

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 6032 SB	<b>Title:</b> Studded tire damage costs
-----------------------------	---

## Estimated Cash Receipts

Agency Name	2011-13		2013-15		2015-17	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	0	525,000	0	1,080,000	0	1,120,000
Total \$	0	525,000	0	1,080,000	0	1,120,000

## Estimated Expenditures

Agency Name	2011-13			2013-15			2015-17		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.1	21,300	21,300	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Total	0.1	\$21,300	\$21,300	0.0	\$0	\$0	0.0	\$0	\$0

## Estimated Capital Budget Impact

NONE

Revised fiscal note includes new data sources provided by DOT. Also includes a correction to expenditures.

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

<b>Prepared by:</b> Cherie Berthon, OFM	<b>Phone:</b> 360-902-0659	<b>Date Published:</b> Revised 1/24/2012
---	-------------------------------	---

\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 6032 SB	<b>Title:</b> Studded tire damage costs	<b>Agency:</b> 140-Department of Revenue
-----------------------------	---	--

## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

Account	FY 2012	FY 2013	2011-13	2013-15	2015-17
Motor Vehicle Account-State 00 - 00 -		525,000	525,000	1,080,000	1,120,000
<b>Total \$</b>		525,000	525,000	1,080,000	1,120,000

### Estimated Expenditures from:

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	0.1	0.1	0.1		
<b>Account</b>					
GF-STATE-State 001-1	13,700	7,600	21,300		
<b>Total \$</b>	13,700	7,600	21,300		

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact:	Phone:	Date: 01/04/2012
Agency Preparation: Dominique Furth	Phone: 360-534-1509	Date: 01/24/2012
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 01/24/2012
OFM Review: Cherie Berthon	Phone: 360-902-0659	Date: 01/24/2012

Request # 6032-2-2

## Part II: Narrative Explanation

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

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

Note: This fiscal note reflects a revision to the revenues and expenditures, and supersedes fiscal note number 6032-1.

This legislation amends RCW 46.37.420 to include an additional tire fee of \$5 on each new tire sold that contains studs. The fee imposed must be paid by the buyer to the seller, and the seller must remit fee revenues to the Department of Revenue (Department) in accordance with RCW 82.32.045. The revenues from the fee must be deposited into the motor vehicle account and used for road maintenance.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

#### REVENUE ESTIMATES

This legislation would increase revenues by \$525,000 and \$1,080,000 in the 2011-2013 and 2013-2015 Biennia, respectively.

#### ASSUMPTIONS/DATA SOURCES

- \*Department excise tax data
- \*2008 Department of Transportation Studded Tire Report
- \*North West Tire Association
- \*Non-General Fund forecast - November, 2011

- The current tire replacement fee will still apply to studded tires, but there is an additional \$5 fee on each studded tire sold in the state.
- Revenues from the tire replacement fee are projected to grow 1.8 percent each year. This same growth rate is assume for studded tire sales.
- Studded tires are replaced every five years, whereas, the average replacement for regular tires is every 3.3 years.
- The fee will increase the average price of four studded tires by four percent, using general sales tax elasticity, consumption will decrease by four percent.
- This legislation will be effective on June 6, 2012 which is 90 days after the end of the session. Therefore, Fiscal Year 2013 reflects 12 months of cash collection.

#### TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2012 -	\$ 0
FY 2013 -	\$ 525
FY 2014 -	\$ 535
FY 2015 -	\$ 545
FY 2016 -	\$ 555
FY 2017 -	\$ 565

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

## II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing

### ASSUMPTIONS:

Expenditures assume 900 taxpayers will be affected by this proposal.

### FIRST YEAR COSTS:

The Department will incur costs of \$13,700 in Fiscal Year 2012. These costs include:

- Labor Costs – Time and effort equates to 0.1 FTE.
  - Programming and testing for the new tire fee line code, and
  - Drafting of one expedited amendment to WAC 458-20-272.

### SECOND YEAR COSTS:

The Department will incur costs of \$7,600 in Fiscal Year 2013. These costs include

- Labor Costs – Time and effort equates to 0.1 FTEs.
  - Responding to taxpayer inquires via telephone and email.

### ONGOING COSTS:

The Department will incur no ongoing costs as a result of this legislation.

## Part III: Expenditure Detail

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

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	0.1	0.1	0.1		
A-Salaries and Wages	8,400	4,100	12,500		
B-Employee Benefits	2,500	1,200	3,700		
E-Goods and Services	1,900	1,600	3,500		
J-Capital Outlays	900	700	1,600		
<b>Total \$</b>	<b>\$13,700</b>	<b>\$7,600</b>	<b>\$21,300</b>		

### III. B - 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 2012	FY 2013	2011-13	2013-15	2015-17
EXCISE TAX EX 2	41,316		0.1	0.1		
HEARINGS SCHEDULER	31,704	0.0		0.0		
IT SPEC 5	67,668	0.1		0.1		
TAX POLICY SP 2	59,784	0.0		0.0		
TAX POLICY SP 3	67,668	0.0		0.0		
WMS BAND 3	84,691	0.0		0.0		
<b>Total FTE's</b>	<b>352,831</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>		

## Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

None.

## Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Should this legislation become law, the Department will use the expedited process to amend WAC 458-20-272, titled: "Tire fee - core deposits or credits." Persons affected by this rule-making would include all retailers and purchasers of studded vehicle tires.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6032 SB	<b>Title:</b> Studded tire damage costs	<b>Agency:</b> 405-Department of Transportation
-----------------------------	---	---

## Part I: Estimates

**No Fiscal Impact**

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact:	Phone:	Date: 01/04/2012
Agency Preparation: Rich Struna	Phone: 360-705-7120	Date: 01/10/2012
Agency Approval: Jerry Lenzi	Phone: 360-705-7032	Date: 01/10/2012
OFM Review: Erik Hansen	Phone: 360-902-0423	Date: 01/10/2012

Request # 12-007-1

## **Part II: Narrative Explanation**

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

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

Proposed House Bill 2248 amends RCW 16.18.245 by removing language requiring the registered owner to pay all fees and taxes required by law for registering the motor vehicle.

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

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

There is no cash receipts impact to the department. The \$5 fee per studded tire will be collected by the Department of Revenue and deposited in the Motor Vehicle Account.

### **II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

Section 1 and 3(a) of the proposed legislation indicates fee collected is to be used for pavement maintenance. The department assumes "maintenance" to mean the preservation or repair of damage created by studded tires. This bill does not specify how the revenue generated from the proposed legislation will be appropriated.

## **Part III: Expenditure Detail**

## **Part IV: Capital Budget Impact**

NONE

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

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*