Multiple Agency Fiscal Note Summary

Bill Number: 1488 S HB	**Title:** Oil spill program

Estimated Cash Receipts

Agency Name	2007-09		2009-11		2011-13	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	0	7,083,000	0	9,112,000	0	10,045,000
Total $	0	7,083,000	0	9,112,000	0	10,045,000

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

Estimated Expenditures

Agency Name	2007-09			2009-11			2011-13		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	45.0	5,689,100	5,689,100	.0	700,800	700,800	.0	700,800	700,800
Department of Licensing	Fiscal note not available								
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.7	0	10,589,941	.3	0	11,874,484	.3	0	11,874,484
Total	45.7	$5,689,100	$16,279,041	0.3	$700,800	$12,575,284	0.3	$700,800	$12,575,284

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

Prepared by: Jim Cahill, OFM	**Phone:** 360-902-0569	**Date Published:** Final 2/26/2007

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

** See local government fiscal note

FNPID: 16656

Individual State Agency Fiscal Note

Bill Number: 1488 S HB	Title: Oil spill program	Agency: 090-Office of State Treasurer

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

FUND	FY 2008	FY 2009	2007-09	2009-11	2011-13
Oil Spill Prevention Account-State 217-1					2,509,742
Oil Spill Response Account-State 223-1					(2,509,742)
Total $					

Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
Fund					
Total $					

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: 02/09/2007
Agency Preparation:	Dan Mason	Phone: 360-902-9090	Date: 02/14/2007
Agency Approval:	Dan Mason	Phone: 360-902-9090	Date: 02/14/2007
OFM Review:	Deborah Feinstein	Phone: 360-902-0614	Date: 02/14/2007

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.

SHB 1488 provides revenue to support the state's oil spill programs.

Under section 8, any funds available in the state oil spill response account above nine million dollars at the end of any fiscal year must be transferred to the oil spill prevention account.

Under section 9, the oil spill prevention account receives money from transfers by the state treasurer from the oil spill response account.

The figures in this fiscal note were provided by the Department of Ecology.

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.

Under section 8, any funds available in the state oil spill response account above nine million dollars at the end of any fiscal year must be transferred to the oil spill prevention account.

Under section 9, the oil spill prevention account receives money from transfers by the state treasurer from the oil spill response 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.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years					
Total:					

Part IV: Capital Budget Impact

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.

Department of Revenue Fiscal Note

Bill Number: 1488 S HB	Title: Oil spill program	Agency: 140-Department of Revenue

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

FUND	FY 2008	FY 2009	2007-09	2009-11	2011-13
Oil Spill Prevention-State 01 - Taxes 70 - Other Taxes	2,922,000	4,161,000	7,083,000	9,112,000	10,045,000
Total $	2,922,000	4,161,000	7,083,000	9,112,000	10,045,000

Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	88.0	2.0	45.0		
Fund					
GF-STATE-State 001-1	5,189,400	499,700	5,689,100	700,800	700,800
Total $	5,189,400	499,700	5,689,100	700,800	700,800

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: 02/09/2007
Agency Preparation: Ray Philen	Phone: 360-570-6078	Date: 02/20/2007
Agency Approval: Don Gutmann	Phone: 360-570-6073	Date: 02/20/2007
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 02/20/2007

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.

The substitute bill establishes an October effective date, repeals the Vessel Response Account and transfers the revenue to the Prevention Account, and conditions the availability of the export credit.

Section 2 requires the oil spill administration tax and oil spill response tax to increase by the fiscal growth factor at the end of each fiscal biennium.

Section 3 imposes a new risk-based oil spill prevention and response service transfer tax each time any refined oil product is transferred from or to a vessel on, over, or near the waters of the state. The tax is to be collected from the transferor based on the volume of refined oil product transferred by the transferor over an identified reporting period established by the Department of Revenue (Department). The tax rate is five cents per barrel of refined oil product transferred. This tax must be deposited into the state oil spill prevention account created in RCW 90.56.510. Like the taxes on crude oil, the transfer tax is also scheduled to increase by the fiscal growth factor at the end of each fiscal biennium. Revenue from the Transfer Tax is dedicated to the Prevention Account.

Section 5 conditions the export credit in RCW 82.23B.040 on federal law or policy that requires the placement of a rescue tug at the mouth of the Strait of Juan de Fuca. If federal law or policy requires the placement of a rescue tug, then the credit is allowed.

Changes in Account Structures
The Vessel Response Account is repealed and the structure of the Response Account is altered. When the balance of the Response Account reaches $9 million, instead of suspending the collection of the one cent Response Tax, the additional revenue above $9 million is transferred to the Prevention Account.

The Prevention Account is changed both in terms of revenue and expenditures. In terms of revenue, the Prevention Account is designated to receive the proceeds of the Transfer Tax. It is also the designated recipient of all legislative appropriations dealing with oil spill management, the transfer of funds over $9 million in the Response Account, civil penalties incurred due to oil spills, and the portion of vehicle license transfer fees that previously was dedicated to the Vessel Response Account.

This act takes effect on October 1, 2007.

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.

ASSUMPTIONS/DATA SOURCES

It is assumed federal law or policy requires the placement of a rescue tug at the Strait of Juan de Fuca and therefore the export credit is allowed against the taxes imposed under RCW 82.23B.020 (oil spill response tax and oil spill administration tax).

Washington Oil Spill Advisory Council, Report to the Governor, the Legislature, and Department of Ecology, 2006.

Fiscal year growth factors as calculated by the Expenditure Limit Committee are:

FY 2006 2.82 percent
FY 2007 3.38 percent

FY 2008 5.53 percent (final calculation)
FY 2009 5.38 percent (subject to revision in November 2007)

Fiscal year growth factors after 2009 are assumed to be:

FY 2010 5.0 percent
FY 2011 5.0 percent
FY 2012 5.0 percent
FY 2013 5.0 percent

REVENUE ESTIMATES

Section 3, a risk-based oil spill prevention and response service transfer tax.

The revenue estimate for this section relies on a report from the Washington Oil Spill Advisory Council, Page 117, Report to the Governor, the Legislature, and Department of Ecology, 2006.

This report states:

"There is limited data to indicate the number and volume of oil transfers over or near water in Washington. An Ecology report found, based on a review of limited self reported transfer information, that 49,273,327 barrels of oil were transferred over a six month period from December 2004 to May 2005. This number encompasses transfers to vessels from trucks, railcars, vessels, and fixed facilities such as refineries. Unfortunately, there is no current data on how many barrels of oil are transferred at fuel docks to fishing and recreational vessels. Therefore, the fuel transfer revenue stream forecast in this report does not include revenue that would be gained from collecting a transfer fee on fuel transfers of these vessels at marina fuel docks. Using the approximate six-month volume of 49 million barrels, a total biennial estimate of 197 million barrels is assumed (or 8 billion gallons of product)."

"This minimal increase on the price of a gallon of product transferred over or near water could generate approximately $8.5 million per biennium (exclusive of whatever amount would be raised by extending this fee to fishing and recreational vessels transferring fuel at marina fuel docks)."

State Government (cash basis, $000):

FY 2008 - $ 2,922
FY 2009 - $ 4,161
FY 2010 - $ 4,445
FY 2011 - $ 4,667
FY 2012 - $ 4,900
FY 2013 - $ 5,145

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 functions.

The following assumptions are made for expenditures:
1. 290,000 registered boats in the state. Owner subject to tax each time fuel or other refined oil products are transferred to boat by owner.
2. 1,700 gas stations. Boat owner is subject to tax each time a vessel (boat) is fueled at station. Boat usually on trailer.
3. Fifty percent compliance rate.

4. Monthly reporting for first year.

To implement this legislation, the Department will incur costs of approximately $5,189,400 during Fiscal Year 2008. These are programming costs to set up, test, and verify a new system to handle the issuance of tax information and collection of the transfer tax. Costs to manually handle the tax for the first year, addendum costs and notification costs to registered boat owners and gas stations are included. Time and effort spent would equate to 88 FTEs. Once the system is fully programmed the needed FTEs are reduced, since the manual process would no longer be needed.

Fiscal Year 2009 costs are approximately $499,700. These costs are for tracking and maintenance of the process. Time and effort spent would equate to two FTEs. Ongoing costs for an addendum are included.

The Department will incur estimated costs of $700,800 in the 2009-2011 and the 2011-2013 Biennia. These are ongoing costs for sending an addendum.

Without an appropriation to cover the expenditure impact, the Department may not be fully able to implement the legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	88.0	2.0	45.0		
A-	2,711,000	108,700	2,819,700		
B-	677,800	27,200	705,000		
C-	6,200		6,200		
E-	1,231,200	363,800	1,595,000	700,800	700,800
J-	563,200		563,200		
Total $	$5,189,400	$499,700	$5,689,100	$700,800	$700,800

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 2008	FY 2009	2007-09	2009-11	2011-13
EXCISE TAX EX 2	36,624	13.6		6.8		
IT SPEC 4	54,372	4.1	2.0	3.1		
OFF ASST 3	28,296	70.3		35.1		
Total FTE's		88.0	2.0	45.0		

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.

No rule-making required.

Individual State Agency Fiscal Note

Revised

Bill Number: 1488 S HB	Title: Oil spill program	Agency: 405-Department of Transportation

Part I: Estimates

☒ **No Fiscal Impact**

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: 02/09/2007
Agency Preparation:	Matt Hanbey	Phone: 206-515-3817	Date: 02/14/2007
Agency Approval:	Mike Anderson	Phone: 206-515-3416	Date: 02/14/2007
OFM Review:	Rich Struna	Phone: 360-902-9821	Date: 02/14/2007

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.

This bill establishes a risk-based Oil Spill Prevention and Response Service Transfer Tax for fuel providers/transferors. The cost of the tax is $0.05 per barrel, which may be increased by a fiscal growth factor beginning July 1, 2009, and on July 1st of each fiscal biennium thereafter.

If the cost of the tax is passed on to Washington State Ferries by the fuel provider/transferor, it is assumed the cost will be absorbed within the Ferries operating program budget.

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.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

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.

Individual State Agency Fiscal Note

Bill Number: 1488 S HB	Title: Oil spill program	Agency: 461-Department of Ecology

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

FUND					
Total $					

Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	0.7	0.6	0.7	0.3	0.3
Fund					
Vessel Response Account-State 07C-1	(1,400,000)	0	(1,400,000)	0	0
Oil Spill Prevention Account-State 217-1	6,026,999	5,962,942	11,989,941	11,874,484	11,874,484
Total $	4,626,999	5,962,942	10,589,941	11,874,484	11,874,484

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:

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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:		Phone:	Date: 02/09/2007
Agency Preparation:	Kitty Hjelm	Phone: (360) 407-7454	Date: 02/26/2007
Agency Approval:	Pat McLain	Phone: (360) 407-7005	Date: 02/26/2007
OFM Review:	Jim Cahill	Phone: 360-902-0569	Date: 02/26/2007

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.

The differences between the original HB 1488 and this bill are:

-This bill would allow the current law tax credit for crude oil and petroleum products exported from Washington State only when the federal government requires placement of a rescue tug at the mouth of the Strait of Juan de Fuca. (Section 5)
-This bill would require Ecology to provide a permanently stationed year-round tug only if federal funding or protection from federal mandates are insufficient. (Section 7)
-This bill would require the portion of Certificate of Ownership fees collected by Department of Licensing to be deposited in the oil spill prevention account. (Sections 9 & 14)
-This bill would require that cash receipts from penalties currently collected be deposited into the oil spill prevention account instead of the vessel response, coastal protection, and general fund accounts. (Sections 9, 15 & 16)
- This bill would also repeal the statutory authority for the vessel response account and repeal Ecology's authority to spend from this account for the rescue tug. (Section 18)

Section 1 would establish that it would be legislative intent to enact the 2006 recommendations of the Oil Spill Advisory Council. These recommendations identify revenue to support the state's oil spill programs, fund a rescue tug program, fund a permanent Oil Spill Advisory Council, and help fund the removal of leaking derelict vessels.

Section 2 would:
-Provide that the existing rates for the oil spill response and oil spill administration taxes must be adjusted per Section 4.
-Eliminate the provision in current law to suspend the oil spill response tax when the account balance reaches nine million dollars.

Section 3 would:
-Require a new risk-based oil spill prevention and response service transfer tax of five cents per barrel of refined oil product transferred. The Department of Revenue would collect this tax from the transferor each time any refined oil product is transferred from or to any boat, vessel, or other craft used for navigation on, over, or near the waters of the state. This tax rate would be subject to periodic adjustment using the fiscal growth factor, per Section 4.

-Require the risk-based oil spill prevention and response service transfer tax be deposited into the state oil spill prevention account;

-Require Ecology to provide to Department of Revenue any information collected by Ecology relating to the transfer of petroleum products when requested.

Section 4 would require that the fiscal growth factor be applied each biennium to the new risk-based oil spill prevention and response service transfer tax per Section 3 above, and to the existing oil spill response tax and the existing oil spill administration tax.

Section 5 would allow the current law tax credit for crude oil or petroleum products exported from Washington State only when the federal government requires placement of a rescue tug at the mouth of Strait of Juan de Fuca.

Section 6 would require Ecology to manage a contingency tug program if funding from the oil spill prevention account or from another source allows. The contingency tug program would allow the state to spot-charter and pre-position a rescue tug, for a short time during large storms, in the San Juan Islands, the Puget Sound Basin, and the mouth of the Columia River. The existing Neah Bay rescue tug only covers the waters from Port Angeles to the mouth of the Columbia River.

Section 7 would require Ecology to provide a permanently stationed year-round rescue tug if funding from the oil spill prevention account or from another source allows and the Ecology "director determines that federal funding or protection from federal mandates are insufficient." The tug would be located in the western Strait of Juan de Fuca and when needed respond and provide towing services to disabled or drifting vessels. Ecology would be required to "give contracting preference to vessels of sufficient power, maneuverability, and deck configuration to enable it to respond in a timely manner to any vessel located within the response area in sea-state conditions up to and including extreme weather. Additional contracting preference must be given to vessels that have the capability to provide spill response, firefighting, and early salvage activities."

Under current law a rescue tug is stationed at Neah Bay for approximately seven months from fall to spring. This tug does not meet the "extreme weather" condition as required in section 7 above. However, it can assist vessels in "severe" weather, provide limited spill response and early salvage activities. It does not have firefighting capability.

Section 8 would require that any funds available in the oil spill response account above nine million dollars at the end of any fiscal year be transferred to the oil spill prevention account.

Section 9 would:
-Require the receipts from the following sources be deposited in the oil spill prevention account:
(1) a. All receipts from the oil spill administration tax. (This is current law.)
b. All receipts from the risk-based oil spill prevention and response service transfer tax per Section 3. (This would be a new tax.)
c. Transfers by the State Treasurer from the oil spill response account per Section 8. (This is new law.)
d. The portion of Certificate of Ownership fees collected by Department of Licensing until July 1, 2008. Current law requires these fees to be deposited in the vessel response account until July 1, 2008. (Please note that under current law these fees will revert back to the Transportation Nickel account on that date.)
e. All receipts from oil spill penalties assessed against ships. (Current law requires these penalties be deposited in the vessel response account.)
f. All direct legislative appropriations and other sources to fund the state's oil spill prevention, preparedness, and response program. (This would be new law.)

-Require the repeal of the provision in current law to suspend the oil spill administration tax when the 9 million dollar threshold on the oil spill response account and certain other conditions were met;
-Make the following expenditures lawful uses of the oil spill prevention account: the contingency tug in section 5 above, the rescue tug in section 6 above, the administration and operation of the Oil Spill Advisory Council, the removal of abandoned or derelict vessels, and other oil spill prevention related activities under current law;
-Require the first one million dollars available in the oil spill prevention account each biennium to be used for the contingency tug in section 5 above. (Please note that there is no definition of “available” or guidance interpreting or reconciling this requirement with the contingent provision in Section 5 "if funding from the oil spill prevention account or another source allows".)

Section 10 would authorize the derelict vessel removal account to receive transfers from the general fund and the oil spill prevention account.

Section 14 appears to restate Section 9(1)(d) which would require the portion of Certificate of Ownership fees collected by Department of Licensing be credited into the oil spill prevention account until July 1, 2008. Current law requires these fees to be credited into the vessel response account until July 1, 2008. (Please note that under current law these fees will revert back to the Transportation Nickel account on that date.)

Section 15 would require penalties collected under RCW 96.56.330 for negligent discharges of oil to be deposited into the oil spill prevention account. (Please note: This section would conflict with RCW 43.21B.300 (5) which directs these penalties to be deposited into the coastal protection account.)

Section 16 would require all penalties collected for violating terms or conditions of a waste discharge permit, operating without a waste discharge permit, or discharging pollution in state waters, be deposited in the oil spill prevention account. (Current law requires these penalties be deposited to the coastal protection account. See cash receipts.)

Section 17 would allow Department of Ecology and Department of Revenue to adopt rules necessary to implement this act.

Section 18 would repeal current law establishing the vessel response account, requiring oil spill penalties assessed against ships be deposited into this account, and authorizing Ecology to use this account for a rescue tug positioned at the entrance of the Strait of Juan de Fuca. We assume this would occur about October 1, 2007, when the bill would take effect, per Section 21. Per Section 9 (1)(d) above, deposits from DOL now going to the vessel response account would go to the oil spill prevention account from the effective date of October 1, 2007, to July 1, 2008.

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 bill would not increase the amount of cash receipts collected by the Department of Ecology. It would require that cash receipts currently collected by Ecology from penalties be deposited into the oil spill prevention account instead of the vessel response account and coastal protection fund. (It would affect cash receipts collected by the Departments of Revenue and Licensing, and transfers made by the State Treasurer.)

Section 9 would require oil spill penalties assessed against ships be deposited in the oil spill prevention account. Current law requires these penalties be deposited in the vessel response account. Since penalty amounts are impossible to predict and amounts fluctuate greatly from year to year these penalty receipts are not shown in Part 1 Cash Estimates. Receipts for the last 6 years are:
2002 = 0
2003 = 0
2004 = $75,500
2005 =$12,000
2006 = 0
2007 = $542,000

Section 15 would require penalties for negligent discharges of oil be deposited into the oil spill prevention account. Current law requires these penalties be deposited into the coastal protection fund and vessel response account.

Section 16 would require all penalties collected for violating terms or conditions of a waste discharge permit, operating without a waste discharge permit, or discharging pollution in state waters, be deposited in the oil spill prevention account. Current law requires these penalties be deposited in the coastal protection account.

Since the penalty amounts referred to in sections 15 and 16 are impossible to predict and receipts fluctuate greatly from year to year these penalty receipts are not shown in Part 1 Cash Estimates. Receipts for the last 6 years are:

2002 = $438,065
2003 = $466,642
2004 = $490,964
2005 =$1,725,464
2006 = $1,097,542
2007 = $389,385

Note: The coastal protection account funds are used only for environmental restoration projects under current law. Approximatly 20% of this environmental restoration work is conducted through grants to local governments, tribes, and private non-profit groups. The Coastal Protection funds are also used to match or leverage environmental restoration projects with local governments, tribes, and private non-profit groups.

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.

Ecology would be required to conduct the following 3 new activities:
1. A new contingency tug program. (Section 6)
2. A permanent year-round rescue tug which would expand our current seasonal rescue tug service. This activity would only be required if "federal funding or protection from federal mandates are insufficient". (Section 7)
3. Provide technical support to Dept. of Revenue for rule development for two years. (Section 17)

1. Section 6 would require Ecology to enter into one or more contracts allowing Ecology to manage a contingency tug program "if funding from the oil spill prevention account or from another source allows." The contingency tug program would allow the state to spot-charter and pre-position a rescue tug, for a short time during large storms, in the San Juan Islands, the Puget Sound Basin, and the mouth of the Columbia River. The existing Neah Bay rescue tug only covers the waters from Port Angeles to the mouth of the Columbia River. (Under current law there is no existing contingency tug program.)

Assuming that the intent of this section is to have Ecology start this contingency tug program Ecology would need to: a) contract with a consultant, b) start up the program and c) implement and maintain the program.

a) The consultant would complete a technical study and stakeholder process to establish quantitative weather and sea-state criteria for when Ecology would spot charter and deploy a contingency tug. Based on past Ecology maritime study contracts, it would cost about $40,000 for the consultant contract.

b) Based on the above study and previous seasonal tug contracting, Ecology estimates it would take .3 FTE of a Marine Transportation Safety Specialist 3 for one year to:
-Draft contingency tug contracts language and scope of work;
-Obtain US Coast Guard and stakeholder input on the above consultants draft study report;
-Develop Internal Procedures and Training for 24/7 Communication and Tug Dispatch;
-Publish and distribute final report;
-Complete the bidding, evaluation, advertising and contracting processes.

c) Based on previous seasonal tug contracting Ecology estimates it would take .3 FTE of a MTSS 3 beginning January 2008 and on-going to:
-Maintain routine communication with US Coast Guard, NOAA Weather, regional tug companies, Puget Sound Marine Exchange Automatic Vessel Identification System (AIS), and agency management;
-Complete stakeholder communication;
-Develop press releases and respond to public inquiries;
-Develop and implement a “contingency tug” dispatch information tracking system;
-Develop and report on accountability measures;
-Periodically review and up date tug deployment matrix and implementing protocols;
-Manage and re-bid tug contracts on an as needed basis. (see steps above)
Contingency Tug Contracts are estimated at $500,000 per year based on section 8(4) which states that the first one million dollars available in the oil spill prevention account each biennium must be used for a contingency tug program. In the past when Ecology spot-chartered a tug it cost $25,000 a day. At this rate $500,000 a year would allow for 20 assists per year.

2) Section 7 would require Ecology to provide a year-round rescue tug permanently stationed in the Straits of Juan de Fuca "if funding from the oil spill prevention account or from another source allows" and "federal funding or protection from federal mandates are insufficient". Ecology would be required to "give contracting preference to vessels of sufficient

power, maneuverability, and deck configuration to enable it to respond in a timely manner to any vessel located within the response area in sea-state conditions up to and including extreme weather. Additional contracting preference must be given to vessels that have the capability to provide spill response, firefighting, and early salvage activities."

Based on a report done by the Office of Marine Safety in 1994, the year-round services of a tug that would be able to respond in "extreme weather", provide spill response, provide firefighting capability and provide early salvage activities would cost $5,900,000 per year. (This amount is based on the 1994 consultant's study, then adjusted for inflation using the Consumer Price Index.)

(Under current law a rescue tug is stationed at Neah Bay for approximately seven months from fall to spring. This tug does not meet the "extreme weather" condition as required in section 7 above. However, it can assist vessels in "severe" weather, provide limited spill response and early salvage activities. It does not have firefighting capability. The cost of the existing tug for year-round coverage would be $3,100,000 per year assuming no rate changes.)

The current law carry-forward budget for the seasonal rescue tug is about $1,400,000 from the Vessel Response account. In FY 2008, this bill would require a total of $5,900,000 for the permanent rescue tug. Since the estimated $1,400,000 fund balance in the Vessel Response account would be transferred to the Oil Spill Prevention account per Section 9, the net amount of new funding required for this activity would be about $4,500,000 in FY 2008 only. There would be no Vessel Response account funds available under current law after FY 2008, since its funding source sunsets July 1, 2008.

(Please note: Since all FY 2008 expenditures for the rescue tug per this bill would be from the Oil Spill Prevention account, this fiscal note reflects $5,900,000 from this account for this purpose, along with a negative expenditure of $1,400,000 from the Vessel Response account, to yield a net new fiscal impact for the rescue tug of $4,500,000.)

Since Ecology is already managing a seasonal tug contract, primarily for the winter months, for the western Strait of Juan de Fuca there would be no additional staff costs for section 7.

3) Section 17 would allow Ecology and Dept of Revenue (DOR) to adopt rules necessary to implement this act. Ecology would not need to adopt a rule, but DOR would, using Ecology's expertise to assist with the rulemaking and data needs. Based on previous rulemaking activities and assuming DOR’s lead role, Ecology estimates this new workload would require 0.3 FTE of an Environmentalist 3 for two years to:
-Compile data from regulated community;
-Analyze data collected for recommendation on structure of revenue source;
-Organize outreach efforts with stakeholders and the general public.
This rule adoption effort during FY 2008 and FT 2009 is above what could be accomplished within current law resources. We assume we would have authority to start this effort before October 1, 2007, using the oil spill prevention account, in order to work with DOR to prepare implementation rules in a timely way.

Expenditure Summary:

Section 6
-Consultant Contracts $40,000
-0.3 FTE Marine Transportation Safety Specialist
-Contingency Tug Contracts estimated at $500,000 per year

Section 7
-Permanent Tug Contracts for Straits estimated at $5,900,000

Section 17
Support to Dept. of Revenue for rule development

-0.3 FTE Environmental Specialist 3

Notes on costs by object:
-Salaries and wages are calculated at step H.
-Consultant contracts for Section 6 are shown in object C. Contingency Tug and Permanent Tug contracts per Section 6 and 7 are included in object E.
-Other Expenditures by object are standard costs per FTE based on actual average annual costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	0.7	0.6	0.7	0.3	0.3
A-Salaries and Wages	43.218	33,278	76,496	39,758	39,758
B-Employee Benefits	12.187	9,384	21,571	11,212	11,212
C-Personal Service Contracts	40.000		40,000		
E-Goods and Services	4.524.871	5,919,250	10,444,121	11,822,484	11,822,484
G-Travel	1.287	1,030	2,317	1,030	1,030
J-Capital Outlays	5.436		5,436		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	$4,626,999	$5,962,942	$10,589,941	$11,874,484	$11,874,484

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 2008	FY 2009	2007-09	2009-11	2011-13
Environmental Specialist 3	44,664	0.3	0.3	0.3		
MTSS 3	66,264	0.4	0.3	0.4	0.3	0.3
Total FTE's		0.7	0.6	0.7	0.3	0.3

Part IV: Capital Budget Impact

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.