

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2393 HB	<b>Title:</b> Unleaded aircraft fuel/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
Department of Licensing	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	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	Fiscal note not available					
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
Joint Legislative Audit and Review Committee	.0	0	0	9,600	.0	0	0	12,000	.3	0	0	100,300
Department of Revenue	Fiscal note not available											
Department of Licensing	.0	0	0	60,000	.0	0	0	0	.0	0	0	0
Department of Transportation	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	0.0	0	0	69,600	0.0	0	0	12,000	0.3	0	0	100,300

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	Fiscal note not available								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Joint Legislative Audit and Review Committee	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	Fiscal note not available								
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>

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	Fiscal note not available								
Local Gov. Total									

## Estimated Capital Budget Breakout

NONE

This preliminary package is incomplete. Other impacted agencies' fiscal notes will be distributed as soon as possible.

**Prepared by:** Amy Hatfield, OFM

**Phone:**  
(360) 280-7584

**Date Published:**  
Preliminary 1/24/2024

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2393 HB	<b>Title:</b> Unleaded aircraft fuel/tax	<b>Agency:</b> 014-Joint Legislative Audit and Review Committee
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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
FTE Staff Years	0.0	0.0	0.0	0.0	0.3
<b>Account</b>					
Performance Audits of Government Account-State 553-1	2,400	7,200	9,600	12,000	100,300
<b>Total \$</b>	2,400	7,200	9,600	12,000	100,300

### 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: Beth Redfield	Phone: 360-786-7140	Date: 01/15/2024
Agency Preparation: Dana Lynn	Phone: 360-786-5177	Date: 01/19/2024
Agency Approval: Eric Thomas	Phone: 360 786-5182	Date: 01/19/2024
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 01/22/2024

## 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.*

This bill creates several new tax exemptions for unleaded aircraft fuel under: aircraft fuel excise tax (RCW 82.42.030(11)); sales and use taxes (new sections under chapters 82.08 and 82.12 RCW); hazardous substance tax (RCW 82.21.040(6)); petroleum products tax (RCW 82.23A.030(8)); and oil spill response tax (new section under chapter 82.23B RCW).

The bill takes effect July 1, 2024. Most of the preferences are set to expire on January 1, 2031.

### TAX PREFERENCE PERFORMANCE STATEMENT DETAILS

Section 9 is a tax preference performance statement, categorizing the preferences as intended to induce a certain designated behavior by taxpayers, as indicated in RCW 82.32.808(2)(a). The Legislature's specific public policy objective is to:

- Incentivize use of alternative 100 octane unleaded aircraft fuel by the aviation community.
- Increase availability of unleaded aircraft fuel in the marketplace.

The Legislature intends to incentivize adoption, use, and availability of unleaded aircraft fuel in order to facilitate phase out of 100LL aircraft fuel in Washington.

The Legislature intends to extend the January 1, 2031, expiration date of the preferences if a review finds that:

- Aircraft operators or pilots of piston powered aircraft are transitioning from using leaded aircraft fuel to using unleaded aircraft fuel.
- Unleaded aircraft fuel is available for purchase at an increasing number of airports across the state.
- Lead emissions from aircraft engines has decreased within the state.

To obtain the data necessary for its review, JLARC staff is directed to refer to reports or data from the Environmental Protection Agency, the Federal Aviation Administration, the Eliminate Aviation Gasoline Lead Emissions Initiative Partnership, the Departments of Revenue and Ecology, and other involved federal, state, and local agencies or stakeholder groups. Additional resource may include data from individual aircraft fuel distributors, airports, pilots, aircraft operators, and other data sources, as identified.

### 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.*

JLARC staff will work with the Environmental Protection Agency, the Federal Aviation Administration, the Departments of Revenue and Ecology, and other appropriate federal, state, and local agencies, as well as stakeholder groups, immediately after passage of the bill to ensure project contacts are established and any other necessary data for JLARC staff's future evaluation needs are identified and collected. Staff would work with those same agencies and organizations when conducting its review.

The expenditure detail reflects work conducted to prepare for and conduct a review of the preferences. The preliminary review will be presented to the Legislature in July 2028. Work for this review will begin in June 2027 and continue through

the end of 2028.

This tax preference review may require additional resources. The audit will be conducted and presented to JLARC consistent with the processes used for other tax preference reviews. Based on all tax preference legislation that is passed, JLARC may subsequently determine that it can absorb the costs for this proposed bill in its base budget, if the workload of other enacted tax preference legislation does not exceed current staffing. JLARC will assess all of the tax preference reviews mandated in the 2024 legislative session.

This audit will require an estimated 5 audit months.

JLARC Audit Months: JLARC calculates its staff resources in "Audit Months" to estimate the time and effort to undertake and complete its studies. An "Audit Month" reflects a JLARC analyst's time for a month, together with related administrative, support, and goods/services costs. JLARC's anticipated 2023-25 costs are calculated at approximately \$23,900 per audit month.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
553-1	Performance Audits of Government Account	State	2,400	7,200	9,600	12,000	100,300
<b>Total \$</b>			2,400	7,200	9,600	12,000	100,300

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					0.3
A-Salaries and Wages	1,600	4,700	6,300	7,800	65,200
B-Employee Benefits	500	1,500	2,000	2,500	20,600
C-Professional Service Contracts					
E-Goods and Other Services	300	900	1,200	1,600	13,200
G-Travel		100	100	100	1,300
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>	2,400	7,200	9,600	12,000	100,300

**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
Research Analyst	131,064					0.2
Support staff	110,856					0.1
<b>Total FTEs</b>						0.3

**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

<b>Bill Number:</b> 2393 HB	<b>Title:</b> Unleaded aircraft fuel/tax	<b>Agency:</b> 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
<b>Account</b>						
Motor Vehicle Account-State 108		0	60,000	60,000	0	0
-1						
<b>Total \$</b>		0	60,000	60,000	0	0

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Beth Redfield	Phone: 360-786-7140	Date: 01/15/2024
Agency Preparation: Gina Rogers	Phone: 360-634-5036	Date: 01/18/2024
Agency Approval: Collin Ashley	Phone: (564) 669-9190	Date: 01/18/2024
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 01/19/2024

## 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.*

Sec. 2 amends RCW 82.42.010 AIRCRAFT FUEL TAX Definitions.

Adds “unleaded aircraft fuel” definition to defined terms in the chapter. Means specialized 100 octane fuel used to power piston engine aircraft that does not contain tetraethyllead.

Sec. 3 amends RCW 82.42.030 AIRCRAFT FUEL TAX Exemptions.

Excludes from the RCW 82.42.020 excise tax at (11) Unleaded aircraft fuel sold, delivered, or used in the state.

Sec. 4 adds a new section to Chapter 82.08 RCW RETAIL SALES TAX

Excludes unleaded aircraft fuel from the six and five tenths (6.5%) retail sales tax. Expires January 1, 2031.

Sec. 5 adds a new section to Chapter 82.12 RCW USE TAX

Excludes unleaded aircraft fuel from the use tax. Expires January 1, 2031.

Sec. 6 amends RCW 82.21.040 HAZARDOUS SUBSTANCE TAX—MODEL TOXICS CONTROL ACT Exemptions.

Excludes unleaded aircraft fuel from the hazardous substance tax.

Sec. 7 amends RCW 82.23A.030 PETROLEUM PRODUCTS—UNDERGROUND STORAGE TANK PROGRAM FUNDING Exemptions from tax.

Excludes unleaded aircraft fuel from the petroleum products – underground storage tank tax.

Sec. 8 adds new section to Chapter 82.23B OIL SPILL RESPONSE TAX

Excludes unleaded aircraft fuel from the Oil Spill tax. Expires January 1, 2031.

Sec. 10 – Expiration date of Sections 1, 2, 3, and 6 is January 1, 2031.

Sec. 11 – Expiration date of section 7 is July 1, 2030.

Sec. 12 – Bill effective date July 1, 2024.

### 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.*

Please 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.*

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	0	60,000	60,000	0	0
<b>Total \$</b>			0	60,000	60,000	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		60,000	60,000		
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-					
<b>Total \$</b>	0	60,000	60,000	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: HB 2393

Bill Title: Establishing tax exemptions for unleaded aircraft fuel.

**Part 1: Estimates**

**No Fiscal Impact**

**Estimated Cash Receipts:**

Indeterminate Decrease

**Estimated Expenditures:**

Object of Expenditure	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Goods and Services	-	60,000	60,000	-	-
<b>Total By Object Type</b>	<b>-</b>	<b>60,000</b>	<b>60,000</b>	<b>-</b>	<b>-</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: Beth Redfield	Phone: (360) 786-7140	Date:
Agency Preparation: Gina Rogers	Phone: (360) 634-5036	Date: 1/18/24
Agency Approval: Collin Ashley	Phone: (360) 634-5384	Date: 1/18/24

Request #	1
Bill #	2393

## **Part 2 – Explanation**

This bill will carve out a tax exemption for unleaded 100 octane aircraft fuel, from Aircraft Fuel Tax, Retail Sales Tax, Use tax, Hazardous Substance Tax, Petroleum Products – Underground Storage Tank tax, and Oil Spill Response Tax.

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

Sec. 2 amends RCW 82.42.010 **AIRCRAFT FUEL TAX** Definitions.

Adds “unleaded aircraft fuel” definition to defined terms in the chapter. Means specialized 100 octane fuel used to power piston engine aircraft that does not contain tetraethyllead.

Sec. 3 amends RCW 82.42.030 **AIRCRAFT FUEL TAX** Exemptions.

Excludes from the RCW 82.42.020 excise tax at (11) Unleaded aircraft fuel sold, delivered, or used in the state.

Sec. 4 adds a new section to Chapter 82.08 RCW **RETAIL SALES TAX**

Excludes unleaded aircraft fuel from the six and five tenths (6.5%) retail sales tax. Expires January 1, 2031.

Sec. 5 adds a new section to Chapter 82.12 RCW **USE TAX**

Excludes unleaded aircraft fuel from the use tax. Expires January 1, 2031.

Sec. 6 amends RCW 82.21.040 **HAZARDOUS SUBSTANCE TAX—MODEL TOXICS CONTROL ACT** Exemptions.

Excludes unleaded aircraft fuel from the hazardous substance tax.

Sec. 7 amends RCW 82.23A.030 **PETROLEUM PRODUCTS—UNDERGROUND STORAGE TANK PROGRAM FUNDING** Exemptions from tax.

Excludes unleaded aircraft fuel from the petroleum products – underground storage tank tax.

Sec. 8 adds new section to Chapter 82.23B **OIL SPILL RESPONSE TAX**

Excludes unleaded aircraft fuel from the Oil Spill tax. Expires January 1, 2031.

Sec. 10 – Expiration date of Sections 1, 2, 3, and 6 is January 1, 2031.

Sec. 11 – Expiration date of section 7 is July 1, 2030.

Sec. 12 – Bill effective date July 1, 2024.

### **2.B - Cash receipts Impact**

Indeterminate Decrease

Section 3 amends 82.42.030 EXEMPTIONS and excludes from the aviation fuel tax any unleaded aircraft fuel at 100 octane which is sold, delivered, and used in the state. The specific unleaded blend of aviation gasoline (often referred to as “100UL”) would be exempt from the \$0.18 aviation fuel tax beginning July 1, 2024, until January 1, 2031.

Aviation Gasoline (AvGas) accounts for around 9% of taxable aviation fuel gallons or approximately \$650,000 in aviation fuel tax revenues deposited into the Aeronautics Account (039). Currently, DOL does not capture the composition of AvGas at the level of detail that would determine the octane, lead levels, or other components. In addition, the 100UL AvGas only has limited availability for use in the industry. It is not known how the availability, use, and likely exemptions for 100UL AvGas may change as result of this legislation or through changes in the industry. It is not known what percent usage of 100UL AvGas fuel type would be attained or when this fuel type may have expanded use/availability by the industry. Additionally, some users of 100UL AvGas may already qualify under another exemption such as RCW 82.38.030(6). If 100UL AvGas were to extend to 100% usage at some point in the future, the maximum possible amount of revenue reduction associated with the exemption could be approximately \$650,000 per fiscal year.

**2.C – Expenditures**

Object of Expenditure	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Goods and Services	-	60,000	60,000	-	-
<b>Total By Object Type</b>	<b>-</b>	<b>60,000</b>	<b>60,000</b>	<b>-</b>	<b>-</b>

**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.

**What IS Will Implement:**

1. Adjustments to returns to account for exemption
2. New product codes will need to be added to the Aircraft Distributor tax return
  - a. Approximately 5 codes with potential additional in the future (estimate 1 per year through 2031).
  - b. These codes will indicate the composition of the fuel to determine the tax to apply.
  - c. The schedule will need to be coded to include only the product codes which are exempt from the tax.
  - d. Restrict the use of these codes in other schedules.
3. A new schedule will be added to capture the untaxed fuel.
  - a. A new column on the tax calculation tab specifically for unleaded aviation gas - (similar to dyed diesel on motor/special fuel tax returns.
4. Update reporting requirements with new tax codes
  - a. RDI
  - b. 551 federal reporting
  - c. cross-match reporting will need to be updated to include new fuel type
  - d. Aircraft Summation Report

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.	\$ 27,144	-	13,600	-	-	-	-	13,600
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 19,836	-	4,000	-	-	-	-	4,000
PROJECT MANAGER	Manage schedule and contracts	\$ 34,452	-	6,900	-	-	-	-	6,900
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.	\$ 19,836	-	2,000	-	-	-	-	2,000
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	-	22,300	-	-	-	-	22,300
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 27,144	-	5,400	-	-	-	-	5,400
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 29,824	-	5,400	-	-	-	-	5,400
<b>Totals</b>			-	<b>59,600</b>	-	-	-	-	<b>59,600</b>

Rounding used

### Part 3 – Expenditure Detail

#### 3.A – Operating Budget Expenditures

Object of Expenditure	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Goods and Services	-	60,000	60,000	-	-
<b>Total By Object Type</b>	-	<b>60,000</b>	<b>60,000</b>	-	-

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

Object E - Description	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
ER - Application Programmers	-	59,600	59,600	-	-
<b>Total Goods &amp; Services</b>	-	<b>60,000</b>	<b>60,000</b>	-	-

Rounding used

#### 3.C – FTE Detail

No additional FTE – this bill will add fuel composition codes and an additional calculation to the aircraft fuel tax distributor return, which will be handled in the normal course of business. Absorbable.

### Part 4 – Capital Budget Impact

None.

### Part 5 – New Rule Making Required

None.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2393 HB	<b>Title:</b> Unleaded aircraft fuel/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: Beth Redfield	Phone: 360-786-7140	Date: 01/15/2024
Agency Preparation: Terri Palumbo	Phone: 360-709-8096	Date: 01/18/2024
Agency Approval: Ann Richart	Phone: 360-529-6550	Date: 01/18/2024
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 01/19/2024

## 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.*

### 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:** 2393 HB      **Title:** Unleaded aircraft fuel/tax      **Agency:** 405-Department of Transportation

## Part I: Estimates

- No Fiscal Impact (Explain in section II. A)
- Indeterminate Cash Receipts Impact (Explain in section II. B)
- Partially Indeterminate Cash Receipts Impact (Explain in section II. B)
- Indeterminate Expenditure Impact (Explain in section II. C)
- Partially 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

## Agency Assumptions

## Agency Contacts:

Preparer: Terri Palumbo	Phone: 360-791-3416	Date: 1/17/2024
Approval: Ann Richart	Phone: 360-529-6550	Date: 1/18/2024
Budget Manager: My-Trang Le	Phone: 360-705-7517	Date: 1/18/2024

## Part II: Narrative Explanation

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

The legislature intends to incentivize the widespread adoption of lead-free aviation fuel through providing various excise tax exemptions for those who utilize these safer alternatives. This bill's intent is to suspend excise tax on each gallon of aircraft fuel which is currently imposed on the following sections.

**Section 2:** Adds the meaning of unleaded aircraft fuel which is specialized 100 octane fuel used to power piston engine aircraft that does not contain tetraethyl lead.

**Section 3:** Taxes imposed on RCW 82.42.020, on unleaded aircraft fuel sold, delivered, or used in the state.

**Sections 4 and 5:** New sections are added to chapters in RCW 82.08 the tax levied by RCW 82.08.020 and to RCW 82.12 that provisions of these chapters do not apply to sales of unleaded aircraft fuel as defined in RCW 82.42.010. An expiration date of January 1, 2031, is also added.

# Individual State Agency Fiscal Note

**Sections 6 and 7:** RCW 82.21.040 and RCW 82.23A.030 are amended to exempt tax imposed for any possession of unleaded aircraft fuel as defined in RCW 82.42.010.

**Section 8:** New section is added to RCW 82.23B to state the provisions of this chapter do not apply with respect to the receipt of unleaded aircraft fuel as defined in RCW 82.42.010.

**Section 9:** The legislature intends to extend the expiration date of the tax preferences in this act if a review find that aircraft operators are transitioning to unleaded aircraft fuel; unleaded aircraft fuel is available for purchase at an increasing number of airports; and lead emissions from aircraft engines has decreased.

There is no fiscal impact to the department.

## II. B – Cash Receipts Impact

There will be no direct cash receipts to WSDOT. Any tax transfers to the Aeronautics Account will be reported in the Department of Revenue's and Department of Licensing's fiscal notes. The average taxes collected on aviation gas has been approximately \$570,000 per year, with an average of \$650,000 per year forecast. This is approximately 10 percent of the fuel taxes currently collected for the Aeronautics Account.

It is assumed that these amounts will decrease exponentially as unleaded fuel is made available. The rate of decrease is unknown due to unknown cost, availability, and distribution. If the tax preferences are extended, this loss of revenue will continue. Any revenue loss for the Aeronautics Account could impact its ability to fund the requirements in RCW 47.68 – Aeronautics.

## II. C - Expenditures

N/A

## Part III: Expenditure Detail

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

N/A

## Part IV: Capital Budget Impact

N/A

## Part V: New Rule Making Required

N/A