Multiple Agency Fiscal Note Summary

Bill Number: 1160 S HB	**Title:** Energy freedom program

Estimated Cash Receipts

Agency Name	2007-09		2009-11		2011-13	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Community, Trade, and Economic Development	0	114,773	0	1,429,499	0	2,037,329
Total $	0	114,773	0	1,429,499	0	2,037,329

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
Department of Community, Trade, and Economic Development	1.3	158,377	5,158,377	.8	216,017	216,017	.8	207,214	207,214
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Department of Agriculture	Fiscal note not available								
Total	1.3	$158,377	$5,158,377	0.8	$216,017	$216,017	0.8	$207,214	$207,214

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

Prepared by: Mike Woods, OFM	**Phone:** 360-902-9819	**Date Published:** Preliminary 2/28/2007

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

** See local government fiscal note

FNPID: 16807

Individual State Agency Fiscal Note

Bill Number: 1160 S HB	Title: Energy freedom program	Agency: 103-Community, Trade & Economic Develop

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

FUND	FY 2008	FY 2009	2007-09	2009-11	2011-13
Energy Freedom Account-State 10	113,300	1,473	114,773	1,429,499	2,037,329
Total $	113,300	1,473	114,773	1,429,499	2,037,329

Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	2.3	0.3	1.3	0.8	0.8
Fund					
General Fund-State 001-1	111,648	46,729	158,377	216,017	207,214
Energy Freedom Account-State 10R-1	5,000,000	0	5,000,000	0	0
Total $	5,111,648	46,729	5,158,377	216,017	207,214

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:	Kara Durbin	Phone: 360-786-7133	Date: 02/18/2007
Agency Preparation:	Jim Keogh	Phone: 360-725-4041	Date: 02/20/2007
Agency Approval:	Karen McArthur	Phone: 36-0725-4027	Date: 02/28/2007
OFM Review:	Mike Woods	Phone: 360-902-9819	Date: 02/28/2007

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.

Background:

In 2006, the Legislature created the $17 million Energy Freedom Program (Program) within the Department of Agriculture. The purpose of the Program is to support projects that convert agricultural waste into energy. Five alternative energy projects (totaling $10.25 million) were earmarked by the Legislature as part of the 2006 Supplemental Capital Budget and the remaining funds ($6.75 million) were allocated according to a competitive loan process.

The result of these two selection processes was that eight projects were selected to receive low-interest loans. Six of the projects involved oilseed processing for biodiesel, and the remaining two were for anaerobic digestion. At the current time, two of these eight projects are drawing down monies to implement their projects; two have declined the offer of a loan and appear unlikely to go forward; two of the legislatively selected projects never applied for a loan and are presumed to be discontinued; and two are still negotiating final contractual details with the Department of Agriculture.

Bill Description:

In Sections 2 and 4, SHB 1160 moves the Energy Freedom Program (RCW Chapter 15.110) from the Department of Agriculture to the Department of Community, Trade and Economic Development (CTED). The result is that CTED would be responsible for implementing all future program grants and loans issued by this program and for managing until FY 2016 any loans that have been issued prior to July 1, 2016 by the Department of Agriculture.

Through amendment changes to RCW 15.110 that are included in Sections 1, 2, and 3, it also expands the Energy Freedom Program to include assistance for landfill methane gas and waste water treatment gas.

Key Assumptions:

A) The two loan contracts that are currently being negotiated by the Department of Agriculture will be issued. The remaining four projects will not receive Energy Freedom Program loans before the end of the biennium nor will their opportunity and related appropriation to do so be extended. Under SHB 1160 this means that CTED will assume responsibility for future collections and contract management of these four loans, totaling $10,998,416. Based on conversations with Department of Agriculture staff, there will be no administrative allowance (see RCW 15.110.050) left from the initial Energy Freedom appropriation funding for these loans for CTED to use, but there will be a funded contract with U.S. Bank to cover very basic billing, collection and deposit of payment services.
B) SHB 1160 does not include an appropriation clause. For purposes of this fiscal note and based on instructions from OFM, an appropriation similar to that starting the program ($5.0 million) is assumed.
C) A typical landfill gas-to-energy project will cost at least $2.4 million. This is based on the per-unit cost for energy turbines at the Klickitat landfill and may be low; there are five such units at that site and there may be some cost efficiencies as a project has more such turbines. Assuming that the typical project cost will range between $2.0 million and $3.0 million and taking into account RCW 15.110.020 (which requires that any loan assistance comprise no more than 50% of the project cost) this fiscal note assumes that each such project will apply for $1 million to $1.5 million in loans, if such monies are appropriated and available in the Energy Freedom Fund. Using assumption B, this in turn suggests that approximately 4 more projects would be funded (at an average of just above $1.2 million).
D) The Klickitat landfill project was funded using bond sales and the primary partners were public utility districts. As a result, the assumption is made that the interest rate for these loans should be less than typical bond sales (around 4.5%).
E) Based on information from the Department of Ecology and CTED's Energy Division, the assumption is made that many of the landfill methane gas applicants and all of the waste water treatment gas applicants will be public bodies. The fact that this type of energy production has very little track record in Washington State implies that to do so will require public-private partnerships. This means the likely applicants for this newly allowable activity in the Energy

Freedom Fund will be similar to the FY 2006 biodiesel and anaerobic digestion applicants, which were also public-private partnerships whose loan repayments were not backed by general tax revenues. These arrangements presented the Department of Agriculture with more legally complicated contractual relationships than that Department originally expected and required each contract to be relatively unique. It is therefore important to build in adequate legal consultation and pre-project staff assistance in order to make sure the final lending projects are both legally defensible and financially stable (and less likely to become major collection risks).

F) The Department of Agriculture had available to it both a funded bioenergy coordinator position and the 3% program and administrative allowance in RCW 15.110.050 and found that their costs exceeded those limits in the first year of the program. Most of the 3% monies were used to allow the public applicants some administrative cost coverage.

G) The program delivery cost for the new loans proposed for the Energy Freedom Fund (to be issued in FY 2008 and serviced and collected through FY 2016) is estimated at 11.47% of program revenues from loan repayments and interest on account. Adequate program and administrative cost coverage for this program therefore cannot be achieved within the constraints of the 3% limit in RCW 15.110.050 ("Administrative costs of the department may not exceed three percent of the total funds available for this program."). The size of these program costs in comparison to the amount available to lend is primarily a scale issue; the smaller deal sizes anticipated for this assumed appropriation of $5 million do not significantly reduce the staffing time needed for loan issuance and the new categories of potential loan applicants will require more staff time invested to understand the credit issues involved. CTED's federally-funded Brownfields Revolving Loan Program (which also requires a great deal of pre-deal technical assistance) allows 10% of its loan repayments to be used for loan program services and CTED also gains coverage for one staff salary via another contract to assist the program. State capital grant programs allow for 3% of grants issued to be used for program and administrative cost coverage but the primary responsibilities for those grants end with their issuance and do not extend out for the additional six to seven years envisioned for Energy Freedom Program loans.

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.

Section 3 – Projected Receipts from New Lending (Please see attached 2007 Energy Freedom Analysis):

FY08	$113,300
FY09	$1,473
FY10	$470,637
FY11	$958,862
FY12	$998,110
FY13	$1,039,219

The only cash receipts that would result from this proposed legislation would be loan repayments and interest on the fund balance in the Energy Freedom Fund account. The assumption made for purposes of estimating receipts is that 4 loans are initially made (all in FY08), that they are equally distributed in size (just above $1.2 million each), each is granted a two year deferment on initial loan payments, that each is repaid on a 6-year term (after the initial two year deferment) at an interest rate of 4.0% (50% of the current prime interest rate level). The assumed net investment interest income on the bioenergy account (after the State Treasurer's Office service fund charge) is 4.4%; this is shown in the first column under cash receipts. An 8% rate of missed loan payments due to default or delinquency is assumed for these calculations.

There is no language in the bill allowing the charging of loan fees on the issuance of these loans. Therefore the assumption made is that such fees are not allowed. In commercial lending the typical loan fees are 1-2% of the loan amount.

Although there will be receipts from the Department of Agriculture loans these are not shown because two of the loans contracts are not yet fully negotiated and the contract conditions of the other two loans are not known to CTED staff (and the loans are still in their project reimbursement stage). As noted in Assumption A there will be no administrative allowance left from the initial Energy Freedom appropriation funding for these loans for CTED to use.

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 New Loan Issuance:

FY08 $150,000 Energy Freedom Fund
$79,219 General Fund – State

Section 3 New Loan Repayment Costs:
FY08 $600 General Fund – State
FY09 $30,580 General Fund – State
FY10 $66,550 General Fund – State
FY11 $66,869 General Fund – State
FY12 $63,808 General Fund – State
FY13 $63,808 General Fund – State

Basic Cost Estimates for lending new monies
Assuming that there are 8 competitive applicants--4 of whom are approved, for the proposal review stage we will need:

A) About 40-60 hours on each providing technical assistance including the preliminary financial and on-site screening (to be primarily done by the Business/Project Development and Business Finance outstationed staff)
B) An additional 40-60 hours writing up the preliminary staff recommendation on each project, detailing the strong and weak points of the proposal, consulting with the Attorney General's office, providing a financial analysis and proposing the structuring of the financing deal
C) 10+ hours of review of each proposal by CTED's Energy staff
D) Another 15-20 hours per proposal will be spent by the Business Finance underwriting staff to identify and resolve key other issues prior to presentations to any committees for review; this will require at least 5-10 hours per proposal in meeting time and answering questions on the part of the technical assistance staff
E) Actual committee review of each proposal will take about 3 staff days per committee day spent since at least 2 staff (the underwriter and the screening staff) need to be present and there is prep and wrap-up time for each meeting—the assumption is 2 committee days total.

If there were eight loan/assistance proposals to review, this technical assistance and due diligence portion therefore would require 1,344 "hard" staff hours (or 1.1 FTE when vacations, sick leave, meetings, etc. are factored in). (CTED's experience in tracking "hard" hours versus other, more general hours for federal timesheets shows the appropriate multiplier is approximately 1.6; this mirrors the billing experience of private legal and accounting firms.) The process of drafting applications, application process design and putting together underwriting criteria will involve approximately 3 staff for at least 2-3 meetings plus preparation time for at least another 20-30 hours of staff time. The totals shown for staff time match those currently spent by Business/Project Development staff (12 projects per year) for general obligation projects like CERB and Business Finance specialists (7-9 financings per year) for private lending projects.

For the underwriting and loan issuance stage we have assumed:

A) Conditional commitment letters and follow-up will require another 5-10 hours of staff time, again dependent on whether the loans involve general obligation backing by local municipalities or require more extensive conditions to secure the loans.
B) The process of negotiating, reviewing, and issuing new contracts and associated documents will require about 0.4 FTEs worth of staff time over the course of the next year. This estimated amount of time is based on the current workload for the portfolio staff (approximately 10 portfolio loans per year) reduced by 3 loans (the diversion of loan packaging staff to bioenergy projects) so that the four bioenergy projects represent four of the 11 loans to be issued by Business Finance in

the next year. The time needed is to do the extra work required when loans are backed by other revenue streams and collateral than tax revenues.

In addition to this very direct staff time spent on underwriting 0.2 FTE have been added for unit supervision and program work on this program for year one; 0.1 FTE is included for secretarial support and the CTED cost allocation formula adds another 0.2 FTE.

For the loan portfolio management function in FY08 0.1 FTEs are charged to cover the cost of putting together the new loan accounts where repayments will go, entering the loans into the loan reporting system, the process of verifying cost expenditures and issuing reimbursements on a scheduled basis, registering collateral, etc.

The costs of technical assistance or underwriting are assumed to be zero in FY09, with only 0.2 FTE in loan portfolio servicing—this presumes that all loans are completed and fully dispersed by the end of FY08 and no repayments are anticipated in FY09. Primarily the unit will be in a minimal monitoring and reporting mode.

In FY10 (the first likely year of repayments coming in) loan portfolio costs are ramped back up to 0.4 FTEs. The reason for the difference is that we anticipate the first of a wave of new negotiations on the part of the borrowers to extend terms and adjust collateral as they approach the first loan repayment dates. This is much more probable if a default is likely or cash flow is tight.

This level of loan portfolio cost (0.4 FTEs) is projected to continue through the remainder of the loan repayment period until we reach the final year of the loan contracts (FY16) when final payments are due. In order to handle these potentially increased collections and do contract closeouts, loan portfolio staffing is increased to 0.6 FTEs for that year.

It is assumed that the review of the applications will require a meeting of the reviewers with the applicants and staff to discuss questions raised by the reviewers about the applications and to ultimately make an advisory recommendation to the CTED director. The costs of a quarterly meeting (primarily travel and printing) for the first year of the program are estimated and included for this analysis, based on the costs for holding other similar advisory loan committee meetings.

Costs for travel and goods and services are based on costs currently incurred by outstationed Business Finance staff.

The staffing cost for annual reports to the legislature is assumed to be covered in FY08 as part of the functions shown above; in subsequent years there would be a consistent 0.1 FTE of a unit manager charged for program coordination and supervision, which would include within it the staffing cost of reporting.

Finally, it is assumed that there will be incidental costs as well for Attorney General review of proposed rules, contracts and providing legal assistance (as needed) on collections; for loan filing fees, loan collection costs, UCC filings, etc. These are estimated based on past Business Finance experience.

Section 4 Repayment costs for Department of Agriculture-issued Loans

FY08	$31,829	General Fund – State
FY09	$16,149	General Fund – State
FY10	$42,799	General Fund – State
FY11	$39,799	General Fund – State
FY12	$39,799	General Fund – State
FY13	$39,799	General Fund – State

Assumptions for shift of ongoing Energy Freedom Program loans and responsibilities to CTED

Section 4 of SHB 1160 makes the provision that CTED would take over the Energy Freedom Fund responsibilities from the Department of Agriculture. One of these responsibilities is loan collection and contract management of the four loans assumed to be issued prior to the end of FY07. For these loans, in

FY08, 0.2 FTEs are charged to cover the costs of transferring and revising necessary loan documentation, entering the loans into the loan reporting system, continuing the process of verifying cost expenditures and issuing reimbursements on a scheduled basis, registering collateral, and other such duties.

In FY09, only 0.1 FTE is charged to loan management—this presumes that all loans are completed and fully disbursed by the end of FY08 and no repayments are anticipated in FY09. Primarily the unit will be in a minimal monitoring and reporting mode.

In FY10 (the first likely year of repayments coming in) loan management costs are ramped back up to 0.3 FTEs. This level of loan management cost (0.3 FTEs) is projected to continue through the remainder of the loan repayment period for these four loans until we reach the final year of the loan contracts (FY16) when final payments are due. In order to handle these increased collections and do contract closeouts, loan management staffing is doubled to 0.6 FTEs for that year (FY16 is beyond the time period of this fiscal note and is therefore not reflected in the estimates here).

Because the Department of Agriculture has already committed all of the 3% of administrative costs allowed under RCW 15.110.050 for the loans it already has issued, all costs related to these loans are shown as coming out of the state general fund. The estimates provided above for shifting responsibility to CTED are based on CTED's experience with lending clients that have received assistance from CTED throughout the lending process; there is some possibility that the Department of Agriculture issued loans have more unusual (and possibly less stable) lending and collateral agreements than typical CTED business loans, in which case these estimates could prove to be low.

Cumulative Totals

FY08 assumptions:

Salary and Benefits: $162,411 for 2.3 FTE, (.2 FTE agency administration)

Goods and services: $75,752
-standard costs: $58,625
-space and utilities: $4,177
-non-standard costs: $12,950 which includes $12,000 in attorney general costs and $950 for printing

Travel: $18,685 of which $12,962 is related to new lending activities and $5,723 in existing loan portfolio management

Capital outlays: $4,800 for computer and office equipment

Loans: $4,850,000

FY09 assumptions:

Salary and Benefits: $25,134 for 0.30 FTE

Goods and services: $15,966
-standard costs: $8,146
-space and utilities: $2,984
-non-standard costs: $4,836 which includes $2,000 in attorney general costs, $700 for printing, and $2,136 for costs associated with meetings

Travel: $5,629, related to loan portfolio management

FY10 assumptions:

Salary and Benefits: $63,880 for 0.8 FTE (.1 FTE agency administration)

Goods and services: $36,703
-standard costs: $21,709
-space and utilities: $3,978
-non-standard costs: $11,016 which includes $8,000 in attorney general costs, $700 for printing, and $2,316 for costs associated with meetings

Travel: $8,766, related to loan portfolio management

FY11 assumptions:

Salary and Benefits: $63,880 for 0.8 FTE (.1 FTE agency administration)

Goods and services: $31,518
-standard costs: $21,709
-space and utilities: $3,978
-non-standard costs: $5,831 which includes $2,500 in attorney general costs, $700 for printing, and $2,631 for costs associated with meetings

Travel: $8,020, related to loan portfolio management

Capital outlays: $3,250 for computer replacement

FY12 and FY13 assumptions:

Salary and Benefits: $63,880 for each fiscal year for 0.8 FTE (.1 FTE agency administration)

Goods and services: $31,707
-standard costs: $21,709
-space and utilities: $3,978
-non-standard costs: $6,020 which includes $2,500 in attorney general costs, $700 for printing, and $2,820 for costs associated with meetings

Travel: $8,020, related to loan portfolio management

Note: Standard goods and services costs include supplies and materials, employee development and training, agency administration, mandatory state seat of government and Department of Personnel charges, and CTED agency administration. CTED agency administration costs are allocated to programs depending on the complexity and/or volume of work required for each program. The cost indicators used to determine complexity and volume of work are: the number of contracts administered, the number of FTEs working on a program, and the number of separate budget reporting codes (i.e., separate cost centers or accounts). CTED administration provides general standard governmental services including, but not limited to: budgeting, accounting, payroll, and purchasing services; personnel and employee services; internal information technology systems, desktop and network support services; facilities management services; legislative and public affairs services; policy and risk management services; and other support services.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	2.3	0.3	1.3	0.8	0.8
A-Salaries & Wages	124.932	19,334	144,266	98,276	98,276
B-Employee Benefits	37.479	5,800	43,279	29,484	29,484
C-Personal Serv Contr					
E-Goods and Services	75.752	15,966	91,718	68,221	63,414
G-Travel	18.685	5,629	24,314	16,786	16,040
J-Capital Outlays	4.800		4,800	3,250	
M-Inter Agency Fund Transfers					
N-Grants, Benefits Services	4.850.000		4,850,000		
P-Debt Service					
S-Interagency Reimburesement					
T-Intra-Agency Reimbursement					
Total:	$5,111,648	$46,729	$5,158,377	$216,017	$207,214

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
Comm, Trade and Econ Dev	51,780	0.2		0.1	0.1	0.1
Specialist 2 Comm, Trade and Econ Dev	60,036	1.0		0.5	0.2	0.2
Specialist 3 Comm, Trade and Econ Dev	63,096	0.6	0.2	0.4	0.4	0.4
Specialist 4 Secretary Senior	32,544	0.1		0.1		
Various Administrative Services	55,515	0.2		0.1		
WMS Band 2	67,140	0.2	0.1	0.2	0.1	0.1
Total FTE's		2.3	0.3	1.3	0.8	0.8

III. C - Expenditures By Program (optional)

Program	FY 2008	FY 2009	2007-09	2009-11	2011-13
Agency Administration (100)	48,486	6,688	55,174	35,670	35,670
Economic Development (700)	5,063,162	40,041	5,103,203	180,347	171,544
Total $	5,111,648	46,729	5,158,377	216,017	207,214

Part IV: Capital Budget Impact

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

Construction Estimate	FY 2008	FY 2009	2007-09	2009-11	2011-13
Acquisition					
Construction					
Other	4,850,000		4,850,000		
Total $	4,850,000		4,850,000		

The monies for the Energy Freedom Program are assumed to come from the state capital budget. The costs of program services are assumed to come from the Energy Freedom Fund, to the limit allowed by RCW 15.110.050; costs beyond that point would have to be funded from the state general fund. These costs appear immediately in FY08 when CTED's accumulated program costs are projected to exceed 3% of $5 million ($150,000).

The initial impact to the capital budget is an outflow of $5.0 million in FY08 but loan repayments and interest on account are estimated to eventually total nearly $5.6 million by FY16, even after subtracting all administrative costs (both those charged to the Energy Freedom Fund and those charged to the state general fund) and an estimated 8% default rate. This is based on charging a 4% interest rate on the loans and receiving an average of 4.4% interest on repaid monies in the Energy Freedom Fund account.

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.

There have been no rules related to RCW Chapter 15.110 adopted.

Energy Freedom Loans Revenue Analysis (no relending)
Non-General Obligation backed loans
50% of Prime
(p = 8.0%)

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	Totals	
Amount in loan fund	$5,000,000	$33,481	$4,374	$408,461	$1,300,454	$2,234,756	$3,210,167	$4,228,496	$5,291,632		
STO interest	$113,300	$1,473	$10,319	$38,226	$77,474	$118,583	$161,501	$206,308	$242,959	$970,144	STO interest
Amount lent	$4,850,000	$0	$0	$0	$0	$0	$0	$0	$0	$4,850,000	Amount lent
Loan Repayments	$0	$0	$500,346	$1,000,691	$1,000,691	$1,000,691	$1,000,691	$1,000,691	$500,346	$6,004,146	Loan Repayments
Payments missed	$0	$0	$40,028	$80,055	$80,055	$80,055	$80,055	$80,055	$40,028	$480,332	Payments missed
Administrative costs	$229,819	$30,580	$66,550	$66,869	$63,808	$63,808	$63,808	$63,808	$95,712	$744,762	Administrative costs
Final year end balance	$33,481	$4,374	$408,461	$1,300,454	$2,234,756	$3,210,167	$4,228,496	$5,291,632	$5,899,196		
net payments	$0	$0	$460,318	$920,636	$920,636	$920,636	$920,636	$920,636	$460,318		
total spent	$5,079,819	$30,580	$66,550	$66,869	$63,808	$63,808	$63,808	$63,808	$95,712		
interest plus loan repays	$113,300	$1,473	$470,637	$958,862	$998,110	$1,039,219	$1,082,137	$1,126,944	$703,277	$6,493,958	interest plus loan repays
cumulative total lent	$4,850,000	$4,850,000	$4,850,000	$4,850,000	$4,850,000	$4,850,000	$4,850,000	$4,850,000	$4,850,000	$4,850,000	cumulative total lent
cumulative admin cost	$229,819	$260,399	$326,949	$393,818	$457,626	$521,434	$585,242	$649,050	$744,762		
										6.57%	admin costs percentage of prograı
										11.47%	admin costs as a percentage of pr

m outflow and inflow
rogram receipts

Individual State Agency Fiscal Note

Bill Number: 1160 S HB	**Title:** Energy freedom 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:	Kara Durbin	Phone: 360-786-7133	Date: 02/18/2007
Agency Preparation:	Ralph Wilhelmi	Phone: 360-705-7980	Date: 02/20/2007
Agency Approval:	Paula Hammond	Phone: 360-705-7027	Date: 02/21/2007
OFM Review:	Rich Struna	Phone: 360-902-9821	Date: 02/21/2007

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 proposed legislation amends the energy freedom program to include landfill methane gas and wastewater treatment gas as a source of bioenergy and moves the energy freedom program from the Department of Agriculture to the Department of Community Trade and Economic Development.
This proposed legislation has no impact on WSDOT.

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.