
A-Salaries and Wages	19,000	19,000	38,000	38,000	38,000
B-Employee Benefits	6,000	6,000	12,000	12,000	12,000
C-Professional Service Contracts					
E-Goods and Other Services	24,000	5,000	29,000	10,000	10,000
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 \$	49,000	30,000	79,000	60,000	60,000

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
Tax Policy Specialist 3	96,156	0.2	0.2	0.2	0.2	0.2
Total FTEs		0.2	0.2	0.2	0.2	0.2

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

Agency 240 – Department of Licensing

Bill Number: 5548 SB

Bill Title: Addressing Vehicle Service Fees

Part 1: Estimates

No Fiscal Impact

Estimated Cash Receipts:

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Capital Vessel Replacement	18J	6,850,000	6,982,000	13,832,000	20,315,000	26,701,000
Account Totals		6,850,000	6,982,000	13,832,000	20,315,000	26,701,000

Estimated Expenditures:

		FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years		0.2	0.2	0.2	0.2	0.2
Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Motor Vehicle	108	49,000	30,000	79,000	60,000	60,000
Account Totals		49,000	30,000	79,000	60,000	60,000

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: 02/03/23
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date: 02/03/23

Request #	1
Bill #	5548 SB

Part 2 – Explanation

This bill requires service fees to be adjusted for inflation every three years. Adjustments are to be rounded up to the nearest five cents. The Department of Licensing (DOL) is required to reach out and gather stakeholder comment on the anticipated adjustment.

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

Section 1: Intent

Section 2: Amends RCW 46.17.040 (Service fees.)

- Adds requirement that service fees be adjusted every three years for inflation, based upon 5% per year plus changes to the CPI. Changes to be rounded up to the nearest five cents.
- During the first quarter of the year preceding the scheduled inflationary adjustment, DOL is required to solicit stakeholder comment on the anticipated adjustment.
- CPI to be used is “all urban consumers, all items” for Washington state.

Section 3: Effective date

- Effective July 1, 2023.

2.B - Cash receipts Impact

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Capital Vessel Replacement	18J	6,850,000	6,982,000	13,832,000	20,315,000	26,701,000
Account Totals		6,850,000	6,982,000	13,832,000	20,315,000	26,701,000

Section 2 of this legislation will increase title and registration fees every three years starting July 1, 2023. The revenue impact is based on a 5% increase each year plus increases in the consumer pricing index. This increase has been applied starting July 1, 2023, and will be applied every three years following this date. This revenue reflects only DOL's share of the fees, 21% of title fees and 22% of registration fees.

2.C – Expenditures

Programs and Services Division:

Section 2 of the bill may require new rulemaking around the Consumer Pricing Index (CPI) requirements and explicit authority. This workload can be completed with existing resources.

Administrative Services Division – Forecasting Unit:

Section 2 of this bill will require .2 FTEs of a Tax Policy Specialist 3. This additional .2 FTE is needed to track data and develop calculations for the inflation adjustment as well as coordinating and communicating with various DOL programs to implement the inflation adjustment.

Information Services:

What IS Will Implement:

1. End current \$8 renewal or permit service fee.
2. Increase \$8 renewal or permit service fee to adjusted inflation rate.

3. End current \$15 title service fee.
4. Increase \$15 title service fee to adjusted inflation rate.
5. Create new routine change document (Recurring change every 3 years).

Assumptions:

1. Cannot meet effective date and have programming completed in time for renewals.
2. Business will need account for backlog (mail-ins with old fees).
3. Increases will be in both Auditor and Vehicle Licensing Offices.
4. Fee increase will be due or becomes due on the effective date.
5. The renewal\permit and title service fees will both increase.

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	4,500	-	-	-	-	-	4,500
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	1,700	-	-	-	-	-	1,700
PROJECT MANAGER	Manage schedule and contracts	\$ 28,710	2,900	-	-	-	-	-	2,900
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	1,700	-	-	-	-	-	1,700
DEVELOPERS	Modify programming and coding to all major systems	\$ 19,140	3,800	-	-	-	-	-	3,800
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 22,620	2,300	-	-	-	-	-	2,300
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 25,474	1,700	-	-	-	-	-	1,700
Totals			18,600	-	-	-	-	-	18,600

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
Motor Vehicle	108	49,000	30,000	79,000	60,000	60,000
Account Totals		49,000	30,000	79,000	60,000	60,000

3.B – Expenditures by Object or Purpose

Object of Expenditure	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years	0.2	0.2	0.2	0.2	0.2
Salaries and Wages	19,000	19,000	38,000	38,000	38,000
Employee Benefits	6,000	6,000	12,000	12,000	12,000
Goods and Services	24,000	5,000	29,000	10,000	10,000
Total By Object Type	49,000	30,000	79,000	60,000	60,000

3.C – FTE Detail

Staffing	Salary	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Tax Policy Specialist 3	96,156	0.2	0.2	0.2	0.2	0.2
Total FTE		0.2	0.2	0.2	0.2	0.2

Part 4 – Capital Budget Impact

None.

Part 5 – New Rule Making Required

May require new rulemaking around the Consumer Pricing Index (CPI) requirements and explicit authority.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5548 SB

Title: Vehicle service fees

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

Legislation Impacts:

- Cities:
- Counties:
- 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:

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Kate Fernald	Phone: 564-200-3519	Date: 01/31/2023
Leg. Committee Contact: Bryon Moore	Phone: (360)786-7726	Date: 01/23/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/31/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 02/03/2023

Part IV: Analysis

A. SUMMARY OF BILL

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

Sec. 2 (3) amends RCW 46.17.040 to require the services fee retained by vehicle subagents to be adjusted for inflation every three years, beginning July 1, 2023, based upon 5% per annum plus changes in the consumer price index in that period, rounded up to the nearest five cents.”

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.

The legislation would not impact local government expenditures.

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.

The legislation would not impact local government revenue because local governments do not receive the "service fees" from state vehicle and vessel licensing that the legislation would amend. Service fees that a county or the Department of Licensing collects are deposited into the Capital Vessel Replacement Account (a state-administered account for ferries), rather than being deposited into a county account. Additionally, the legislation does not apply to the filing fee that counties receive, so the legislation would not impact local government revenue.

BACKGROUND:

The Department of Licensing (DOL) contracts with counties to provide state vehicle and vessel licensing services. Counties contract with subagents to provide the same vehicle and vessel licensing services. When a subagent performs a licensing transaction, that subagent retains the service fee. When the DOL or a county performs the licensing service, the service fee is deposited into a state-administered account for ferries called the Capital Vessel Replacement Account. A second fee is also charged during a licensing transaction called a filing fee. All state vehicle and vessel licensing filing fees go to the county regardless of where the licensing service is performed.

The legislation would change the service fee, not the county’s \$4.50 filing fee. Because the legislation will not change the revenue counties receive from filing fees, there is no impact to local government revenue.

SOURCES:

Department of Licensing
Douglas County Auditor’s Office
Office of the Washington State Auditor
Senate Transportation Committee
Washington Association of County Officials
Washington State Association of County Auditors