

Multiple Agency Fiscal Note Summary

Bill Number: 6255 SB	Title: Solar electric power
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Estimated Cash Receipts

Agency Name	2007-09		2009-11		2011-13	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	(500,000)	(500,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Total \$	(500,000)	(500,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)

Local Gov. Courts *						
Local Gov. Other **	Non-zero but indeterminate cost. Please see discussion.					
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 Financial Management	.0	500,000	500,000	.0	0	0	.0	0	0
Department of Revenue	1.0	179,500	179,500	.5	70,000	70,000	.5	70,000	70,000
Washington State University	.2	63,541	63,541	.5	127,082	127,082	.5	127,082	127,082
Total	1.2	\$743,041	\$743,041	1.0	\$197,082	\$197,082	1.0	\$197,082	\$197,082

Local Gov. Courts *									
Local Gov. Other **	Non-zero but indeterminate cost. Please see discussion.								
Local Gov. Total									

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Prepared by: Ryan Black, OFM	Phone: 360-902-0417	Date Published: Final 2/ 8/2008
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 19655

Individual State Agency Fiscal Note

Revised

Bill Number: 6255 SB	Title: Solar electric power	Agency: 105-Office of Financial Management
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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
Fund					
General Fund-State 001-1	0	500,000	500,000	0	0
Total \$	0	500,000	500,000	0	0

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact:	Phone:	Date: 01/27/2008
Agency Preparation: Stephanie Lidren	Phone: 360-902-3056	Date: 02/01/2008
Agency Approval: Aaron Butcher	Phone: 360-902-0406	Date: 02/01/2008
OFM Review: Mike Woods	Phone: 360-902-9819	Date: 02/02/2008

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.

SB 6255 directs OFM to solicit proposals for one solar electric demonstration project in western Washington.

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.

OFM will incur minor administrative costs to solicit the proposals and manage the contract. OFM assumes \$500,000 will be passed through to the grant recipient.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		500,000	500,000		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$0	\$500,000	\$500,000	\$0	\$0

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: 6255 SB	Title: Solar electric power	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2008	FY 2009	2007-09	2009-11	2011-13
GF-STATE-State 01 - Taxes 05 - Bus and Occup Tax		(500,000)	(500,000)	(1,000,000)	(1,000,000)
Total \$		(500,000)	(500,000)	(1,000,000)	(1,000,000)

Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	1.5	0.5	1.0	0.5	0.5
Fund					
GF-STATE-State 001-1	143,200	36,300	179,500	70,000	70,000
Total \$	143,200	36,300	179,500	70,000	70,000

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: 01/27/2008
Agency Preparation: Ray Philen	Phone: 360-570-6078	Date: 02/08/2008
Agency Approval: Kim Davis	Phone: 360-570-6087	Date: 02/08/2008
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 02/08/2008

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.

Increases in property value due to installation of solar energy systems will not be subject to property taxation. This exemption, which does not apply to property used by a light and power business for generating electricity, expires July 1, 2020.

The expiration date for the tax incentive for electricity generated under the renewable energy cost recovery incentive program is extended from June 30, 2014, to June 30, 2020.

A renewable energy investment cost recovery incentive of 54 cents per kilowatt-hour may be paid to a commercial or industrial customer consuming at least half the electricity generated in its commercial or industrial activities at the generating site. The incentive is limited to \$20,000 per utility revenue meter per year. A person claiming this new incentive is not eligible in the same year for the previously-established incentive.

A 10 percent credit against the B&O tax is provided for a taxpayer that either:

- installs one or more solar energy systems for commercial or industrial purposes; or
- receives certification from the Department of Revenue (DOR) for financing installation, in an in-state facility, of one or more solar energy systems by a third-party organization exempt from the B&O tax.

Taxpayers are limited to credits totaling \$25,000 for the same building in the same year or \$50,000 in total credits in any year. If the allowable credit exceeds B&O tax liability or there are no B&O taxes due, the unused amount may be carried forward for up to five consecutive taxable years. This section expires June 30, 2017.

Takes effect 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.

ASSUMPTIONS/DATA SOURCES

Energy Information Administration (EIA).

REVENUE ESTIMATES

Per Section 2, installation of solar energy systems will not be subject to property taxation.

Any shifts in tax burden to other taxpayers as a result of this exemption are believed to be minimal.

Sections 3 and 4 do not change the credit limits in RCW 82.16.130. The expiration date for the tax incentive for electricity generated under the renewable energy cost recovery incentive program is extended from June 30, 2014, to June 30, 2020. The expected general fund revenue loss is \$50,000 in Fiscal Year 2015.

Section 6 allows a 10 percent credit against the B&O tax for solar energy systems for commercial or industrial purposes or for financing installation, in an in-state facility, of one or more solar energy systems by a third-party organization exempt from the B&O tax.

Using EIA data, approximately 500 megawatts of solar generating capacity was in place in 2005 in the U.S. Most of this capacity is located in California and Arizona. No forecast or data is available to indicate the potential for commercial

solar in Washington. Approximately 125 residential solar systems were installed in Washington in the past year. If it is assumed that 20 commercial solar systems are installed each year and the maximum \$25,000 credit is used, the loss in general fund revenue is \$500,000 per year.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2009 - \$ (500)
 FY 2010 - \$ (500)
 FY 2011 - \$ (500)
 FY 2012 - \$ (500)
 FY 2013 - \$ (500)

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.

To implement this legislation, the Department of Revenue (Department) will incur costs of approximately \$143,200 in Fiscal Year 2008. These costs are to modify the reporting systems to accommodate a new credit, for programming to set up, test, and verify the computer systems, and for the creation of a reporting addendum. Time and effort equates to approximately 1.5 FTEs. The cost of the reporting addendum is approximately \$6,600.

The Department will incur costs of approximately \$36,300 in Fiscal Year 2009. These costs are to review applications and certification of projects, tracking of credits and credit carryovers, and the processing of additional out of balance returns. Time and effort equates to approximately 0.5 FTE.

The Department will incur ongoing costs of approximately \$70,000 during the 2009-2011 and 2011-2013 Biennia. Ongoing costs are to review applications and certification of projects, tracking of credits and credit carryovers, and the processing additional out of balance returns. Time and effort equates to approximately 0.5 FTE each fiscal year.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	1.5	0.5	1.0	0.5	0.5
A-	92,900	25,300	118,200	50,600	50,600
B-	23,300	6,300	29,600	12,600	12,600
E-	17,100	3,400	20,500	6,800	6,800
J-	9,900	1,300	11,200		
Total \$	\$143,200	\$36,300	\$179,500	\$70,000	\$70,000

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 3	50,563	0.3	0.5	0.4	0.5	0.5
EXCISE TAX EX 4	55,839	0.1		0.1		
IT SPEC 4	63,195	1.1		0.6		
Total FTE's		1.5	0.5	1.0	0.5	0.5

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: 6255 SB	Title: Solar electric power	Agency: 365-Washington State University
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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	0.0	0.5	0.2	0.5	0.5
Fund					
General Fund-State 001-1	0	63,541	63,541	127,082	127,082
Total \$	0	63,541	63,541	127,082	127,082

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: 01/27/2008
Agency Preparation: Matt Skinner	Phone: 509-335-1836	Date: 02/04/2008
Agency Approval: Joan King	Phone: (509)335-1618	Date: 02/04/2008
OFM Review: Marc Webster	Phone: 360-902-0650	Date: 02/04/2008

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 legislation aims to help reduce the load on the state's electric energy grid, help provide nonpolluting sources of electricity generation and help create jobs for local industries that develop and sell renewable energy products and technologies. In addition, it aims to enhance the state's economy through creation of incentives to develop additional renewable energy industries in Washington. This legislation proposes expanding a program created in 2005. In current RCW, WSU serves in the following roles:

- Under Section 4 (3) (v) (b) The Department of Revenue may consult with the Climate and Rural Energy Development Center to determine eligibility for the incentive.
- Under Section (4) (4) (b) the business may consult with the Climate and Rural Energy Development Center to determine eligibility for the incentive payment. The bill states under section 4 (3) (a) before submitting for the first time the application for incentive allowed under subsection (5) the applicant shall submit to the department of revenue and to the Climate and Rural Energy Development Center at the Washington State University (WSU) Extension Energy Program under RCW 28B.30.642, a certification in a form and manner prescribed by the department.
- Under Section 4 (9) the Climate and Rural Energy Development Center at WSU may establish guidelines and standards for technologies that are identified as Washington manufactured and therefore most beneficial to the state's environment.

At the same time, the proposed bill offers the incentive to a new group of potential recipients who have not been eligible for the incentive in the past and would require WSU effort to certify. Specifically, section 4.7 creates a new category of commercial industry incentive paying fifty-four cents per kilowatt-hour generated by a commercial or industrial customer consuming at least one-half of the electricity generated in its commercial or industrial activities at the site of the generation. (Not to exceed twenty thousand dollars).

The new category of commercial industry incentive will significantly increase the number of certifications WSU must administer under section 4.3, 4.4, 4.9. In addition, certification for commercial industry does not require that the system be made in the State of Washington to be eligible for the incentive. WSU anticipates that this factor will also increase the number of commercial customers applying for certification.

The expenses reported in part II reflect the basic costs to serve the increased number of certifications.

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.

The proposed bill offers the incentive to a new group of potential recipients who have not been eligible for the incentive in the past and would require WSU effort to certify. Specifically, section 4.7 creates a new category of commercial industry incentive paying fifty-four cents per kilowatt-hour generated by a commercial or industrial customer consuming at least one-half of the electricity generated in its commercial or industrial activities at the site of the generation. (Not to exceed twenty thousand dollars).

The new category of commercial industry incentive will significantly increase the number of certifications WSU must administer under section 4.3, 4.4, 4.9. In addition, certification for commercial industry does not require that the system be made in the State of Washington to be eligible for the incentive. WSU anticipates that this factor will also increase the number of commercial customers applying for certification.

The expenses reported in part II reflect the basic costs to serve the increased number of certifications.

NOTE: The printed fiscal note rounds FTE detail to 1 decimal point. Complete FTE information for section II. B detail is as follows:

	FY09	FY10	FY11	FY12	FY13
Energy Division Manager	.0279	.0279	.0279	.0279	.0279
Resource Specialist	.4239	.4239	.4239	.4239	.4239

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years		0.5	0.2	0.5	0.5
A-Salaries and Wages		33,178	33,178	66,356	66,356
B-Employee Benefits		20,139	20,139	40,278	40,278
C-Personal Service Contracts					
E-Goods and Services		5,224	5,224	10,448	10,448
G-Travel		5,000	5,000	10,000	10,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$0	\$63,541	\$63,541	\$127,082	\$127,082

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
Energy Div Manager	107,052		0.0	0.0	0.0	0.0
Resource Spec (Photovoltaics)	71,222		0.4	0.2	0.4	0.4
Total FTE's			0.5	0.2	0.5	0.5

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 6255 SB	Title: Solar electric power
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Possible recipients of grants
- ☒ Counties: Possible recipients of grants
- ☒ Special Districts: Possible recipients of grants
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☐ Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: David Elliott	Phone: (360) 725 5033	Date: 01/29/2008
Leg. Committee Contact:	Phone:	Date: 01/27/2008
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 02/05/2008
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 02/08/2008

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This proposal would exempt private property energy systems from the ad valorem tax until July 1, 2020, creates new definitions for "Community-based solar energy project" and "local government entity", extends existing incentive programs, provides a \$.54 per kilowatt hour incentive for solar power generation, increases the appropriation to the Office of Financial Management (OFM) for state agency green energy, and defines a tax credit to taxpayers that install a solar energy system.

Summary of sections with local impacts:

Section 1: Intent section

Section 2: Exempts solar energy systems from property taxes until July 1, 2020.

Section 3: Amends 82.16.110 RCW to add new definitions for "Community-based solar energy project" and "local government entity" thus allowing local governments to participate in community-based solar energy projects.

Sections 4: Amends 82.16.120 RCW to extend incentives from the current end of 2014 to 2020 and provides for community-based solar energy projects located on separate parcels of land to each be eligible for up to two thousand dollars of incentives.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

There are not expected to be any expenditure impacts from this bill.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

Cash receipts to local government will be in the form of incentive grants. It is not possible to estimate how often local governments would apply, whether their application would meet criteria, and what amount of funding would result. The bill expands the length of time incentives are available, and reduces barriers to collecting the incentives.

The exemption in property value for solar systems found in Section 2 of the bill has the effect of shifting the property tax burden from one taxpayer to another, but does not lower the total tax collection for local government.

Local government entities are eligible for incentives under the bill.

SOURCE:

Department of Revenue