

## **Initiative 1185**

### **Fiscal Impact through Fiscal Year 2017**

Initiative 1185 is estimated to decrease state transportation revenues and expenditures from requiring new legislative approval to impose tolls on state highways and bridges. The total fiscal impact is indeterminate, but state toll revenue and transportation expenditures are estimated to decrease \$22,800,000 to \$33,100,000 in fiscal year 2017. Requiring new legislative approval to impose fees will also prevent implementation of certain businesses and health care certifications, which is estimated to decrease state revenue by \$2,713,000 and decrease state costs by \$3,611,000 over five fiscal years. There is no fiscal impact on local governments.

### **General Assumptions**

- The initiative applies prospectively with an effective date of Dec. 6, 2012.
- Approval of the initiative will require some state agencies to obtain new legislative approval to impose or increase certain fees after the effective date of the initiative (see Office of Attorney General Informal Opinions discussing I-1053 – Roach dated 12/20/10 and Benton dated 02/17/11).
- Fees set by statute (either a specific amount or formula) are assumed to be unaffected by the initiative (see Office of Attorney General Informal Opinions discussing I-1053 – Roach dated 12/20/10 and Benton dated 02/17/11).
- The initiative does not impact any new or increased fees adopted by state agencies prior to the effective date (see Office of Attorney General Informal Opinions discussing I-1053 – Roach dated 12/20/10 and Benton dated 02/17/11).
- Because it is unknown what actions will be taken by future legislatures, no fiscal impact is assumed or estimated from the initiative's requirement that any action or combination of actions by the Legislature that raises taxes may be taken only if approved by a two-thirds vote of each house of the Legislature, and then only if state expenditures in a given fiscal year, including new revenue, will not exceed state expenditure limits established in law.
- The initiative is limited to taxes and fees imposed by state government. Therefore, there is no fiscal impact on local governments.
- Estimates are based on information provided by agencies for fiscal notes created during the 2012 legislative session and rounded to the nearest \$1,000.
- Estimates are described using the state's fiscal year (FY) of July 1 through June 30.

### **State Government Revenue and Expenditure Estimates – Assumptions**

The fiscal impact of I-1185 is attributable to its requirement that some agencies will require new legislative approval in order to impose or increase certain fees that the Legislature authorized during the 2011 and 2012 legislative sessions. During this period, it is estimated that the Legislature approved the imposition or increase of 113 fees. Of that amount, an estimated 11 new or increased fees are assumed to be affected.

### **Transportation Revenue, Expenditure and Cost Estimate Assumptions**

During the 2011 and 2012 legislative session, the Legislature authorized the imposition of tolls that are assumed to require new legislative approval:

- Interstate 405 high-occupancy vehicle lanes in Engrossed House Bill 1382 (2011).
- The Alaskan Way Viaduct replacement project in Substitute Senate Bill 6444 (2012).
- The Columbia River Crossing project in Engrossed Substitute Senate Bill 6445 (2012).

For the Columbia River Crossing project and Interstate 405 high-occupancy vehicle lanes, it is not known when tolls would be set during the period covered by this fiscal impact statement (FY 2013–17) or the toll amount. Therefore, the state revenue and state expenditure impact from the requirement of new legislative approval to impose tolls is indeterminate.

The Legislature enacted legislation requiring the Alaskan Way Viaduct replacement project financing plan to include no more than \$400 million in toll revenue (see RCW 47.01.402). Assuming the initiative requires new legislative approval to impose tolls on the Alaskan Way Viaduct replacement project, state toll revenue is estimated to decrease within a range of \$22,800,000 to \$33,100,000, and state toll costs are estimated to decrease within a range of \$10,100,000 to \$11,500,000 over five fiscal years assuming tolling does not begin until FY 2017. It is assumed that state expenditures for this project or other transportation projects will be reduced or eliminated by \$12,700,000 to \$21,600,000 to balance expenditures to the total decrease in state toll revenue.

In addition, legislative approval was given in Substitute Senate Bill 5700 (2011) and the transportation appropriation act for the Washington State Transportation Commission to review and adjust tolls during the 2011–13 biennium for the Tacoma Narrows Bridge and the State Route 520 corridor. Tolls for the Tacoma Narrows Bridge and the State Route 520 corridor are set annually and must be used to pay bonds (debt); pay costs related to the operation, maintenance and management of the facility; and if necessary, repay amounts to the Motor Vehicle Fund. It is not known if it will be necessary during the 2011–13 biennium to increase tolls for the Tacoma Narrows Bridge and the State Route 520 corridor, and therefore impact on state revenues and expenditures is indeterminate.

### **Business Certifications and Endorsements Assumptions**

During the 2012 legislative session, the Legislature authorized the imposition of fees to fund Department of Health costs for activities related to four new health care certifications and endorsements:

- Medication assistant endorsement for certified nursing assistants in Engrossed Substitute House Bill 2473 (2012).
- Dental anesthesia assistant certification in Engrossed Second Substitute Senate Bill 5620 (2012).
- Reflexologist certification in Engrossed Substitute Senate Bill 6103 (2012).
- Medical assistant certification in Engrossed Substitute Senate Bill 6237 (2012).

RCW 43.70.110 and 43.70.250 require that state costs for each professional, occupational or business licensing program administered by the Department of Health be fully borne by the members of that profession, occupation or business. Assuming the initiative requires new legislative approval of the department’s fee authority, it is assumed that current law will also prevent the creation of these four new health care certifications and endorsements. Therefore,

state fee revenue is estimated to decrease \$2,454,000 and state costs are estimated to decrease \$3,350,000 over five fiscal years.

During the 2011 legislative session, the Legislature authorized in Second Substitute Senate Bill 5034 the imposition of fees to fund Utility and Transportation Commission costs related to the certification of private wastewater operators. The commission is not required to engage in rulemaking to implement the certification until it has collected sufficient payments to cover its projected costs. Assuming the initiative requires new legislative approval for the commission's fee authority, it is also assumed that commission will not engage in rulemaking. Therefore, state fee revenue is estimated to decrease \$259,000 and state costs are estimated to decrease \$261,000 over five fiscal years.

See Table 1 and Table 2 for details on state revenue and state cost impacts from business certifications and endorsements

### Recreation Fees Assumptions

During the 2012 legislative session, the Department of Fish and Wildlife, the Department of Natural Resources and the Parks and Recreation Commission were authorized in Engrossed Second Substitute House Bill 2373 the option of offering a Family Discover Pass transferrable among vehicles. The agencies are required to collectively set the price of the pass at an amount no more than \$50. The requirement of new legislative approval will prevent the agency from offering the Family Discover Pass. The state revenue and expenditure impacts are indeterminate because it is unknown how the sales of the Family Discover Pass would impact overall Discover Pass sales.

**TABLE 1 – State Business Certification and Endorsement Revenue Impact**

| State Revenue Impact          | FY 2013         | FY 2014          | FY 2015          | FY 2016          | FY 2017          |
|-------------------------------|-----------------|------------------|------------------|------------------|------------------|
| Health Professions Account    | \$0             | \$864,000        | \$308,000        | \$919,000        | \$363,000        |
| Public Service Revolving Fund | \$81,000        | \$20,000         | \$85,000         | \$42,000         | \$31,000         |
| <b>STATE TOTAL</b>            | <b>\$81,000</b> | <b>\$884,000</b> | <b>\$393,000</b> | <b>\$961,000</b> | <b>\$394,000</b> |

**TABLE 2 – State Business Certification and Endorsement Cost Impact**

| State Revenue Impact                  | FY 2013          | FY 2014            | FY 2015          | FY 2016          | FY 2017          |
|---------------------------------------|------------------|--------------------|------------------|------------------|------------------|
| Dept. of Health                       | \$220,000        | \$1,546,000        | \$773,000        | \$403,000        | \$408,000        |
| Utility and Transportation Commission | \$81,000         | \$53,000           | \$53,000         | \$37,000         | \$37,000         |
| <b>STATE TOTAL</b>                    | <b>\$301,000</b> | <b>\$1,599,000</b> | <b>\$826,000</b> | <b>\$440,000</b> | <b>\$445,000</b> |