

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5726 SB	<b>Title:</b> Transportation revenue
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## Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Licensing	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	2025-27		2027-29		2029-31	
	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	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Joint Transportation Committee	Fiscal note not available											
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Enterprise Services	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Washington State Patrol	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Traffic Safety Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Licensing	5.5	0	0	6,613,000	21.7	0	0	6,428,000	22.4	0	0	5,992,000
Department of Transportation	Non-zero but indeterminate cost and/or savings. Please see discussion.											
County Road Administration Board	Fiscal note not available											
Transportation Improvement Board	Fiscal note not available											
Transportation Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
SWF Statewide Fiscal Note - OFM	Non-zero but indeterminate cost and/or savings. Please see discussion.											
<b>Total \$</b>	<b>5.5</b>	<b>0</b>	<b>0</b>	<b>6,613,000</b>	<b>21.7</b>	<b>0</b>	<b>0</b>	<b>6,428,000</b>	<b>22.4</b>	<b>0</b>	<b>0</b>	<b>5,992,000</b>

## Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Joint Transportation Committee	Fiscal note not available								
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Washington State Patrol	.0	0	0	.0	0	0	.0	0	0
Traffic Safety Commission	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
County Road Administration Board	Fiscal note not available								
Transportation Improvement Board	Fiscal note not available								
Transportation Commission	.0	0	0	.0	0	0	.0	0	0
SWF Statewide Fiscal Note - OFM	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

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<b>Prepared by:</b> Kyle Sieferring, OFM	<b>Phone:</b> (360) 995-3825	<b>Date Published:</b> Preliminary 3/ 7/2025
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5726 SB	<b>Title:</b> Transportation revenue	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

No Fiscal Impact

**Estimated Cash Receipts to:**

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

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Bryon Moore	Phone: (360)786-7726	Date: 02/10/2025
Agency Preparation: Mandy Kaplan	Phone: (360) 902-8977	Date: 02/14/2025
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/14/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/16/2025

## Part II: Narrative Explanation

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

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

SB 5726 creates the road usage charge highway account and the road usage assessment account. Also, this bill allows both accounts to retain their earnings from investments.

There will be some de-minimis work for OST which can be completed within current practices and resources.

Under section 5, the fiscal impact associated with monthly distributions on a pro rata basis according to the manner in which fuel taxes imposed under RCW 46.68.090 (2) through (7) are currently unavailable, therefore indeterminate.

### II. B - Cash receipts Impact

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

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

### II. C - Expenditures

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

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

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

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

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

NONE

### IV. C - Capital Budget Breakout

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

NONE

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

NONE

## **Part V: New Rule Making Required**

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

# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 5726 SB	<b>Title:</b> Transportation revenue	<b>Agency:</b> 179-Department of Enterprise Services
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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: Bryon Moore	Phone: (360)786-7726	Date: 02/10/2025
Agency Preparation: Michael Diaz	Phone: (360) 407-8131	Date: 03/04/2025
Agency Approval: Jessica Goodwin	Phone: (360) 819-3719	Date: 03/04/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 03/06/2025

## 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.*

Section 2 adds a new section to RCW 46 that establishes a voluntary road usage charge program that places a per mile fee on motor vehicle usage of public roadways in the state, implemented and administered by the Department of Licensing (DOL). Electric and hybrid electric vehicles would be eligible to be enrolled in this new voluntary road usage charge program from July 1, 2027, to June 30, 2029. Internal combustion engine vehicles with a fuel economy rating of 20 miles per gallon or higher would be eligible from July 1, 2029, to June 30, 2031. If enrolled in the voluntary road usage charge program, the road usage fee must be paid for before accepting an application for an annual vehicle renewal. This section only applies to motor vehicles registered for on-road use that have the capacity to drive more than 35 miles per hour and have a gross vehicle weight rating of 10,000 pounds or less.

Section 3 adds a new section to RCW 46 that establishes a mandatory road usage charge program that places a per mile fee on motor vehicle usage of public roadways in the state, implemented and administered by DOL. This section lists implementation dates based on vehicle type. This section also states the road usage fee must be paid for before accepting an application for an annual vehicle renewal. This section only applies to motor vehicles registered for on-road use that have the capacity to drive more than 35 miles per hour and have a gross vehicle weight rating of 10,000 pounds or less.

Section 4 adds a new section to RCW 46 that states the road usage charge rate for the voluntary and mandatory road usage charge established in Sections 2 and 3 of this act is 2.6 cents per mile. This rate will be automatically adjusted when a fuel tax rate adjustment is made to the motor vehicle fuel tax rate by applying the percentage change to the aggregate motor fuel tax rate.

Section 6 adds a new section to RCW 46 that states a road usage assessment shall be established for participants in the mandatory road usage charge program established in Section 3 of this act. A road usage assessment shall be assessed and collected on vehicles enrolled in the mandatory road usage charge program under Section 3 in an amount equal to 10 percent of the total road usage fees imposed under this chapter after the road usage fee credits and exemptions imposed under this chapter. The road usage assessment shall be collected at the same time as the road usage fee.

Section 7 adds a new section to RCW 46 that states a vehicle that is exempt from vehicle registration renewal and that is enrolled in the voluntary and mandatory road usage charge programs established in Sections 2 and 3 is required to pay the road usage fee at the rates established in Sections 4 and 6 on an annual basis.

Section 8 adds a new section to RCW 46 that states DOL shall require vehicle owners participating in the voluntary and mandatory road usage charge program under Sections 2 and 3 to report miles driven through the submittal of periodic odometer mileage. DOL may also offer vehicle owners the option of one or more automated methods of reporting miles driven.

Section 9 adds a new section to RCW 46 and lists who is exempt from the road usage fees imposed under this chapter.

Section 13 amends RCW 46.16A.170 and 2010 c 161 s 407 to specify that the vehicles listed are exempted from payment of vehicle license fees, but not the payment of road usage fees under Sections 2 and 3.

Section 14 amends RCW 46.12.650 and 2023 c 273 s 1 making the mileage shown on the odometer a required field when reporting a sale of a vehicle. It also requires payment of road usage fees and assessments due for vehicles enrolled in a voluntary or mandatory road usage charge program under Sections 2 or 3 that would have been due at time of annual vehicle registration renewal.

Section 15 amends RCW 46.17.050 and 2017 c 147 s 12 stating that beginning July 1, 2027, before accepting a report of

sale, the applicant is required to pay the road usage fees and assessments due for vehicles enrolled in a voluntary or mandatory road usage charge program under Sections 2 or 3 that would have been due at time of annual vehicle registration renewal.

This proposed legislation has fiscal impact to the Department of Enterprise Services (DES).

## 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.*

The proposed legislation outlines both a voluntary and mandatory road usage charge program and sets fees for road usage. The Department of Enterprise Services would not qualify for an exemption to this program and would be required to report road usage and pay fees for the leased vehicle fleet. Based on the current number of DES Fleet vehicles and CY2024 mileage, DES estimates that the cost for manual milage reporting for FY28 and FY29 would be approximately \$461k per year and for FY30 and FY31 would be approximately \$1.4M per year. However, the DES Fleet mileage and vehicle makeup are subject to change, therefore DES assumes an indeterminate cost impact. DES assumed the costs to be greater than \$50,000 per year. Costs incurred by this proposed legislation would be added to our vehicle rates.

Estimated cost assumptions and manual reporting (based on current milage and fleet information, for illustration purposes only):

2028 and 2029 - \$460,651 (CY2024 mileage for BEV, HEV, and PHEV = 16,106,666 miles \*.026 per mile road usage charge rate \* 10% road usage assessment fee).

2030 and 2031 - \$1,434,684 (CY2024 mileage for BEV, HEV, PHEV, and ICE - 50,163,768 miles \* .026 per mile \* 10% road usage assessment fee).

## 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

**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> 5726 SB	<b>Title:</b> Transportation revenue	<b>Agency:</b> 225-Washington State Patrol
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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: Bryon Moore	Phone: (360)786-7726	Date: 02/10/2025
Agency Preparation: Julia Kukoba	Phone: 360-596-4044	Date: 02/25/2025
Agency Approval: Mario Buono	Phone: (360) 596-4046	Date: 02/25/2025
OFM Review: Maria Thomas	Phone: (360) 229-4717	Date: 02/26/2025

## 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 proposed legislation does have a fiscal impact on the Washington State Patrol (WSP).

New Section 2 establishes a voluntary road usage charge program that places a per mile fee on motor vehicle usage of public roadways in the state. From July 1, 2027, to June 30, 2029, all electric and hybrid electric vehicles and from July 1, 2029, to June 30, 2031, internal combustion engine vehicles with a fuel economy rating of 20 miles per gallon or higher are eligible to be enrolled in the program.

New Section 3 establishes the mandatory road usage charge program. Mandatory enrollment will begin July 1, 2029, for all electric (EV) and hybrid electric (HEV) vehicles and with additional vehicles becoming mandatory each year thereafter, and with full implementation no later than July 1, 2035. The implementation timeline relates to the vehicle models and MPG ratings, targeting EVs and HEVs on the first date, then the least fuel-efficient vehicles at the latest date. State owned Washington State Patrol vehicles are not exempt.

New Section 4 sets the road usage charge rate at 2.6 cents per mile for participants in voluntary and mandatory programs. This rate is automatically adjusted whenever there is a change in the motor vehicle fuel tax rate, with the adjustment reflecting the same percentage change in the fuel tax rate.

New Section 6 establishes a 10% road usage assessment for participants in the mandatory road usage charge program, collected alongside the road usage fee. This assessment is not a motor vehicle license fee.

New Section 7 requires vehicles exempt from registration renewal but enrolled in the road usage charge programs to pay the road usage fee and assessment annually unless exempted by specific provisions in the act.

New Section 8 (1) mandates vehicle owners in the road usage charge programs to report miles driven, either through periodic odometer readings or automated methods.

New Section 8 (2) reduces a vehicle's road usage fee by a credit equal to the motor vehicle fuel tax, based on the vehicle's fuel usage during the fee assessment period. The credit is nonrefundable, nontransferable, and only applies to the current period.

New Section 9 makes vehicles owned and operated by the state of Washington, any county, or any municipality exempt from this program when used for highway construction and maintenance purposes.

Section 13 RCW 46.16A.170 is amended to require certain vehicles owned, rented, or leased by the state of Washington or its political subdivisions (like cities, counties, and school districts) that are exempt from vehicle license fees as long as they are used exclusively by those entities to still be required to pay road usage fees as outlined in sections 2 and 3 of the act.

### 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.*

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.*

The total fiscal impact to the WSP is currently indeterminate. We assume that the WSP will begin participation in the road usage charge program beginning July 1, 2029, when the first group of vehicles becomes mandatory, but because the WSP operates a wide variety of vehicles to meet operational needs, and because we are transitioning eligible vehicles to EV and HEV as older vehicles are replaced, we are not able to estimate the number of vehicles that will become mandatory per year because it is not known what the precise makeup of our vehicle fleet will be at that time.

We expect the primary fiscal impact to be the cost per mile charge rate. Currently the WSP travels an average of 22,823,655 miles annually. New Section 4 states a per mile charge rate of 2.6 cents per mile, which would result in an annual cost of \$593,415, however, New Section 8 (2) states that a vehicle's road usage tax will be offset by a credit equal to the motor vehicle fuel tax based on the vehicle's fuel usage during the fee assessment period. It is not currently known what the fuel tax or the resulting credit will be at that time.

In addition, we expect to need a total of three FTEs to collect and analyze WSP vehicle mileage data, and to create and maintain a process to capture the cost of the annual road usage fee. We expect these positions to consist of an Administrative Assistant 3 (AA3), a Fiscal Analyst 3 (FA3), and a Data Consultant 2 at an estimated total cost, including agency indirect costs, of \$128,030 for the AA3, \$152,547 for the FA3, and \$142,051 for the Data Consultant 2 in the first year and \$118,952 for AA3, \$143,464 for the FA3, and \$132,969 for the Data Consultant 2 ongoing. We expect these costs to begin in FY2029 to prepare for the initial start of the program and depending on the number of vehicles that become eligible each year, we may be able to stagger the hiring of these positions to match the increase in the number of mandatory vehicles.

We base estimated salary expenditures on current levels for the positions requested per published salary schedules, plus proposed increases in ratified collective bargaining agreements and any applicable incentive or assignment pay. We compute estimated benefits expenditures based on federal or state mandated rates plus state provided amounts for health insurance and workers' compensation insurance. We assume that any increases in these rates or amounts will be covered by legislation establishing the increase.

Estimates for goods and services, equipment and travel are based on our agency rule-of-thumb costs per FTE, which are derived from historical expenditures and adjusted for unit specific costs.

We base our estimate for agency indirect costs on the approved federal indirect cost rate of 31.34%. We apply this indirect cost rate percentage to all categories of expenditures with only two exceptions: capital equipment and the portion of each professional contract in excess of \$25,000. Indirect costs include, but are not limited to, computer and telecommunications support, payroll processing, vendor payments, general accounting, procurement administration, inventory control, and human resource management.

The funding allocation of this proposal uses the results of the Joint Legislative Audit and Review Committee Cost Allocation model approved by both the Transportation and Omnibus Budget Committees in the 2024 Supplemental Budget. The model analyzes costs and relevant activities (hours, transactions, type of enforcement, etc.) of Washington State Patrol (WSP) organizations funded by two or more sources to ensure a consistent and fair use of state resources.

## **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

**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> 5726 SB	<b>Title:</b> Transportation revenue	<b>Agency:</b> 228-Traffic Safety Commission
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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.*

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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: Bryon Moore	Phone: (360)786-7726	Date: 02/10/2025
Agency Preparation: Julie Otto	Phone: 360 515 2380	Date: 02/11/2025
Agency Approval: Shelly Baldwin	Phone: 360-725-9889	Date: 02/11/2025
OFM Review: Brooke Gore	Phone: (564) 669-0703	Date: 02/17/2025

## 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.*

AN ACT Relating to establishing new sources of transportation revenue based on motor vehicle use of public roadways.

New Section - Sec 1. The legislature seeks a more direct, road usage-based funding method for Washington's transportation system, as fuel tax revenues decline with fuel-efficient vehicles. They propose a road usage licensing fee to support the system and ensure privacy protections for drivers' data.

New Section - Sec 2. A voluntary road usage charge program is created for electric, hybrid, and certain fuel-efficient vehicles, applying a per-mile fee during registration. Fees for electric and hybrid vehicles are waived if enrolled, and the program applies to vehicles under 10,000 pounds.

New Section - Sec 3. This section creates a mandatory road usage charge program, starting in 2029 for electric and hybrid vehicles, and expanding to certain internal combustion vehicles by 2035 based on fuel economy. Vehicle owners must pay the fee during registration renewals. The program applies to vehicles under 10,000 pounds and capable of speeds over 35 mph.

New Section - Sec 4. The road usage charge is 2.6 cents per mile, adjusted with fuel tax rate changes, and funds must be used for highway maintenance, deposited into a specific account.

New Section - Sec 5. Funds in the road usage charge highway account must first be used for highway purposes. Starting July 1, 2029, remaining funds will be distributed monthly for refunds and to cover administrative expenses of the state treasurer, auditor, and department of licensing.

New Section - Sec 6. A 10% road usage assessment is added to the fees for vehicles in the mandatory road usage charge program, to help address the demands on the public roadway system. The funds will support multimodal transportation, including rail, bicycle, pedestrian, and public transportation, and will be deposited into a specific account.

New Section - Sec 7. Vehicles exempt from registration renewal but enrolled in the road usage charge programs must pay the road usage fee and assessment annually. The department may adopt rules for implementation.

New Section - Sec 8. Vehicle owners in the road usage charge programs must report miles driven, with optional automated methods. The fee can be reduced by a fuel tax credit and a 200-mile standard deduction. Participants can also apply for exemptions if driving on non-public roads.

New Section - Sec 9. Exemptions from road usage fees apply to vehicles used by public transit, nonprofit services, tribes, state/local construction, and firefighting. The legislature will address impacts on transportation network company drivers by 2027.

New Section - Sec 10. The department must report to the legislature on payment options for the road usage charge by June 30, 2027, and coordinate a task force to evaluate revenue collection enforcement and provide recommendations by January 1, 2028.

New Section - Sec 11. The Joint Transportation Committee will oversee studies on the road usage charge's impact on tribes, large vehicles, off-road infrastructure, and local revenue options, with reports due by 2028. After the tribal study, the governor will consult with tribes and may negotiate agreements on the program's application.

New Section - Sec 12. The department will create a public outreach program and report semiannually to the legislature starting in 2027. The Washington State Transportation Commission will seek federal grants for the program.

Sec 13. Amending RCW 46.16A.170 and 2010 c 161 s 407

Sec 14. Amending RCW 46.12.650 and 2023 c 273 s 1

Sec 15. Amending RCW 46.17.050 and 207 c 147 s 12

Sec 16. Amending RCW 46.17.323 and 2022 c 149 s 1

Sec 17. Amending RCW 46.17.324 and 2019 c 287 s 23

New Section - Sec 18. The road usage charge programs will only collect necessary personal data unless the owner consents to more. General location data may be collected with consent, but specific location data will not be shared without consent. The department must ensure data privacy and security.

Sec 19. Amending RCW 46.01.030 and 2010 c 161 s 1107

Sec 20. Amending RCW 46.01.040 and 2013 c 225 s 606

Sec 21. Amending RCW 46.01.110 and 2010 c 161 s 202

Sec 22. Amending RCW 42.56.330 and 2017 c 33 s 6

New Section - Sec 23. The road usage charge highway account is created within the motor vehicle fund to receive receipts from the road usage charge programs. Funds can only be used for highway preservation and maintenance purposes, with expenditures requiring appropriation.

New Section - Sec 24. The road usage assessment account is created to receive funds from the road usage assessment. These funds can only be used for rail, bicycle, pedestrian, and public transportation purposes, with expenditures requiring appropriation.

Sec 25. Amending RCW 43.84.092 and 2024 c 210 s 4 and 2024 c 168 s 12

Sec 26. Amending RCW 43.84.092 and 2024 c 210 s 5 and 2024 c 168 s 13

Sec 27. Amending RCW 46.16A.040 and 2017 c 147 s 4

Sec 28. Amending RCW 46.16A.110 and 2014 c 80 s 3

New Section - Sec 29. Sec 2-12 constitute a new chapter in Title 46 RCW

New Section - Sec 30. Sec 25 expires July 1, 2028

New Section - Sec 31. Sec 27 and 28 take effect July 1, 2026

New Section - Sec 32. Sec 14 and 15 take effect July 1, 2027

New Section - Sec 33. Sec 26 takes effect July 1, 2028

**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.*

No Fiscal Impact

**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.*

No Fiscal Impact

**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

No Fiscal Impact

**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> 5726 SB	<b>Title:</b> Transportation revenue	<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 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	5.0	6.0	5.5	21.7	22.4
<b>Account</b>					
Road Usage Charge Highway Account-State NEW-1	4,862,000	1,751,000	6,613,000	6,428,000	5,992,000
<b>Total \$</b>	4,862,000	1,751,000	6,613,000	6,428,000	5,992,000

### 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: 02/10/2025
Agency Preparation: Aaron Harris	Phone: (360) 902-3795	Date: 02/17/2025
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date: 02/17/2025
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 02/17/2025

## 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.*

#### Part I: General Provisions

- Sec. 1: Intent clause: Establishes the need for new transportation revenue sources based on motor vehicle use of public roadways.
- Sec. 2: Introduces a voluntary road usage charge program for electric and hybrid vehicles starting July 1, 2027, and for high fuel economy internal combustion engine vehicles starting July 1, 2029.
- Sec. 3: Establishes a mandatory road usage charge program for electric and hybrid vehicles starting July 1, 2029, and phases in for internal combustion engine vehicles based on fuel economy from 2029 to 2035.
- Sec. 4: Sets the road usage charge rate at 2.6 cents per mile, adjustable with fuel tax rate changes.
- Sec. 5: Details the use of funds from the road usage charge for highway preservation and maintenance.
- Sec. 6: Introduces a road usage assessment to support multimodal transportation systems, assessed at 10% of the road usage fees.
- Sec. 7: Requires exempt vehicles enrolled in the road usage charge programs to pay the road usage fee and assessment.
- Sec. 8: Mandates vehicle owners to report miles driven and allows for automated reporting methods.
- Sec. 9: Lists exemptions from road usage fees for certain vehicles and services.
- Sec. 10: Outlines further development activities for the road usage charge program, including reports and task force coordination.
- Sec. 11: Requires studies on the road usage charge program's impact and applicability, including tribal contexts and large vehicle impacts.
- Sec. 12: Requires the Department to conduct a public outreach and education campaign on the road usage charge programs and requires the Department submit semiannual reports to the legislature on the implementation of the program.

#### Part II: Implementation and Administration

- Sec. 13-17: Amends various RCWs to incorporate the road usage charge and assessment requirements, including vehicle registration, reporting, and fee collection processes. Part III: Related Provisions
- Sec. 18: Limits the collection of personally identifying information under the road usage charge programs to necessary data for fee calculation and collection.
- Sec. 19-22: Updates the responsibilities and rule-making authority of the Department of Licensing to include road usage fees and assessments.
- Sec. 23-24: Creates the road usage charge highway account and the road usage assessment account for fund management.
- Sec. 25-26: Details the distribution of earnings from the treasury income account, including the new road usage accounts.
- Sec. 27-28: Requires odometer mileage reporting for vehicle registration and renewal applications, with specific provisions for vehicles enrolled in the road usage charge programs.
- Sec. 30: Section 25 expires on July 1, 2028.
- Sec. 31: Sections 27 and 28 take effect on July 1, 2026.
- Sec. 32: Sections 14 and 15 take effect on July 1, 2027.
- Sec. 33: Section 26 takes effect on July 1, 2028.

### 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 2026	FY 2027	2025-27	2027-29	2029-31
NEW-1	Road Usage Charge Highway Account	State	4,862,000	1,751,000	6,613,000	6,428,000	5,992,000
<b>Total \$</b>			4,862,000	1,751,000	6,613,000	6,428,000	5,992,000

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

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	5.0	6.0	5.5	21.7	22.4
A-Salaries and Wages	555,000	623,000	1,178,000	2,985,000	3,080,000
B-Employee Benefits	172,000	199,000	371,000	1,157,000	1,196,000
C-Professional Service Contracts					
E-Goods and Other Services	4,135,000	929,000	5,064,000	2,286,000	1,716,000
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>	4,862,000	1,751,000	6,613,000	6,428,000	5,992,000

#### 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 2026	FY 2027	2025-27	2027-29	2029-31
Customer Service Specialist 2	50,330				4.8	4.8
Excise Tax Examiner 1	54,199				1.6	1.6
Fiscal Analyst 2	59,847				2.0	2.0
Fiscal Technician 2	46,919				1.0	1.0
IT PROJECT MANAGEMENT - SENIOR MANAGER	143,623	1.0	1.0	1.0		
Licensing Services Representative 1	58,376				4.0	4.0
Licensing Services Representative 4	72,924		0.5	0.3	1.0	1.0
Management Analyst 4	88,794	1.0	1.0	1.0	1.0	1.0
Management Analyst 5	98,040	2.0	2.0	2.0	3.0	3.0
Tax Policy Specialist 3	103,008				1.0	1.0
Vehicle Services Liaison Officer 2	62,888		0.5	0.3	1.3	2.0
WMS Band 2	126,528	1.0	1.0	1.0	1.0	1.0
<b>Total FTEs</b>		5.0	6.0	5.5	21.7	22.4

#### 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.*

Yes. Various existing rules may need to be amended to account for this new program, and new rules may be needed to further define requirements, as well as processes for when a vehicle's MPG is not available in our dataset

# Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: SB 5726

Bill Title: Transportation Revenue

**Part 1: Estimates**

**No Fiscal Impact**

**Estimated Cash Receipts:**

Indeterminate increase. Please see narrative and table below.

**Estimated Expenditures:**

Operating Expenditures	Fund	FY 26	FY 27	25-27 Total	27-29 Total	29-31 Total
Road Usage Charge Highway Account	NEW	4,862,000	1,751,000	6,613,000	6,428,000	5,992,000
<b>Account Totals</b>		<b>4,862,000</b>	<b>1,751,000</b>	<b>6,613,000</b>	<b>6,428,000</b>	<b>5,992,000</b>

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

Check applicable boxes and follow corresponding instructions.

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

Legislative Contact:	Phone:	Date:
Agency Preparation: Aaron Harris	Phone: (360) 902-3795	Date: 02/13/25
Agency Approval: Gerrit Eades	Phone: (360) 867-8233	Date: 02/13/25

Request #	1
Bill #	5726 SB

## **Part 2 – Explanation**

Establishes a road usage charge system based on motor vehicle mileage to generate transportation revenue, addressing the decline in fuel tax revenue due to increased vehicle fuel efficiency.

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

#### **Part I: General Provisions**

- **Sec. 1:** Intent clause: Establishes the need for new transportation revenue sources based on motor vehicle use of public roadways.
- **Sec. 2:** Introduces a voluntary road usage charge program for electric and hybrid vehicles starting July 1, 2027, and for high fuel economy internal combustion engine vehicles starting July 1, 2029.
- **Sec. 3:** Establishes a mandatory road usage charge program for electric and hybrid vehicles starting July 1, 2029, and phases in for internal combustion engine vehicles based on fuel economy from 2029 to 2035.
- **Sec. 4:** Sets the road usage charge rate at 2.6 cents per mile, adjustable with fuel tax rate changes.
- **Sec. 5:** Details the use of funds from the road usage charge for highway preservation and maintenance.
- **Sec. 6:** Introduces a road usage assessment to support multimodal transportation systems, assessed at 10% of the road usage fees.
- **Sec. 7:** Requires exempt vehicles enrolled in the road usage charge programs to pay the road usage fee and assessment.

#### **Part II: Implementation and Administration**

- **Sec. 8:** Mandates vehicle owners to report miles driven and allows for automated reporting methods.
- **Sec. 9:** Lists exemptions from road usage fees for certain vehicles and services.
- **Sec. 10:** Outlines further development activities for the road usage charge program, including reports and task force coordination.
- **Sec. 11:** Requires studies on the road usage charge program's impact and applicability, including tribal contexts and large vehicle impacts.
- **Sec. 12:** Requires the Department to conduct a public outreach and education campaign on the road usage charge programs and requires the Department submit semiannual reports to the legislature on the implementation of the program.
- **Sec. 13-17:** Amends various RCWs to incorporate the road usage charge and assessment requirements, including vehicle registration, reporting, and fee collection processes.

#### **Part III: Related Provisions**

- **Sec. 18:** Limits the collection of personally identifying information under the road usage charge programs to necessary data for fee calculation and collection.
- **Sec. 19-22:** Updates the responsibilities and rule-making authority of the Department of Licensing to include road usage fees and assessments.
- **Sec. 23-24:** Creates the road usage charge highway account and the road usage assessment account for fund management.
- **Sec. 25-26:** Details the distribution of earnings from the treasury income account, including the new road usage accounts.
- **Sec. 27-28:** Requires odometer mileage reporting for vehicle registration and renewal applications, with specific provisions for vehicles enrolled in the road usage charge programs.

**Effective Dates and Expiration**

- **Sec. 30:** Section 25 expires on July 1, 2028.
- **Sec. 31:** Sections 27 and 28 take effect on July 1, 2026.
- **Sec. 32:** Sections 14 and 15 take effect on July 1, 2027.
- **Sec. 33:** Section 26 takes effect on July 1, 2028.

**2.B - Cash receipts Impact**

The revenue impact is indeterminate due to the uncertainty of components such as the volume of a voluntary population, indefinite fuel tax offset administration details, and deferred implementation dates.

For demonstration purposes, the fiscal impact scenario based on the model provided by the Washington State Transportation Commission is included below.

<b>Revenue Impact by Fund</b>						
<b>FY</b>	<b>Road Usage Charge Highway Account</b>	<b>Road Usage Assessment Account</b>	<b>Rural Arterial Trust Account (waived fee for EV/Hybrid)</b>	<b>Transportation Improvement Account (waived fee for EV/Hybrid)</b>	<b>Motor Vehicle Fund (waived fee for EV/Hybrid)</b>	<b>Net Revenue Impact</b>
2027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2029	\$ 6,479,000	\$ -	\$ (524,000)	\$ (524,000)	\$ (8,972,000)	\$ (3,541,000)
2030	\$ 7,946,000	\$ -	\$ (671,000)	\$ (671,000)	\$ (11,103,000)	\$ (4,499,000)
2031	\$ 272,225,000	\$ 27,138,000	\$ (13,786,000)	\$ (13,786,000)	\$ (224,229,000)	\$ 47,562,000
2032	\$ 321,996,000	\$ 32,117,000	\$ (16,895,000)	\$ (16,895,000)	\$ (267,395,000)	\$ 52,928,000
2033	\$ 375,913,000	\$ 37,511,000	\$ (20,342,000)	\$ (20,342,000)	\$ (314,478,000)	\$ 58,262,000
2034	\$ 439,098,000	\$ 43,835,000	\$ (24,209,000)	\$ (24,209,000)	\$ (366,640,000)	\$ 67,875,000
2035	\$ 538,620,000	\$ 53,811,000	\$ (28,430,000)	\$ (28,430,000)	\$ (423,102,000)	\$ 112,469,000
2036	\$ 660,797,000	\$ 66,061,000	\$ (33,133,000)	\$ (33,133,000)	\$ (485,744,000)	\$ 174,848,000
2037	\$ 764,026,000	\$ 76,403,000	\$ (38,024,000)	\$ (38,024,000)	\$ (550,611,000)	\$ 213,770,000
2038	\$ 832,971,000	\$ 83,297,000	\$ (43,189,000)	\$ (43,189,000)	\$ (618,667,000)	\$ 211,223,000
2039	\$ 903,006,000	\$ 90,301,000	\$ (48,493,000)	\$ (48,493,000)	\$ (688,009,000)	\$ 208,312,000
2040	\$ 973,709,000	\$ 97,371,000	\$ (53,905,000)	\$ (53,905,000)	\$ (758,228,000)	\$ 205,042,000
Assumptions:						
- Data source and revenue model - Washington State Transportation Commission,						
- Participation in volunteer program is 6% for Electric and Hybrid vehicles and 1% for ICE vehicles,						
- Road Usage Fees are collected after 12 months of enrollment,						
- Annual 9 000 miles driven per vehicle is used for mandatory program,						
- Lower annual miles driven per vehicle is used for voluntary program,						
- An additional 50 miles deduction to a standard 200 miles represents an average itemized deduction,						
- 3% estimated arrears adjustment applied,						
- Voluntary RUC participants will continue paying their road usage fees until their first mandatory payment is due.						

**2.C – Expenditures**

***The fiscal impact narrative is listed by Program or Subprogram within the Department of Licensing (DOL):***

The Washington State Department of Licensing (DOL) will implement a Road Use Charge (RUC) program through a phased approach beginning in 2025. The program will involve both voluntary and mandatory participation based on vehicle fuel efficiency, with new data collection processes for odometer readings and road use fee calculations starting in 2027. DOL will develop and modify various systems for vehicle

registration renewals, billing, and reporting, as well as introduce new fee structures. A new administrative framework will be established, including staffing positions across multiple divisions to manage customer service, policy, compliance, and financial operations. Additionally, DOL will work with external agencies and service providers to ensure smooth data exchanges and to maintain security, while a public outreach campaign will inform the public about the program's requirements. The department will also use contractors and temporary staff to support system updates and ensure timely implementation.

***What Information Services Division (ISD) Will Implement:***

**Licensing & Compliance - Voluntary RUC Program Customers**

- **Odometer Reading Collection for Electric and Hybrid Vehicles**  
New logic and screens will be developed to collect odometer readings from voluntary RUC participants during registration renewal for all electric and hybrid electric vehicles, beginning July 1, 2027. This includes updates to screens to accommodate the "odometer reading" field and associated messages for various registration types (Dept Temp, Original, Renewal, Transfer).
- **Odometer Reading Collection for Internal Combustion Engine Vehicles**  
New logic and screens will be developed to collect odometer readings for voluntary RUC participants with internal combustion engine vehicles that have a fuel economy rating of 20 mpg or higher, beginning July 1, 2029.
- **Fee Waiver for EV and Hybrid Participants**  
New logic will waive registration and transportation system electrification fees for electric and hybrid vehicle participants in the RUC program.
- **RUC Cap for EV and Hybrid Vehicles**  
New logic will cap the RUC due for vehicles also subject to EV and hybrid vehicle registration fees, ensuring a fair calculation for RUC participants.
- **Vehicle Eligibility for Per-Mile Charge**  
Modify logic to identify RUC program vehicles that travel at speeds over 35 mph and have a gross vehicle weight rating (GVWR) of 10,000 pounds or less, determining whether they are subject to the per-mile charge.

**Licensing & Compliance - Mandatory RUC Program Customers**

The following vehicles will be required to enroll in the mandatory RUC program based on fuel economy:

- July 1, 2029: All electric and hybrid electric vehicles
- July 1, 2031: Internal combustion engine vehicles with a fuel economy rating of 40 mpg or higher
- July 1, 2032: Internal combustion engine vehicles with a fuel economy rating of 35 mpg or higher
- July 1, 2033: Internal combustion engine vehicles with a fuel economy rating of 30 mpg or higher
- July 1, 2034: Internal combustion engine vehicles with a fuel economy rating of 25 mpg or higher
- July 1, 2035: Internal combustion engine vehicles with a fuel economy rating of 20 mpg or higher

## **Renewal Modifications**

- **Exemptions for Public Transportation and Nonprofits**  
Modify renewals to exempt public transportation vehicles and nonprofit organizations from the RUC program (with an exemption list).
- **Exemptions for Government Vehicles**  
Modify renewals to exempt vehicles to align with the provisions of Sec. 9 from the RUC program.
- **Renewal Notices and Messaging**  
Modify renewal notices and letters to include messaging about the requirement to pay the road usage charge before tabs can be renewed.
- **Odometer Readings for Out-of-State Vehicles**  
Develop logic to collect odometer readings and mileage for vehicles that traveled out of state or were not on public highways.
- **Fee Credit for Fuel Tax Offset**  
Implement new logic to calculate a fee credit based on non-refundable and non-transferable motor vehicle fuel taxes, which can be applied to future years of program participation.

## **Letters, Notices, and Billing**

- **Audit Case-Related Letters**  
Develop new letters as part of the audit case process.
- **Shortage Billing for Odometer Variances**  
Create a new shortage billing notice for discrepancies between odometer readings.
- **Electronic and Paper Renewal Notices**  
Modify both electronic and paper renewal notices to emphasize that the road usage charge must be paid before tabs can be renewed.
- **Final Billing for Vehicle Transfers**  
Develop a new final billing notice for vehicles that have been transferred or have a report of sale filed.

## **Financials**

- **RUC Fee Modifications**  
Modify vehicle eligibility and pricing logic for the road usage charge, including updates to billings, templates, and online services. This involves a one-time update to records (20 hours of logic change, 10 hours for a new letter, and 10 hours for bulk updates).
- **New RUC Assessment Fee**  
Implement a new 10% assessment fee on total RUC fees for mandatory participants, including associated account codes and funds.
- **Road Usage Charge Fee Calculation**  
Beginning July 1, 2027, a new fee calculation will apply to vehicles registered in the voluntary RUC program. The fee will be based on reported miles, minus a 200-mile deduction, at a rate of 2.6 cents per mile.

## **Reporting**

- **Odometer Variance Report**  
Create a report to track odometer variances between the reported and actual mileage during vehicle transfers.
- **RUC Charge Reports**  
Generate new reports detailing RUC charges and related activities.
- **Quarterly Reporting to the Department of Revenue**  
Provide a quarterly report to the Department of Revenue listing vehicles for which a report of sale has been received but no transfer of ownership has occurred.

## **e-Services**

- **Odometer Reading for Tow Operators and Wreckers**  
Modify the online reporting system for registered tow truck operators, wreckers, and scrap processors to require odometer readings. This includes the development of a batch process.
- **Online RUC Charge Calculator**  
Create an online RUC charge calculator to estimate the road usage charge based on the owner's estimate of miles traveled, including fuel tax offsets.
- **Report of Sale System Modifications**  
Modify the online report of sale system to require odometer readings and miles traveled out of state, along with new attestation language and notices of final billing.
- **Dealer Electronic Permitting System**  
Modify the online dealer electronic permitting system to collect odometer readings for vehicles.

## **Interfaces & Web Services**

- **Interface with Commercial Service Providers**  
Develop a new interface to exchange data with commercial service providers about vehicles subject to the road usage charge.
- **Daily Data Exchange with Service Providers**  
Set up a daily data exchange with commercial service providers to track vehicle activities, including information on OBII devices and payment records necessary for tab renewal.
- **Odometer Reading Collection for Online Renewals**  
Modify the online renewal system to collect odometer readings during the renewal process, including an attestation.

**Information Services:**

Cost Category	Description	Rate	2026	2027	2028	2029	2030	2031	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 27,144	257,900	-	-	-	-	-	257,900
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	51,600	-	-	-	-	-	51,600
PROJECT MANAGER	Manage schedule and contracts	\$ 35,037	203,200	-	-	-	-	-	203,200
QUALITY ASSURANCE	Plan and carry out activities to assure project deliverables; e.g. preventative defect activities, align quality measures and business objectives.	\$ 31,842	184,700	-	-	-	-	-	184,700
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	25,800	-	-	-	-	-	25,800
SERVER & NETWORK SUPPORT	Services such as network infrastructure, cloud infrastructure, firewall and load balancing. Installations, maintenance, troubleshooting of server systems, and management of Windows-based systems to ensure reliability for clients.	\$ 19,836	-	4,000	4,000	4,000	4,000	4,000	20,000
DEVELOPERS	Modify programming and coding to all major systems	\$ 22,968	-	9,200	9,200	9,200	9,200	9,200	46,000
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.	\$ 38,454	488,400	-	-	-	-	-	488,400
TRAINER	Trains business partners and employees in new system processes and capabilities.	\$ 27,144	70,600	-	-	-	-	-	70,600
ORGANIZATIONAL CHANGE MANAGEMENT	Prepares stakeholders for the change and develops strategies to ensure the changes are fully adopted.	\$ 31,842	184,700	-	-	-	-	-	184,700
PROJECT CONTINGENCY	Office of the Chief Information Officer designated rate of 10%	\$ 27,394	146,700	1,300	1,300	1,300	1,300	1,300	153,200
<b>Totals</b>			<b>1,613,600</b>	<b>14,500</b>	<b>14,500</b>	<b>14,500</b>	<b>14,500</b>	<b>14,500</b>	<b>1,686,100</b>

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 Programs and Services Division (PSD) Will Implement:**

**Administration:**

- **1.0 FTE WMS Band 2:** This position will serve as the overall coordinator and manager of the department’s RUC program. This position is critical to oversee development, implementation, and ongoing operational management of the program. RUC functions will occur under the direction of this position. Starting July 1, 2025, ongoing.
- **2.0 FTE Licensing Service Representative 1:** These positions are needed for the extra renewal processing for the added per mile charge work, as well as escalated calls from the customer contact center and other areas of the agency for vehicle per mile charge questions. Starting July 1, 2027, ongoing.

- **1.0 FTE Management Analyst 4:** This position will assist with rule making, policy needs and data collection. The MA4 would serve as a point of contact regarding questions and concerns around the RUC program. Starting July 1, 2027, ongoing.

**Calculations for workload touch times when processing vehicle report of sale (ROS):**

- **1.3 FTE Customer Service Specialist 2:** Current ROS workload
  - 55,000 (ROS annually processed by DVR) \*2 (minute touch time) = 110,000 minutes per year/
  - 110,000 / 88,320 (minutes per 1 FTE per year) = 1.2455 CSS2 FTE Starting July 1, 2027, ongoing
- **2.3 FTE Customer Service Specialist 2:** DOL assumes a decrease in ROS and reducing the amount of ROS received to 75% using our indigency population in Washington which is 25%. We expect to work each ROS twice due to not being in compliance with RUC requirements.
  - 55000 \*.75= 41,250 work items
  - Now increased touch time to 5 minutes to include creating and mailing letter to customer.
  - 41,250 \*5 (minute touch time) = 206,250 minutes per year
  - 206,250 / 88,320 (minutes per 1 FTE per year) = 2.3353 CSS2 FTE Starting July 1, 2027, ongoing
- **1.2 FTE Customer Service Specialist 2:** DOL assumes that 50% of customers will mail in RUC payments to process:
  - 41,250 (work items) \*.5 (half of work items) = 20,625 work items
  - 20,625 \* 2 (minute touch time) = 41,250 minutes per year
  - 41,250 / 88,320 FTE = 0.4671 CSS2 FTE to process returned RUC payments with ROS Starting July 1, 2027, ongoing
  - 20,625 (work items) \* 3 (minute touch time) = 61,875 minutes per year
  - 61,875 / 88,320 FTE = 0.7006 CSS2 FTE to send over internal refund request for ROS fees Starting July 1, 2027, ongoing
- **1.6 FTE Excise Tax Examiner:** Refunds of ROS unable to process due to 50% not returning RUC payment:
  - 41,250 (work items\*.5 half of work items)=20,625 work items
  - 20625 (work items) \* 7 (minute touch time) =144,375 minutes per year
  - 144,375 / 88,320 FTE = 1.6347 ETE1 FTE to refund ROS fees paid Starting July 1, 2027, ongoing.

**What Customer Relations Division (CRD) Will Implement:**

**Vehicle and Vessel Operations unit:**

- **1.0 FTE Licensing Service Representative 4:** This position will create and distribute communications to vehicle licensing representatives, auditors, agents and appointees statewide related to the collection of vehicle miles traveled including processes and procedures. They will create and provide training related to RUC processes and procedures, update training materials, desk manuals and other resources, and assist with escalated situations. Starting January 1, 2027, ongoing.

- **1.0 FTE Vehicle Services Liaison Officer 2:** This position will assist with answering RUC program questions and providing technical assistance over the phone to vehicle licensing representatives, auditors, appointees, vehicle dealers, and out-of-state jurisdictions. Starting January 1, 2027, ongoing.
- **1.0 FTE Vehicle Services Liaison Officer 2:** This position will assist with answering RUC program questions and providing technical assistance over the phone to vehicle licensing representatives, auditors, appointees, vehicle dealers, and out-of-state jurisdictions. Starting January 1, 2029, ongoing.
- **1.0 FTE Vehicle Services Liaison Officer 2:** This position will assist with answering RUC program questions and providing technical assistance over the phone to vehicle licensing representatives, auditors, appointees, vehicle dealers, and out-of-state jurisdictions. Starting January 1, 2033, ongoing.
  - Starting dates include 6 months of training lead time.
  - One additional FTE of vehicle services liaison officer 2 starting 1/1/2033 to cover the additional internal combustion engine (ICE) 20-30 MPG vehicles.

**Customer Service Contact Center:**

- **2.0 FTEs Licensing Services Representative 1:** As a new program, these positions are needed to answer customer questions and provide RUC program guidance through multiple means of communication. Starting July 1, 2027, ongoing.
- **4.0 FTEs Licensing Services Representative 1:** Additional positions added to assist with answering customer questions as more participants enter the new program. Starting July 1, 2031, ongoing.

***What Director's Office (DO) Will Implement:***

**Research and Analysis Office:**

- **2.0 FTE Management Analyst 5 (MA5):** This position will assist with fee calculations, research of qualified vehicles, as well as development and validation of reporting and data integrity. Starting July 1, 2025, and ongoing.
- **Management Analyst 5 workload indicators:**
  - Work with DOL management and technical staff to ensure the collection of necessary data elements while minimizing the presence of personal information.
  - Perform comparative analysis on sources of MPG data.
  - Perform required research and documentation of missing, questionable, or challenged MPG ratings and electric/hybrid classifications.
  - Develop custom code to support addition and correction of MPG data and integration of resulting data into DRIVES.
  - Monitor and report on RUC mandatory and voluntary participation.
  - Monitor and report on odometer data while protecting the privacy of vehicle owners.
  - Provide supporting data for any related studies.
  - Advise on the design and development of automated processes to determine the fuel efficiency of vehicles.
  - Support the proper disclosure of general location data while protecting the privacy of vehicle owners.

**Forecasting Office:**

- **1.0 FTE Tax Policy Specialist 3 (TPS3):** This position will research, design, and develop econometric, time-series, and fiscal simulation models to monitor and forecast revenue. This position will respond to OFM, legislative, and other agency inquiries on RUC revenue, including preparing revenue impact assessments for fiscal impact scenarios related to RUC. Starting July 1, 2027, and ongoing.

**Performance and Accountability Office:**

- **1.0 FTE Management Analyst 4 (UX Analyst):** This position will assist with implementation requirements of building the new program by mapping the customer journey for submitting payments, as well as the user experience evaluation and testing for interfaces used by customers. Starting July 1, 2025, through July 1, 2027, only.

**Data Management Office:**

- **1.0 FTE Management Analyst 5:** This position will assist with building processes around the collection of new and sensitive or confidential data from customers, as well as any data contracting needs for vendors or other government agencies. This position will also analyze any privacy issues for the new program and assist in responding to customer concerns. Starting July 1, 2027, ongoing.

**Accounting:**

- **1.0 FTE Fiscal Technician 2 (FT2):** This position will manage intake validation workflows. Starting July 1, 2027, and ongoing.
- **2.0 FTE Fiscal Analyst 2 (FA2):** This position will process and reconcile credit card and ACH payments, to keep accounts receivable records reconciled, and to handle additional deposit responsibilities. Starting July 1, 2027, and ongoing.

**Project Management:**

- **1.0 FTE IT Project Management – Senior Manager:** The Senior Manager for IT Project Management will lead the planning, execution, and successful implementation of the Road Use Charge (RUC) program at the Department of Licensing (DOL). This key leadership role involves overseeing the cross-functional project team, ensuring seamless integration of technology solutions, managing stakeholder communication, and mitigating risks to deliver the RUC initiative on time, within budget, and in compliance with regulatory requirements. The Senior Manager will work closely with business, IT, and external partners to ensure that the RUC program aligns with DOL's strategic goals and supports the state's transportation funding objectives. Start date 7/1/2025-6/30/2027.

**Media and Outreach Campaign:**

DOL would contract with a vendor to design and execute a public outreach and education program to be carried out prior to launch of the new program. DOL has engaged in similar outreach and education work related to REAL ID implementation. Based on the REAL ID work, \$1,500,000 is estimated for fiscal year 2026 for the campaign development, ads, and social media assets. Due to the incremental implementation model of this bill, \$500,000 for each of the following fiscal years is included, \$500,000 for fiscal year 2027, and \$500,000 for fiscal year 2028. This will be required to maintain the program messaging after the initial launch.

**Data Vendor:**

Once electric and hybrid vehicles are mandatory in the RUC program, participation will be determined based on a vehicle's Miles Per Gallon (MPG) rating. Currently, DOL does not collect or have access to this data, so we will need to purchase a new dataset from our vendor and integrate it into DRIVES for calculations. While we do not anticipate this cost to be significant, we will assess the most comprehensive dataset available once the bill is enacted. If the cost proves to be substantial, we will request funding in a future decision package.

**Support Services:**

Agency Administrative Overhead is included at a rate of 24.8 percent of the direct program costs. This funding 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. These indirect costs are shown under object E.

**Part 3 – Expenditure Detail****3.A – Operating Budget Expenditures**

Operating Expenditures	Fund	FY 26	FY 27	25-27 Total	27-29 Total	29-31 Total
Road Usage Charge Highway Account	NEW	4,862,000	1,751,000	6,613,000	6,428,000	5,992,000
<b>Account Totals</b>		<b>4,862,000</b>	<b>1,751,000</b>	<b>6,613,000</b>	<b>6,428,000</b>	<b>5,992,000</b>

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

Object of Expenditure	FY 26	FY 27	25-27 Total	27-29 Total	29-31 Total
FTE Staff Years	5.0	6.0	5.6	21.7	22.4
Salaries and Wages	555,000	623,000	1,178,000	2,985,000	3,080,000
Employee Benefits	172,000	199,000	371,000	1,157,000	1,196,000
Goods and Services	4,135,000	929,000	5,064,000	2,286,000	1,716,000
<b>Total By Object Type</b>	<b>4,862,000</b>	<b>1,751,000</b>	<b>6,613,000</b>	<b>6,428,000</b>	<b>5,992,000</b>

**3.C – FTE Detail**

Staffing	Salary	FY 26	FY 27	25-27 Total	27-29 Total	29-31 Total
Tax Policy Specialist 3	103,008	0.0	0.0	0.0	1.0	1.0
Licensing Services Representative 1	58,376	0.0	0.0	0.0	4.0	4.0
Management Analyst 4	88,794	1.0	1.0	1.0	1.0	1.0
Licensing Services Representative 4	72,924	0.0	0.5	0.3	1.0	1.0
Vehicle Services Liaison Officer 2	62,888	0.0	0.5	0.3	1.3	2.0
Management Analyst 5	98,040	2.0	2.0	2.0	3.0	3.0
Fiscal Analyst 2	59,847	0.0	0.0	0.0	2.0	2.0
Fiscal Technician 2	46,919	0.0	0.0	0.0	1.0	1.0
IT PROJECT MANAGEMENT - SENIOR	143,623	1.0	1.0	1.0	0.0	0.0
Excise Tax Examiner 1	54,199	0.0	0.0	0.0	1.6	1.6
Customer Service Specialist 2	50,330	0.0	0.0	0.0	4.8	4.8
WMS Band 2	126,528	1.0	1.0	1.0	1.0	1.0
<b>Total FTE</b>		<b>5.0</b>	<b>6.0</b>	<b>5.6</b>	<b>21.7</b>	<b>22.4</b>

### **3.D – Expenditures by Program (Optional)**

<b>Program</b>		<b>FY 26</b>	<b>FY 27</b>	<b>25-27 Total</b>	<b>27-29 Total</b>	<b>29-31 Total</b>
100 - Mgmt & Support Services	MSS	3,388,000	1,341,000	4,729,000	3,037,000	2,482,000
200 - Information Services	ISD	1,299,000	129,000	1,428,000	456,000	426,000
300 - Customer Relations	CRD	-	106,000	106,000	849,000	998,000
600 - Programs & Services	PSD	175,000	175,000	350,000	2,086,000	2,086,000
<b>Totals by Program</b>		<b>4,862,000</b>	<b>1,751,000</b>	<b>6,613,000</b>	<b>6,428,000</b>	<b>5,992,000</b>

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

None.

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

Yes. Various existing rules may need to be amended to account for this new program, and new rules may be needed to further define requirements, as well as processes for when a vehicle's MPG is not available in our dataset.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5726 SB	<b>Title:</b> Transportation revenue	<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:**

**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.

<b>Legislative Contact:</b> Bryon Moore	<b>Phone:</b> (360)786-7726	<b>Date:</b> 02/10/2025
<b>Agency Preparation:</b> Anthony Buckley	<b>Phone:</b> 360-7056886	<b>Date:</b> 02/17/2025
<b>Agency Approval:</b> Anthony Buckley	<b>Phone:</b> 360-7056886	<b>Date:</b> 02/17/2025
<b>OFM Review:</b> Maria Thomas	<b>Phone:</b> (360) 229-4717	<b>Date:</b> 02/17/2025

## 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 agency 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

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

**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: 5726 SB

Title: Transportation Revenue

Agency: 405-Department of Transportation

## Part I: Estimates

- No Fiscal Impact (Explain required 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

### Fiscal Detail

N/A

### Agency Assumptions

The bill directs that the Washington State Department of Licensing set up the Road User Fee program, therefore any fiscal impact to WSDOT is assumed to be none to minor.

### Agency Contacts:

Preparer: Anthony L. Buckley	Phone: 360.628.0964	Date: 17, Feb. 2025
Approval: Anthony L. Buckley	Phone: 360.628.0964	Date: 17, Feb. 2025
Budget Manager: Stacey Halverstadt	Phone: 360-266-7274	Date: 2/17/2025

## Part II: Narrative Explanation

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

SB 5726 directs the Washington State Department of Licensing set up the Road User Fee program.

# Individual State Agency Fiscal Note

## II. B – Cash Receipts Impact

SB 5726 directs the Washington State Department of Licensing (DOL) to set up the Road User Fee program. Since DOL will establish the Road User Fee and collect associated revenues, there is no cash receipts impact to WSDOT. Please see DOL fiscal note for cash receipts impact.

## II. C - Expenditures

SB 5726 directs the Washington State Department of Licensing (DOL) to set up the Road User Fee program. Fiscal impact of Licensing Fees on WSDOT's fleet is indeterminate until DOL sets up the rules for the Road User Fee program. The Road User Fee will be offset by gas tax, but the net impact to WSDOT is unknown.

## 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



# Ten Year Analysis

<b>Bill Number:</b> 5726 SB	<b>Title:</b> Transportation Revenue	<b>Agency:</b> 405 Washington State Department of Transportation
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Ten-year analyses are limited to agency-estimated cash receipts associated with the new proposed taxes or fees or existing tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**       **Partially Indeterminate Cash Receipts**       **Indeterminate Cash Receipts**

Name of Tax or Fee	Account Code and Title	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	Total 2026-35
	Choose an item.											
<b>Totals</b>												

### Narrative Explanation (Required for all Taxes and/or Fees including "Indeterminate," "Partially Indeterminate," or "No Cash Receipts.")

- **Brief Description of What the Measure does that has I-960 Implications**  
SB 5726 directs the Washington State Department of Licensing (DOL) to set up the Road User Fee program.
- **Cash Receipts Impact**  
Since DOL will set up the Road User Fee and collect associated revenues, there is no cash receipts impact to WSDOT.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5726 SB	<b>Title:</b> Transportation revenue	<b>Agency:</b> 410-Transportation Commission
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Bryon Moore	Phone: (360)786-7726	Date: 02/10/2025
Agency Preparation: Aaron Halbert	Phone: 360-705-7118	Date: 02/13/2025
Agency Approval: Reema Griffith	Phone: 360-705-7070	Date: 02/13/2025
OFM Review: Maria Thomas	Phone: (360) 229-4717	Date: 02/13/2025

## Part II: Narrative Explanation

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

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

SB 5726 would establish a road usage licensing fee to generate transportation revenue based on vehicle miles traveled. Sec. 12 directs the Department of Licensing, in consultation with the Washington State Transportation Commission's (WSTC), to design and execute a public outreach and education program to be carried out prior to implementation on the voluntary and mandatory road usage charge programs being established. It also directs the WSTC to pursue federal grant funding opportunities for which the programs are eligible.

The WSTC foresees no fiscal impact to our agency as a result of this legislation since conducting public outreach and education is part of normal work performed by the Transportation Commission.

### 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.*

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5726 SB

Title: Transportation revenue

## 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: indeterminate impact from fees deposited into the Motor Vehicle Fund
- 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: how many users will enroll in the voluntary road usage charge program, 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:

None

## Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Alexander	Phone: 360-725-5038	Date: 02/14/2025
Leg. Committee Contact: Bryon Moore	Phone: (360)786-7726	Date: 02/10/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/14/2025
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 02/17/2025

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

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

This bill:

- Establishes a mandatory road usage charge program that is phased in between July 2029 and July 2035, to apply to light-duty electric and hybrid-electric vehicles, as well as light-duty internal combustion vehicles with a fuel economy rating of 20 miles per gallon or greater.
- Sets the road usage fee rate at 2.6 cents per mile, offsets the amount due by the amount of fuel tax paid, and waives the electric and hybrid electric vehicle fees otherwise due.
- Defines the road usage fee as a motor vehicle license fee that may only be used for highway preservation and maintenance purposes.
- Establishes a road usage assessment set to 10 percent of the total road usage fee imposed that applies to participants in the mandatory road usage charge program, and restricts the use of revenue collected from the assessment to rail, bicycle, pedestrian, and public transportation purposes.

The revenue collected by the road usage programs will not be distributed to cities and towns until July 1, 2029.

### **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.

However, the revenue received by cities and towns after July 1, 2029 must be used for highway preservation and maintenance purposes.

### **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 number of miles that will be reported each year, or how the fees collected will be dispersed within the Motor Vehicle Fund.

This bill will increase revenue dispersed to cities and towns collected from the road usage fee. However, the revenue collected by the road usage programs will not be distributed to cities and towns until July 1, 2029. At the time of this fiscal note, revenue estimates were not available.

#### **SOURCES:**

Department of Licensing

Department of Licensing fiscal note, 5574 SB (2023)

House Bill Analysis, HB 1921, Transportation Committee (02/13/2025)

Local Government fiscal note, 5574 SB (2023)

Municipal Research and Services Center

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5726 SB	<b>Title:</b> Transportation revenue	<b>Agency:</b> SWF-SWF Statewide Fiscal Note - OFM
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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: Bryon Moore	Phone: (360)786-7726	Date: 02/10/2025
Agency Preparation: Kathy Cody	Phone: 360-480-7237	Date: 03/06/2025
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 03/06/2025
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 03/06/2025

## 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 legislation creates a road usage charge program. The sections that would impact all state agencies are as follows:

- Section 3 establishes a mandatory road usage charge program that is phased in between July 2029 and July 2035, to apply to light-duty electric and hybrid-electric vehicles, as well as light-duty internal combustion vehicles with a fuel economy rating of 20 miles per gallon or greater.
- Section 4 sets the road usage fee rate at 2.6 cents per mile, offsets the amount due by the amount of fuel tax paid, and waives the electric and hybrid electric vehicle fees otherwise due.
- Section 6 establishes a road usage assessment set to 10 percent of the total road usage fee imposed that applies to participants in the mandatory road usage charge program and restricts the use of revenue collected from the assessment to rail, bicycle, pedestrian, and public transportation purposes.
- Section 7 requires vehicles that would otherwise be exempt from vehicle registration renewal that are enrolled in the road usage charge programs to pay the road usage fee and assessment.
- Section 9 provides exemptions from road usage fees, including state vehicles used for street and highway construction and maintenance purposes and publicly owned firefighting equipment.
- Section 13 provides that certain vehicles exempt from paying vehicles license fees, including vehicles owned, rented, or leased by the State of Washington, are not exempt from paying road usages fees.
- Sections 14-17 amends various RCWs to incorporate the road usage charge and assessment requirements.

### 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.*

Vehicle use for all state agencies would experience costs after the road usage charge program begins July 2029, except for the exceptions provided under Section 9.

These costs are indeterminate because miles driven, EV and PHEV usage, and fuel efficiency for the state fleet starting in July 2029 and beyond are unknown.

The state would pay an annual \$0.026 road usage charge rate \* 10% road usage assessment fee for each mile driven by state vehicles. The Department of Licensing may determine an offset by a reduction for fuel taxes paid for the number of miles during that year.

A selection of state agencies was assigned to this fiscal note to illustrate potential costs from state vehicle usage; however, as this bill applies to all agencies statewide, all state agencies would experience the indeterminate impacts under this bill.

## 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

## Part V: New Rule Making Required

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



# Multiple Agency Ten-Year Analysis Summary

<b>Bill Number</b>	<b>Title</b>
5726 SB	Transportation revenue

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

## Estimated Cash Receipts

Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0	0
Department of Enterprise Services	0	0	0	0	0	0	0	0	0	0	0	0
Washington State Patrol	0	0	0	0	0	0	0	0	0	0	0	0
Traffic Safety Commission	0	0	0	0	0	0	0	0	0	0	0	0
Department of Licensing Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0	0
Department of Transportation	0	0	0	0	0	0	0	0	0	0	0	0
Transportation Commission	0	0	0	0	0	0	0	0	0	0	0	0
SWF Statewide Fiscal Note - OFM	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# Ten-Year Analysis

<b>Bill Number</b> 5726 SB	<b>Title</b> Transportation revenue	<b>Agency</b> 090 Office of State Treasurer
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                         
  **Partially Indeterminate Cash Receipts**
                         
  **Indeterminate Cash Receipts**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Mandy Kaplan	Phone: (360) 902-8977	Date: 2/14/2025 12:00:43 an
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 2/14/2025 12:00:43 an
OFM Review:	Phone:	Date:



# Ten-Year Analysis

<b>Bill Number</b> 5726 SB	<b>Title</b> Transportation revenue	<b>Agency</b> 179 Department of Enterprise Services
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                         
  **Partially Indeterminate Cash Receipts**
                         
  **Indeterminate Cash Receipts**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Michael Diaz	Phone: (360) 407-8131	Date: 3/4/2025 9:07:23 am
Agency Approval: Jessica Goodwin	Phone: (360) 819-3719	Date: 3/4/2025 9:07:23 am
OFM Review:	Phone:	Date:



# Ten-Year Analysis

<b>Bill Number</b> 5726 SB	<b>Title</b> Transportation revenue	<b>Agency</b> 225 Washington State Patrol
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                         
  **Partially Indeterminate Cash Receipts**
                         
  **Indeterminate Cash Receipts**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Julia Kukoba	Phone: 360-596-4044	Date: 2/25/2025 4:55:14 pm
Agency Approval: Mario Buono	Phone: (360) 596-4046	Date: 2/25/2025 4:55:14 pm
OFM Review:	Phone:	Date:



# Ten-Year Analysis

<b>Bill Number</b> 5726 SB	<b>Title</b> Transportation revenue	<b>Agency</b> 228 Traffic Safety Commission
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**                       **Partially Indeterminate Cash Receipts**                       **Indeterminate Cash Receipts**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Julie Otto	Phone: 360 515 2380	Date: 2/11/2025 12:03:31 pm
Agency Approval: Shelly Baldwin	Phone: 360-725-9889	Date: 2/11/2025 12:03:31 pm
OFM Review:	Phone:	Date:



# Ten-Year Analysis

<b>Bill Number</b> 5726 SB	<b>Title</b> Transportation revenue	<b>Agency</b> 240 Department of Licensing
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                         
  **Partially Indeterminate Cash Receipts**
                         
  **Indeterminate Cash Receipts**

## Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
<b>Total</b>												

### Biennial Totals

## Narrative Explanation (Required for Indeterminate Cash Receipts)

The revenue impact is indeterminate due to the uncertainty of components such as the volume of a voluntary population, indefinite fuel tax offset administration details, and deferred implementation dates.

Agency Preparation: Aaron Harris	Phone: (360) 902-3795	Date: 2/17/2025 4:32:42 pm
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date: 2/17/2025 4:32:42 pm
OFM Review:	Phone:	Date:



# Ten-Year Analysis

<b>Bill Number</b> 5726 SB	<b>Title</b> Transportation revenue	<b>Agency</b> 405 Department of Transportation
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**                       **Partially Indeterminate Cash Receipts**                       **Indeterminate Cash Receipts**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Anthony Buckley	Phone: 360-7056886	Date: 2/17/2025 11:34:12 an
Agency Approval: Anthony Buckley	Phone: 360-7056886	Date: 2/17/2025 11:34:12 an
OFM Review:	Phone:	Date:



# Ten-Year Analysis

<b>Bill Number</b> 5726 SB	<b>Title</b> Transportation revenue	<b>Agency</b> 410 Transportation Commission
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                         
  **Partially Indeterminate Cash Receipts**
                         
  **Indeterminate Cash Receipts**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Aaron Halbert	Phone: 360-705-7118	Date: 2/13/2025 2:35:21 pm
Agency Approval: Reema Griffith	Phone: 360-705-7070	Date: 2/13/2025 2:35:21 pm
OFM Review:	Phone:	Date:



# Ten-Year Analysis

<b>Bill Number</b> 5726 SB	<b>Title</b> Transportation revenue	<b>Agency</b> SWF SWF Statewide Fiscal Note - OFM
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**                       **Partially Indeterminate Cash Receipts**                       **Indeterminate Cash Receipts**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Kathy Cody	Phone: 360-480-7237	Date: 3/6/2025 9:28:49 am
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 3/6/2025 9:28:49 am
OFM Review:	Phone:	Date: