Multiple Agency Fiscal Note Summary

Bill Number: 2773 HB	**Title:** Motor vehicle share & rental

Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Attorney General	.3	89,000	89,000	.8	269,000	269,000	.5	178,000	178,000
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Office of Insurance Commissioner	.1	0	20,853	.1	0	23,553	.0	0	5,400
Total $	**0.4**	**89,000**	**109,853**	**0.9**	**269,000**	**292,553**	**0.5**	**178,000**	**183,400**

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
Total $	**0.0**	**0**	**0**	**0.0**	**0**	**0**	**0.0**	**0**	**0**

Estimated Capital Budget Breakout

Prepared by: Jason Brown, OFM	**Phone:** (360) 902-0539	**Date Published:** Final 2/ 8/2020

FNPID: 59829

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 2773 HB	Title: Motor vehicle share & rental	Agency: 100-Office of Attorney General

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	0.5	0.3	0.9	0.5
Account					
General Fund-State 001-1	0	89,000	89,000	269,000	178,000
Total $	0	89,000	89,000	269,000	178,000

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:	Robbi Kesler	Phone: 360-786-7153	Date: 02/03/2020
Agency Preparation:	Cam Comfort	Phone: (360) 664-9429	Date: 02/06/2020
Agency Approval:	Dianna Wilks	Phone: 360-709-6463	Date: 02/06/2020
OFM Review:	Gwen Stamey	Phone: (360) 902-9810	Date: 02/07/2020

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.

Sections 3 and 4 are new sections providing requirements for the peer-to-peer vehicle-sharing program.

Section 5 is a new section pertaining to authorized insurers.

Section 6 is a new section requiring the program to collect and verify certain records.

Section 7 is a new section authorizing a motor vehicle insurer to seek contribution against the program.

Section 8 is a new section granting the program an insurable interest in a vehicle during the sharing period.

Section 9 is a new section requiring certain disclosures to an owner and driver.

Section 10 is a new section imposing sole responsibility on the program for equipment.

Section 11 is a new section imposing requirements on the program when the owner registers a vehicle for use in a program.

Section 12 is a new section imposing certain restrictions on a program with respect to entering into an agreement with a driver.

Section 13 is a new section creating a consumer protection violation for any violation of this chapter.

Section 14 is a new section pertaining to taxes under Title 82 RCW.

Sections 16 and 17 are new sections pertaining to disclosure.

Section 18 is a new section pertaining to agreements with airports.

Section 19 is a new section pertaining to inspecting a customer's drivers license.

Section 22 provides this act takes effect January 1, 2021.

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.

Attorney General's Office (AGO) Consumer Protection activities are funded with General Fund-State dollars. No cash receipt impact. There is no client agency to bill for legal services.

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.

Attorney General's Office (AGO) Agency Assumptions:

1. Legal services associated with the enactment of this bill will begin on January 1, 2021.

2. Agency administration support FTEs are included in the tables below, using a Management Analyst 5 as a representative classification.

3. The AGO Government Compliance & Enforcement Division (GCE) has reviewed this bill and determined it will not significantly increase the division's workload in representing the Office of the Insurance Commissioner. This bill requires peer-to-peer vehicle sharing programs to maintain liability coverage for loss or injury that occurs during a defined sharing period. It also permits personal auto insurers to add certain exclusion to policies issued to "owners." GCE assumes to be asked for advice regarding the new auto policy form exclusions, and legal services will be provided with existing resources. Costs are not included in this request.

Assumptions for the AGO Consumer Protection Division (CPR) Legal Services:

1. AGO CPR activities are funded with General Fund-State dollars. CPR enforces the Consumer Protection Act with respect to conduct that is made unlawful under RCW 19.86.020, which broadly prohibits unfair or deceptive acts or practices in trade or commerce. CPR focus is on representations and failures to disclose terms and conditions.

1. The AGO assumes the Office of the Insurance Commissioner (OIC) will handle complaints about insurance coverage and insurance denial and CPR will not investigate or handle these complaints.

2. CPR assumes many consumers will start using service without being fully aware of the program so they will file a lot of complaints in FY 2021 and FY 2022.

3. CPR assumes most CPR investigations and legal action will involve failure to disclose information about liability limits, proper use and care of vehicle, and other issues that are legally required or required to avoid being unfair or deceptive.

4. CPR assumes three investigations in FY 2021, five investigations in FY 2022, and three investigations in FY2023 and in each FY thereafter. CPR assumes one case per FY will be investiagted through litigation, but resolved before trial. Legal services include, but are not limited to:

A. Assistant Attorney General (AAG): Oversee investigation, issue Civil Investigative Demands, obtain and review documentary evidence, evaluate evidence, make recommendations on potential legal action, and handle legal action.

B. Investigators (INV): Review documents, interview witnesses, perform other investigative tasks as assigned by AAG.

C. Paralegal (PL): Manage and review documents and assist with investigation and litigation as requested by AAG.

D. Program Specialist 3 (PS3): New law will result in a need for consumer outreach and education.

E. Program Specialist 2 (PS2): New law will result in increased need for handling consumer complaint; additional work processing consumer complaints and telephone calls added to current workload

5. Additional litigation costs:
FY 2021: $5,000 for depositions and deposition-related costs; $5,000 for e-discovery/Everlaw capacity.
FY 2022: $10,000 for depositions and deposition-related costs; $10,000 for e-discovery/Everlaw capacity.
FY 2023 and in each FY thereafter: $5,000 for depositions and deposition-related costs; $5,000 for e-discovery/Everlaw capacity.

6. Total workload impact of Seattle based FTE:
FY 2021: 0.13 AAG, 0.11 PL, 0.22 INV and 0.07 Legal Assistant (LA) at a cost of $89,000 (this includes litigation costs of $10,000).
FY 2022: 0.25 AAG, 0.17 PL, 0.44 INV, 0.13 LA, 0.05 PS3 and 0.6 PS2 at a cost of $180,000 (this includes litigation costs of $20,000).
FY 2023 and in each FY thereafter: 0.13 AAG, 0.11 PL, 0.22 INV and 0.07 Legal Assistant (LA) at a cost of $89,000 (this includes litigation costs of $10,000).

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	0	89,000	89,000	269,000	178,000
		Total $	0	89,000	89,000	269,000	178,000

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		0.5	0.3	0.9	0.5
A-Salaries and Wages		51,000	51,000	154,000	102,000
B-Employee Benefits		17,000	17,000	52,000	34,000
E-Goods and Other Services		20,000	20,000	60,000	40,000
G-Travel		1,000	1,000	2,000	2,000
J-Capital Outlays				1,000	
Total $	0	89,000	89,000	269,000	178,000

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 2020	FY 2021	2019-21	2021-23	2023-25
Assistant Attorney General-Seattle	110,256		0.1	0.1	0.2	0.1
Legal Assistant 3-Seattle	64,944		0.1	0.0	0.1	0.1
Management Analyst 5	88,644				0.0	
Paralegal 2-Seattle	70,608		0.1	0.1	0.1	0.1
Program Specialist 2-Seattle	52,429				0.0	
Program Specialist 3-Seattle	68,872				0.0	
Senior Investigator-Seattle	92,652		0.2	0.1	0.3	0.2
Total FTEs			0.5	0.3	0.9	0.5

III. D - Expenditures By Program (optional)

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Consumer Protection Division (CPR)		89,000	89,000	269,000	178,000
Total $		89,000	89,000	269,000	178,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

Part V: New Rule Making Required

Department of Revenue Fiscal Note

Bill Number: 2773 HB	**Title:** Motor vehicle share & rental	**Agency:** 140-Department of Revenue

Part I: Estimates

[X] **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated 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).

[X] Capital budget impact, complete Part IV.

[ ] Requires new rule making, complete Part V.

Legislative Contact:	Robbi Kesler	Phone: 360-786-7153	Date: 02/03/2020
Agency Preparation:	Marianne McIntosh	Phone: 360-534-1505	Date: 02/04/2020
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 02/04/2020
OFM Review:	Ramona Nabors	Phone: (360) 902-0547	Date: 02/04/2020

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.

CURRENT LAW:
Motor vehicle sharing and rental marketplace facilitators are not required to provide motor vehicle insurance to those who use the platform to rent vehicles or possess an insurable interest in the vehicles offered on its platform. State statutes do not provide consumer protection measures ensuring vehicles available on such platforms have responded to vehicle safety recalls and other passenger safety measures. Motor vehicle sharing and rental marketplace facilitators are not required to collect and transmit certain types of data to state agencies.

PROPOSAL:
This bill adds new chapters to Title 46 RCW to establish a regulatory framework for peer-to-peer vehicle sharing programs particularly emphasizing insurance coverage. The bill does not affect the taxability of peer-to-peer vehicle sharing pursuant to Title 82 RCW.

EFFECTIVE DATE:
This bill takes effect on January 1, 2021.

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.

This legislation results in no revenue impact to taxes administered by the Department of Revenue.

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.

The Department of Revenue will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

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

NONE

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

NONE

None.

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 2773 HB	Title: Motor vehicle share & rental	Agency: 160-Office of Insurance Commissioner

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	0.2	0.1	0.1	0.0
Account					
Insurance Commissioners Regulatory Account-State 138-1	0	20,853	20,853	23,553	5,400
Total $	0	20,853	20,853	23,553	5,400

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:	Robbi Kesler	Phone: 360-786-7153	Date: 02/03/2020
Agency Preparation:	David Forte	Phone: 360-725-7042	Date: 02/06/2020
Agency Approval:	Bryon Welch	Phone: 360-725-7037	Date: 02/06/2020
OFM Review:	Jason Brown	Phone: (360) 902-0539	Date: 02/08/2020

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.

Section 3(1) requires, in the event of a loss or injury that occurs during the sharing period defined in section 2(8), the program to: a) assume the liability of an owner for any loss or injury during the sharing period in an amount stated in an agreement defined in section 2(3); and b) retain such liability irrespective of a lapse in, or otherwise absence of, any coverage under which the program is insured.

Section 5 permits an authorized insurer that writes motor vehicle liability insurance to add exclusions to policies issued to the registered owner of a peer-to-peer vehicle made available for sharing facilitated by a peer-to-peer vehicle sharing program.

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.

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 3(1) requires, in the event of a loss or injury that occurs during the sharing period defined in section 2(8), the program to: a) assume the liability of an owner for any loss or injury during the sharing period in an amount stated in an agreement defined in section 2(3); and b) retain such liability irrespective of a lapse in, or otherwise absence of, any coverage under which the program is insured. The Office of the Insurance Commissioner (OIC) assumes the peer-to-peer program will be required to purchase liability coverage. The coverage is assumed to be a new commercial auto insurance product requiring insurers to file rate and policy form filings for the product with the OIC. OIC assumes 10 additional rate and policy form filings on an ongoing basis starting in FY2021. For FY2021 and FY2022 these would require more in-depth review of four hours per filing, followed a reduction in time to only review updates FY2023 onward only requiring 2 hours per filing. OIC assumes for FY2021 and FY2022 that would require 40 hours for an Actuarial Analyst 3 and 40 hours for a Functional Program Analyst 3 (FPA3). For FY2023 onward, 20 hours for an Actuarial Analyst 3 and 20 hours for a FPA3 will be required.

Section 5 permits an authorized insurer that writes motor vehicle liability insurance to add exclusions to policies issued to the registered owner of a peer-to-peer vehicle made available for sharing facilitated by a peer-to-peer vehicle sharing program. The OIC will need to review these policy form filings and assumes nearly all personal automobile insurers will file an update. There were 213 personal automobile insurers in the 2018 market. OIC assumes 100 companies will file an update in FY2021 and another 100 companies will file an update in FY2022 requiring two hours to review each filing. OIC assumes a one-time expense of 200 hours for a FPA3 in FY2021 and also in FY2022.

Ongoing costs:
Salary, benefits and associated costs for .01 FTE Functional Program Analyst 3 and .01 FTE Actuarial Analyst 3.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
138-1	Insurance Commissioners Regulatory Account	State	0	20,853	20,853	23,553	5,400
		Total $	0	20,853	20,853	23,553	5,400

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		0.2	0.1	0.1	0.0
A-Salaries and Wages		12,142	12,142	13,735	3,186
B-Employee Benefits		4,540	4,540	5,107	1,134
C-Professional Service Contracts					
E-Goods and Other Services		4,171	4,171	4,711	1,080
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	0	20,853	20,853	23,553	5,400

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 2020	FY 2021	2019-21	2021-23	2023-25
Actuarial Analyst 3	90,420		0.0	0.0	0.0	0.0
Functional Program Analyst 3	68,892		0.2	0.1	0.1	0.0
Total FTEs			0.2	0.1	0.1	0.0

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

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

NONE

Part V: New Rule Making Required