

Multiple Agency Fiscal Note Summary

Bill Number: 1309 HB	Title: Litter tax revenues
-----------------------------	-----------------------------------

Estimated Cash Receipts

NONE

Estimated Expenditures

Agency Name	2013-15			2015-17			2017-19		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Ecology	.1	0	937,128	.1	0	937,128	.1	0	937,128
Total	0.1	\$0	\$937,128	0.1	\$0	\$937,128	0.1	\$0	\$937,128

Estimated Capital Budget Impact

NONE

Prepared by: Linda Steinmann, OFM	Phone: 360-902-0573	Date Published: Final 2/14/2013
--	-------------------------------	---

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

** See local government fiscal note

FNPID 33848

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Revised

Bill Number: 1309 HB	Title: Litter tax revenues	Agency: 461-Department of Ecology
-----------------------------	-----------------------------------	--

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
Account					
Waste Reduction/Recycling/Litter Control-State 044-1	468,564	468,564	937,128	937,128	937,128
Total \$	468,564	468,564	937,128	937,128	937,128

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Jacob Lipson	Phone: 360-786-7196	Date: 02/01/2013
Agency Preparation: Jim Skalski	Phone: 360-407-6617	Date: 02/13/2013
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 02/13/2013
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 02/14/2013

Request # 13-060-3

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.

Under current law, Ecology is required by RCW 70.93 to 'accomplish litter control, increase waste reduction, and stimulate all components of recycling.' Funds to do this work are from the litter tax and are deposited into the Waste, Reduction, Recycling, and Litter Control Account (WRRLCA). Ecology is required to spend these funds per RCW 70.93.180(1)(a, b, c) that directs: (a) 50% is to be used for the purposes of litter pickup and prevention efforts at Ecology and other state agencies, (b) 20% is to be allocated to local government for local litter cleanup programs, and (c) 30% is to be used by Ecology to fund waste reduction and recycling efforts.

This bill would amend RCW 70.93 to add composting to the scope of the purpose of the chapter and to prioritize Ecology's efforts upon the packages, wrappings, and containers of products assumed to relate to the litter problem as listed under RCW 82.19.020. The bill would also amend RCW 70.93.180 to create a competitive grant matching fund program for local government and nonprofit organizations for education programs for the public. Finally, the bill would reduce the statewide litter survey requirement from every two years to every five years. Impacts by section are:

Section 1 would broaden Ecology authority to include composting as part of the purpose of this chapter. This section would also require Ecology to organize recycling, composting, litter collection, reduction and control programs to prioritize for products identified under RCW 82.19.020 that includes (1) Food for human or pet consumption, (2) Groceries, (3) Cigarettes and tobacco products, (4) Soft drinks and carbonated waters, (5) Beer and other malt beverages, (6) Wine, (7) Newspapers and magazines, (8) Household paper and paper products, (9) Glass containers, (10) Metal containers, (11) Plastic or fiber containers made of synthetic material, (12) Cleaning agents and toiletries and (13) Nondrug drugstore sundry products.

Section 2 would amend RCW 70.93.180 to include composting amongst the activities Ecology would be required to implement and would authorize a matching competitive grant program for local government and nonprofit organizations for education programs for the public. Ecology would be required to use funds in the 20% category (RCW 70.93.180(1)(b) to create the grant program and would allow Ecology to direct unspent funds under (RCW 70.93.180(1)(a and c) the 50% and 30% category to be used for the matching fund competitive grant program. This section would also add language to clarify current Ecology funded workload under RCW 70.93.180(c) the 30% apportionment for activities of implementing RCW 70.93.200 (coordination, program development, reporting, etc.) and to provide technical assistance to local government for commercial and residential recycling and composting programs.

Section 3 would expand the use of moneys from the WRRLCA to composting efforts and would change the reporting requirement to conduct a statewide litter survey from two years to every five years. It would also and incorporate requirements to provide to the legislature a summary of all waste reduction, litter control, recycling, and composting efforts statewide from biennially to every five years.

Ecology would have fiscal impact from sections 2 and 3 of the bill related to implementation of a new grant program, its accompanying rule-making costs and the litter survey and reporting requirements.

II. B - Cash receipts Impact

Request # 13-060-3

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.

Ecology would have fiscal impact from sections 2 and 3 of the bill related to implementation of a new grant program, its accompanying rule-making requirements and from reduced reporting requirements to the legislature. Expenditures by section are:

Section 2 - Grant Program Development and Implementation

Ecology assumes that development of a grant program would be modeled after other existing agency grant programs. Ecology assumes that:

1. Development of criteria and guidance for the grant program would be modeled after the Coordinated Prevention Grants program;
2. WRRCLA carry-forward level (CFL) for the 2013-15 biennium is \$18,534,000;
3. Of the 20% of funds (\$3,706,800 based on CFL) available to fund local programs and the new matching grant program, Ecology assumes that 3/4 (\$2,780,100) would go to local programs and that 1/4 (\$926,700) would be dedicated to the new matching grant program. This amount is included in object N;
4. Funding provided to the grant program is based on appropriated level in the budget and not revenue;
5. Unspent funds under RCW 70.93.180(1)(a and c) would be applied to the matching grant program - this results in no net change to funding for the program nor any additional fiscal impact. The amount of unspent funds is variable year to year so are not estimated in the fiscal note. Please note that apportionment of funding between the 50/20/30 percentage split was suspended by budget proviso in 2010 and 2012 supplemental and 11-13 biennial budgets. Ecology does not have a reliable estimate of unspent funds attributed to the 50% and 30% categories as excess fund balance was cut from the budget due to extraordinary budget circumstances.
6. Preliminary matching fund requirements will be set at 75% state and 25% local or non-profit;
7. While many local government and non-profit entities would be eligible for the matching grant program, Ecology estimates up to 5 entities per year would actually commit local or non-profit resources to the 25% match requirement;
8. Annual Grant Administration workload includes 0.05 FTE Environmental Specialist 4 to score grant applications (15 to 25 hours annually) and implement program administer grants, etc (60 to 75 hours annually)
9. If additional costs to implement the grant program are necessary, Ecology will delay or reduce work under the 50%

and 30% apportionments described in the fiscal note summary and utilize funds to implement the new grant program;

Grant Management - Ecology estimates that 0.05 FTE Environmental Specialist 4 would be required to implement grant management requirements of this bill beginning in FY15 and beyond.

TOTAL - Ecology estimates 0.05 FTE in FY 14 and beyond of Environmental Specialist 4 to implement grant implementation activities.

Section 3 -Reporting Requirements

Ecology implemented litter survey and reporting requirements under RCW 70.93.200 in 1999 and 2004. No survey was conducted in 2009 as both the 2009-11 and 2001-13 biennial budgets included reductions to WRRCLA that eliminated this activity.

While this was in conflict with the statutory requirement of surveying and reporting every two-years, Ecology did not implement biennially due to funding constraints as well as the inability to collect data (year-long effort), analyze results and implement changes to the program in a practical manner every two years.

The two year cycle did not allow adaptive management to take place before the next data reporting effort was initiated. Thus, the five-year requirement directed by the bill would align policy and implementation of the program with ongoing practices. No savings will be created by changing the timeline from two to five years.

Ecology was funded at a level to survey, analyze, implement changes and produce one report every five years. \$150,000 of this one time reduction is assumed to be included in the Ecology Carry Forward Level for the 2013-15 biennium.

The \$150,000 in CFL will provide funding for a contractor that will develop litter survey methodology, weighing of collected waste, analysis and drafting the report of survey results. Contract oversight and management will be provided by existing Ecology staff as has been the practice in past surveys in 1999 and 2004, within current level resources.

Notes on costs by object:

Salary estimates are current actual rates plus three percent to restore TSR, at the agency average new hire step H.

Benefits are the agency average of 32.0% of salaries.

Goods and Services are the agency average of \$5,127 per direct program FTE.

Travel is the agency average of \$1,156 per direct program FTE.

Equipment is the agency average of \$809 per direct program FTE.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 35.1% of direct program salaries and benefits. Administration program FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2. Agency Administrative Overhead is shown as object 9.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
A-Salaries and Wages	2,725	2,725	5,450	5,450	5,450
B-Employee Benefits	872	872	1,744	1,744	1,744
C-Personal Service Contracts					
E-Goods and Services	256	256	512	512	512
G-Travel	58	58	116	116	116
J-Capital Outlays	40	40	80	80	80
N-Grants, Benefits and Client Services	463,350	463,350	926,700	926,700	926,700
P-Debt Service					
S-Interagency Reimbursements					
9-Agency Administrative Overhead	1,263	1,263	2,526	2,526	2,526
Total:	\$468,564	\$468,564	\$937,128	\$937,128	\$937,128

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 2014	FY 2015	2013-15	2015-17	2017-19
ENVIRONMENTAL SPECIALIST 4	54,504	0.1	0.1	0.1	0.1	0.1
FISCAL ANALYST 2		0.0	0.0	0.0	0.0	0.0
Total FTE's	54,504	0.1	0.1	0.1	0.1	0.1

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 1309 HB	Title: Litter tax revenues
-----------------------------	-----------------------------------

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: There could be changes in litter tax revenue disbursements to local jurisdictions by allowing nonprofit organizations to apply for match grant funding and allowing excess funds to support match grant funding.
- ☒ Counties: Same as above
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☒ Variance occurs due to: The amount of matching grant funding available will vary each year.

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: The number of nonprofits receiving matching grants

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Alicia LeDuc	Phone: 360/725-5040	Date: 02/08/2013
Leg. Committee Contact: Jacob Lipson	Phone: 360-786-7196	Date: 02/01/2013
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 02/08/2013
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 02/11/2013

Part IV: Analysis

A. SUMMARY OF BILL

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

The bill would require the Department of Ecology to coordinate and expend funds collected from the litter tax with priority given to products identified under RCW 82.19.020 and solely for the purposes of recycling, composting, and litter collection, reduction, and control programs. It would change the distribution of money from the waste reduction, recycling, and litter control account.

The bill would apportion 20 percent of litter tax revenue to the Department of Ecology for funding local government programs for waste reduction, litter control, recycling activities, and (additionally) composting activities by cities and counties, and to create a new matching fund competitive grant program to be used by local governments and nonprofit organizations for local or statewide education programs designed to help the public with litter reduction, recycling, and composting. Unspent funds from certain other Department of Ecology programs supported by litter tax revenue may be applied to the competitive grant program. Ecology is additionally required to spend a portion of 30 percent of litter tax revenue on providing technically assistance to local governments for commercial business and residential recycling and composting programs.

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 no direct expenditure impacts to local governments as a result of the proposed legislation.

DISCUSSION:

Section 2 of the proposed legislation would create a competitive grant program that would provide match funding from the Department of Ecology (Ecology) to local governments and nonprofit organizations for local or statewide education programs designed to help the public with litter reduction, recycling and composting. Ecology anticipates the grant program would be modeled after existing match fund grant programs and the cost break down for projects would be 75 percent state grant funding and 25 percent local funding. The bill does not require local jurisdictions to increase or reduce expenditures, however, jurisdictions applying and receiving matching grants from the program created by Ecology as a result of the bill could incur additional expenses in the form of required match funds were the jurisdictions to opt to pursue the grant-funded projects. Ecology assumes up to five entities per year would commit the local funding.

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.

The proposed legislation could result in an indeterminate loss of revenue to local governments by allowing nonprofit organizations to apply for matching grant funds along with local government entities. The total amount of grant funding available and the amount of such funding that could be diverted from local governments to nonprofit organizations is unknown; therefore, revenue impacts to local jurisdictions as a result of the bill cannot be estimated.

The bill would also allow unspent funds from other programs supported by litter tax revenue to be applied to the competitive grant program. Were this to occur, total funding for waste reduction programs to local governments could increase. The amount of unspent funds that could be used to augment the grant funding and the amount of grant funding that would be awarded to nonprofit organizations cannot be estimated. Therefore, cash receipt impacts to local governments as a result of the bill are indeterminate.

The bill would also require that Ecology utilize 30 percent of the litter tax revenues to, among other activities, provide technical assistance to local governments for commercial business and resident recycling and composting programs. Current statute requires Ecology to use this 30 percent of revenue for "waste reduction and recycling efforts" but does not provide further specification. The bill would require an unspecified portion of this funding stream to be spent on local governments. According to the Ecology, Ecology currently provides technical assistance to local governments as outlined in this section of the bill, and that this section of the bill would clarify what is currently taking place rather than change current practice. Therefore, no changes to local government revenue are anticipated as a result of this aspect of the bill.

DISCUSSION:

The Department of Ecology current allocates 20 percent of litter tax revenues for local government funding programs for waste reduction, litter control, and recycling activities. The proposed legislation would expand the scope of these programs to include composting, and would also create a matching fund competitive grant program to support such activities, available to both local governments and nonprofit organizations. Ecology estimates that of the 20 percent of litter tax revenue funding these programs, 15 percent would continue supporting

local programs and five percent would be dedicated to funding the new matching grant program. By diverting a portion of local government waste reduction funding to support a competitive grant program and allowing nonprofits to apply for the grant funding, the program could result in a small net reduction in waste reduction funding to local governments.

SOURCES:

Department of Ecology