

Multiple Agency Fiscal Note Summary

Bill Number: 1472 HB	Title: Motor vehicle sales 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 Revenue	0	0	0	0	0	0	(1,151,200,000)	(1,151,200,000)	0
Total \$	0	0	0	0	0	0	(1,151,200,000)	(1,151,200,000)	0

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
Bond Retirement and Interest	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.0	200	200	200	.2	157,500	157,500	157,500	.7	136,100	136,100	136,100
Department of Licensing	.0	0	0	36,000	.0	0	0	0	.0	0	0	0
Total \$	0.0	200	200	36,200	0.2	157,500	157,500	157,500	0.7	136,100	136,100	136,100

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Bond Retirement and Interest	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
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

Estimated Capital Budget Breakout

Prepared by: Kyle Sieferring, OFM

Phone:
(360) 995-3825

Date Published:
Final 2/ 6/2023

Individual State Agency Fiscal Note

Bill Number: 1472 HB	Title: Motor vehicle sales tax	Agency: 010-Bond Retirement and Interest
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost 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: Dave Johnson	Phone: 360-786-7154	Date: 01/22/2023
Agency Preparation: Leslie Yonkers	Phone: (360) 902-9020	Date: 01/25/2023
Agency Approval: Leslie Yonkers	Phone: (360) 902-9020	Date: 01/25/2023
OFM Review: Tyler Lentz	Phone: (360) 790-0055	Date: 01/27/2023

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.

The fiscal impact to Agency 010, Bond Retirement and Interest, is indeterminate.

Section 4 (2) states that the sales and use tax revenues deposited into the transportation preservation and maintenance account cannot be used for any new revenue bond issues or used as a source for any other type of debt.

Section 4 (3) states that part of the purpose of the allocation of sales and use tax into the new transportation preservation and maintenance account is to reduce the reliance on debt financing for transportation projects and infrastructure. Section 4 (3) also states that starting on December 1, 2027, and each two years thereafter, the State Treasurer must prepare a report that shows the impact of this act on the reliance of debt financing for transportation appropriations.

Section 4 (4) states that nothing in this section may be construed so as to violate any terms or conditions contained in any highway construction bond issues now, or hereafter, authorized by statute and whose payment is by such statute pledged to be paid from any excise taxes on fuel.

This bill does not increase or decrease the amount of debt service due on transportation bonds that have been issued. Further, the bill does not change the amount of transportation bonds that have been to be issued.

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.

N/A

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.

The fiscal impact to Agency 010, Bond Retirement and Interest, if any, is dependent on the direction and priorities of the legislature. If the funds deposited into the dedicated transportation preservation and maintenance account are used finance projects that are not typically paid for with bond proceeds, the bill will have no fiscal impact. Alternatively, if the funds deposited into the dedicated transportation preservation and maintenance account are used finance projects that are typically paid for with bond proceeds, the bill may reduce the need for bonds, which could result in a fiscal impact to Agency 010 as a result of reduced future debt service costs and bond sale expenses.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

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

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost 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

N/A

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: 1472 HB	Title: Motor vehicle sales tax	Agency: 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: Dave Johnson	Phone: 360-786-7154	Date: 01/22/2023
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 01/27/2023
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/27/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/27/2023

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.

HB 1472 creates the transportation preservation and maintenance account and allows the account to retain its earnings from investments.

In addition, this bill directs some of the retail sales and use taxes on motor vehicles to the transportation preservation and maintenance account to be used for transportation.

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.

Refer to the department of revenue fiscal note for collection and deposit estimates (coordinated with DOR).

There may be an impact on the debt service limitation calculation. Modifications to the sales & use taxes credited to the general fund and the earnings from investments credited to the general fund impacts, by an equal amount, general state revenues.

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.

Department of Revenue Fiscal Note

Bill Number: 1472 HB	Title: Motor vehicle sales tax	Agency: 140-Department of Revenue
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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
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax					(1,151,200,000)
NEW-State 01 - Taxes 01 - Retail Sales Tax					1,151,200,000
Total \$					

Estimated Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years				0.2	0.7
GF-STATE-State 001-1	200		200	157,500	136,100
Total \$	200		200	157,500	136,100

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: Dave Johnson	Phone: 60-786-7154	Date: 01/22/2023
Agency Preparation: Diana Tibbetts	Phone: 60-534-1520	Date: 02/06/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/06/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/06/2023

Request # 1472-1-1

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.

CURRENT LAW:

State retail sales and use tax on the sales of vehicles is generally deposited into the state general fund.

PROPOSAL:

This legislation creates the transportation preservation and maintenance account in the state treasury and redirects a certain percentage of the state sales and use tax generated from the sales and use of new and used vehicles, excluding car rentals, from the state general fund to the transportation preservation and maintenance account as follows:

- Beginning July 1, 2027, and every year thereafter, an additional 25% of the collections
- Beginning July 1, 2028, and every year thereafter, an additional 50% of the collections
- Beginning July 1, 2029, and every year thereafter, an additional 75% of the collections
- Beginning July 1, 2030, and every year thereafter, 100% of the collections

The diversions of revenue continue every fiscal year after FY 2031.

EFFECTIVE DATE:

This bill contains an emergency clause and takes effect July 1, 2023.

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.

ASSUMPTIONS:

- This bill redirects general fund sales tax revenue from sales of motor vehicles to the transportation preservation and maintenance account as follows:
 - In fiscal year 2028, 25% of the collections.
 - In fiscal year 2029, 50% of the collections.
 - In fiscal year 2030, 75% of the collections.
 - In fiscal year 2031 and each fiscal year after 2031, 100% of the collections.
- The redirected state portion of retail sales and use tax excludes sales tax from sales of farm vehicles, off-road vehicles, non-highway vehicles, bicycles, and snowmobiles.
- This proposal does not change local sales and use tax revenues.
- The performance audits of government account receives a 0.16% share of retail sales and use tax collections. The redirected state portion of retail sales and use tax excludes the amount the performance audits of government account receives.
- Currently, tribes with compacts receive a share of state sales and use tax and certain business and occupation taxes (RCW 43.06.523). Under this proposal the amount of revenue shared with tribes will not change.

DATA SOURCES:

- Transportation Revenue Forecast Council, November 2022 Transportation Economic and Revenue Forecasts

REVENUE ESTIMATES:

This bill redirects 25% of state retail sales tax collections from vehicle sales or an estimated \$378.5 million in fiscal year 2028 to the transportation preservation and maintenance account.

In fiscal year 2031, this bill redirects 100% of state retail sales tax collections from vehicle sales or over an estimated \$1.6 billion to the transportation preservation and maintenance account.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 - 0
FY 2025 - 0
FY 2026 - 0
FY 2027 - 0
FY 2028 - 0
FY 2029 - 0

Local Government, if applicable (cash basis, \$000): None.

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.

ASSUMPTIONS:

- This legislation will affect 4,000 taxpayers selling vehicles.
- Expenditures include costs to deposit taxes administered by the department into the transportation preservation and maintenance account. The Department of Licensing (DOL) also administers the collection of use tax on motor vehicle transaction between persons not registered with the department. DOL costs are not included in these expenditures.

FIRST YEAR COSTS:

The department will incur total costs of \$200 in fiscal year 2024. These costs include:

Object Costs - \$200.

- Print and mail a special notice to taxpayers who do not file returns electronically.

SECOND YEAR COSTS:

The department will not incur any costs in fiscal year 2025.

THIRD YEAR COSTS:

The department will not incur any costs in fiscal year 2026.

FOURTH YEAR COSTS:

The Department will incur total costs of \$157,500 in fiscal year 2027. These costs include:

Labor Costs - Time and effort equate to 0.4 FTE.

- Set up, program, and test computer system changes to create two new informational reporting lines, associated error indicators, and dedicated funding.

Object Costs - \$105,600.

- Contract computer system programming.

FIFTH YEAR COSTS:

The Department will incur total costs of \$79,300 in fiscal year 2028. These costs include:

Labor Costs - Time and effort equate to 0.8 FTE.

- Monitor vehicle sales reporting.
- Contact taxpayers not reporting vehicle informational line codes.
 - Process tax return work items, assist taxpayers with reporting questions, and respond to inquiries via email, web message, and paper correspondence.
- Make the annual adjustment to the dedicated funding percentage.

ONGOING COSTS:

Ongoing costs for fiscal year 2029 equal \$56,800 and include similar activities described in the fifth-year costs. Time and effort equate to 0.6 FTE.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years				0.2	0.7
A-Salaries and Wages				32,100	84,000
B-Employee Benefits				10,600	27,700
C-Professional Service Contracts				105,600	
E-Goods and Other Services	200		200	6,400	17,700
J-Capital Outlays				2,800	6,700
Total \$	\$200		\$200	\$157,500	\$136,100

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
EXCISE TAX EX 2	55,872					0.4
EXCISE TAX EX 3	61,632				0.1	0.2
IT SYS ADM-JOURNEY	92,844				0.1	
MGMT ANALYST4	73,260				0.1	0.1
Total FTEs					0.2	0.7

III. C - 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

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 1472 HB	Title: Motor vehicle sales tax	Agency: 240-Department of Licensing
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
Account					
Motor Vehicle Account-State 108 -1	36,000	0	36,000	0	0
Total \$	36,000	0	36,000	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:

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- 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: Dave Johnson	Phone: 360-786-7154	Date: 01/22/2023
Agency Preparation: Aaron Harris	Phone: (360) 902-3795	Date: 01/25/2023
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 01/25/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 01/27/2023

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.

Please 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.

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.

Please 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	36,000	0	36,000	0	0
Total \$			36,000	0	36,000	0	0

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	36,000		36,000		
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 \$	36,000	0	36,000	0	0

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

Agency 240 – Department of Licensing

Bill Number: 1472 HB

Bill Title: Motor Vehicle Sales 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
Account Totals		-	-	-	-	-

Estimated Expenditures:

		FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years		-	-	-	-	-
Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Motor Vehicle	108	36,000	-	36,000	-	-
Account Totals		36,000	-	36,000	-	-

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) 902-3736	Date: 01/25/23
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date: 01/25/23

Request #	1
Bill #	1472 HB

Part 2 – Explanation

This bill creates a new “Transportation Preservation and Maintenance Account” and directs revenues from sales tax assessed on motor vehicles and vehicle use tax to this new account in increasing proportions, starting July 1, 2027. Beginning July 1, 2027, 25% of revenues are to be directed to the new account. Each subsequent year, the proportion of revenue redirected increases by 25% (e.g., 50% on July 1, 2028, up to 100% on July 1, 2030) until all revenue is redirected. These revenues may only be spent on transportation projects, programs, or activities. These funds cannot be used for any new revenue bonds or other types of debt financing. Moneys in this account may only be spent after appropriation. The Treasurer is required to prepare a report to show the impact of this bill on debt financing for transportation appropriations, beginning December 1, 2027, and every two years thereafter.

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

Section 1: Intent

Section 2: Amends RCW 82.08.020 (Tax imposed—Retail sales—Retail car rental.)

- Shifts a definitions section up from subsection 4 to subsection 3(b).
- Creates a new subsection 4 to direct increasing proportions of revenue collected under subsection 1 (sales tax) from new and used vehicle retail sales to the “Transportation Preservation and Maintenance Account” established in Section 4.
 - Beginning July 1, 2027, 25% of such revenues are to be directed to the new account.
 - Beginning July 1, 2028, 50% of such revenues are to be directed to the new account.
 - Beginning July 1, 2029, 75% of such revenues are to be directed to the new account.
 - Beginning July 1, 2030, 100% of such revenues are to be directed to the new account.
 - Vehicle has the same definition as RCW 46.04.670 but excludes farm tractors/vehicles unless used for marijuana production, off-road vehicles, nonhighway vehicles, bicycles, and snowmobiles.
 - Excludes retail car rentals taxed under subsection 2.

Section 3: Amends RCW 82.12.020 (Use tax imposed)

- Creates a new subsection 6 to redirect revenues collected under subsection 1 (use tax) on the use of new and used vehicles in Washington in the same escalating timelines and proportions as for sales tax under Section 2.
 - Beginning July 1, 2027, 25% of such revenues are to be directed to the new account.
 - Beginning July 1, 2028, 50% of such revenues are to be directed to the new account.
 - Beginning July 1, 2029, 75% of such revenues are to be directed to the new account.
 - Beginning July 1, 2030, 100% of such revenues are to be directed to the new account.
 - Excludes retail car rentals taxed under subsection 2.

Section 4: New Section

- Creates the transportation preservation and maintenance account. Moneys may only be spent after appropriation. Expenditures may only be used for transportation projects, programs, or activities.
- All revenues collected under sections 2 and 3 must be used exclusively on a cash funding basis for transportation projects, programs, and activities.
 - These funds cannot be used for any new revenue bond issues or used as a source for any other type of debt or similar financing mechanism.

- Requires the state Treasurer to prepare a report to show the impact of this bill on debt financing for transportation appropriations, beginning December 1, 2027, and every two years thereafter.
- This section may not be construed so as to violate any terms or conditions in highway construction bond issues now or later authorized by statute, that are reliant on payments from excise taxes on fuel.

Section 5: Amends RCW 43.84.092 (Deposit of surplus balance investment earnings)

- Adds the “transportation preservation and maintenance account” to the list of accounts in subsection 4.

Section 6: Amends RCW 43.84.092 (Deposit of surplus balance investment earnings)

- Adds the “transportation preservation and maintenance account” to the list of accounts in subsection 4.

Section 7: Section 5 expires July 1, 2024

Section 8: Section 6 takes effect July 1, 2024

Section 9: Effective date for act is July 1, 2023

2.B - Cash receipts Impact

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
	Account Totals	-	-	-	-	-

This bill redirects revenues from motor vehicle sales tax and vehicle use tax to a new “Transportation Preservation and Maintenance Account”, that would not be subject to bonding, and will be used to support transportation infrastructure needs. Revenue associated with sales and use tax is collected for the Department of Revenue (DOR). This revenue is pass-through for the Department of Licensing (DOL). DOR will capture any revenue receipts associated with these fees. Therefore, no impact to cash receipts for DOL.

2.C – Expenditures

Information Services:

What IS Will Implement:

1. Create a new “Transportation Preservation and Maintenance Account.”
2. Beginning 1 July 2027, 25 percent of all revenue collected on each new and used retail sale of a vehicle in this state, including private party sales, but excluding retail car rentals, must be deposited into the transportation preservation and maintenance account.
3. Beginning July 1, 2028, 50 percent.
4. Beginning July 1, 2029, 75 percent.
5. Beginning July 1, 2030, 100 percent.

Assumptions:

1. No change to Vehicle meaning provided in RCW 46.04.670 including, but not limited to (Current programming already in DRIVES):
 - passenger vehicles
 - light trucks
 - commercial vehicles
 - travel trailers
 - recreational vehicles
 - intermittent use trailers
 - motorcycles
 - campers

2. No change to current exemptions (Current programming already in DRIVES):
 - Farm tractors or farm vehicles as defined in RCW 46.04.180 38 and 46.04.181 unless the farm tractor or farm vehicle is for use in the production of marijuana.
 - Off-road vehicles as defined in RCW 46.04.365; p. 4 SB 5068 1.
 - Nonhighway vehicles as defined in RCW 46.09.310; 2.
 - Bicycles as defined in RCW 46.04.071; and
 - Snowmobiles as defined in RCW 46.04.546.

3. Rental Cars are exempt from this distribution change only (Current programming already in DRIVES).

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	9,000	-	-	-	-	-	9,000
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
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	14,900	-	-	-	-	-	14,900
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	3,300	-	-	-	-	-	3,300
Totals			35,800	-	-	-	-	-	35,800

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	36,000	-	36,000	-	-
Account Totals		36,000	-	36,000	-	-

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	36,000	-	36,000	-	-
Total By Object Type	36,000	-	36,000	-	-

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

None.