

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5296 P S SB S-1781.6	<b>Title:</b> Model toxics control act
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## Estimated Cash Receipts

Agency Name	2013-15		2015-17		2017-19	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Ecology	0	(132,960)	0	(132,960)	0	(132,960)
<b>Total \$</b>	<b>0</b>	<b>(132,960)</b>	<b>0</b>	<b>(132,960)</b>	<b>0</b>	<b>(132,960)</b>

## Estimated Expenditures

Agency Name	2013-15			2015-17			2017-19		
	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	.0	0	0	.0	0	0	.0	0	0
Washington State Patrol	.0	0	0	.0	0	0	.0	0	0
Department of Health	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	(2.0)	0	(8,011,561)	(2.7)	0	(8,036,535)	(2.7)	0	(7,841,682)
Recreation and Conservation Funding Board	.0	0	0	.0	0	0	.0	0	0
Puget Sound Partnership	.0	0	0	.0	0	0	.0	0	0
Department of Natural Resources	.0	0	0	.0	0	0	.0	0	0
Department of Agriculture	.0	0	0	.0	0	0	.0	0	0
<b>Total</b>	<b>(2.0)</b>	<b>\$0</b>	<b>\$(8,011,561)</b>	<b>(2.7)</b>	<b>\$0</b>	<b>\$(8,036,535)</b>	<b>(2.7)</b>	<b>\$0</b>	<b>\$(7,841,682)</b>

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

## Estimated Capital Budget Impact

NONE

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

\*\* See local government fiscal note

FNPID 35601

FNS029 Multi Agency rollup

<b>Prepared by:</b> Linda Steinmann, OFM	<b>Phone:</b> 360-902-0573	<b>Date Published:</b> Final 4/17/2013
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID 35601

FNS029 Multi Agency rollup

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5296 P S SB S-1781.6	<b>Title:</b> Model toxics control act	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

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No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2014	FY 2015	2013-15	2015-17	2017-19
State Toxics Control Account-State 173-1	(45,633,000)		(45,633,000)		
Local Toxics Control Account-State 174-1	(35,000,000)		(35,000,000)		
Environmental Legacy Stewardship Account-State New-1	80,000,000		80,000,000		
Radioactive Mixed Waste Account-State New-1	633,000		633,000		
<b>Total \$</b>					

### Estimated Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 04/09/2013
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 04/10/2013
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 04/10/2013
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 04/10/2013

Request # 108-1

## 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.*

PSSB 5296 S-1781.6 creates the environmental legacy stewardship account and the radioactive mixed waste account.

Under section 5, beginning July 1, 2013, and every fiscal year thereafter, the annual amount received from the tax imposed by RCW 82.21.030 that exceeds one hundred eight million dollars, plus the fiscal growth factor under chapter 43.135 RCW, must be deposited into the environmental legacy stewardship account. Please refer to the department of revenue fiscal note.

Under section 7, for the biennium ending June 30, 2015 the state treasurer must transfer:

1. Forty-five million dollars from the state toxics control account to the environmental legacy stewardship account.
  2. Thirty-five million dollars from the local toxics control account to the environmental legacy stewardship account.
- Based on the lead agency assumptions, these transfers will occur in FY 14.

Under section 8, by October 1, 2013, the state treasurer must transfer the fund balance of the mixed waste fees within the state toxics control account to the radioactive mixed waste account. Based on the lead agency assumptions, this one-time transfer equals six hundred and thirty-three thousand dollars.

Earnings from investments for both new accounts will be credited to the general fund. Estimated earnings from investments are indeterminable because projected cash flows are needed to make the estimate and are currently unavailable. Earnings for an account are a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period under review. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average daily balances, and hence different earnings.

For illustrative purposes, assume based on the March 2013 revenue forecast that approximately \$1,600 in FY 14, \$1,600 in FY 15, \$2,800 in FY 16, and \$15,700 in FY 17 in net earnings would be gained or lost annually for every \$1 million shift in average daily cash balances.

#### Debt Limit:

There may be an impact on the debt service limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

### 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 7, for the biennium ending June 30, 2015 the state treasurer must transfer:

1. Forty-five million dollars from the state toxics control account to the environmental legacy stewardship account.
2. Thirty-five million dollars from the local toxics control account to the environmental legacy stewardship account.

Based on the lead agency assumptions, these transfers will occur in FY 14.

Under section 8, by October 1, 2013, the state treasurer must transfer the fund balance of the mixed waste fees within the state toxics control account to the radioactive mixed waste account. Based on the lead agency assumptions, this one-time transfer equals six hundred and thirty-three thousand dollars.

## **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**

NONE

## **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.*

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 5296 P S SB S-1781.6	<b>Title:</b> Model toxics control act	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Account	FY 2014	FY 2015	2013-15	2015-17	2017-19
State Toxics Control Account-State 01 - Taxes 12 - Hazardous Substnc Tx	(20,691,000)	(20,099,000)	(40,790,000)	(35,109,000)	(31,657,000)
Local Toxics Control Account-State 01 - Taxes 12 - Hazardous Substnc Tx	(50,716,000)	(53,947,000)	(104,663,000)	(106,391,000)	(108,182,000)
NEW-State 01 - Taxes 12 - Hazardous Substnc Tx	71,407,000	74,046,000	145,453,000	141,500,000	139,839,000
<b>Total \$</b>					

### Estimated Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact:	Phone:	Date: 04/09/2013
Agency Preparation: Steve Smith	Phone: 360-534-1518	Date: 04/11/2013
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 04/11/2013
OFM Review: Cherie Berthon	Phone: 360-902-0659	Date: 04/11/2013

Request # 5296-6-1

## 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.*

Note: This fiscal note reflects language in draft legislation PSSB 5296 S-1781.6, 2013 Legislative Session.

This bill primarily concerns the manner in which the Department of Ecology prioritizes the spending of cleanup funds generated by the hazardous substance tax.

Section five creates the environmental legacy stewardship account in the state treasury. For the fiscal year beginning July 1, 2013, the amount of hazardous substance tax receipts distributed to the state and local toxics accounts is limited to \$108 million for the fiscal year. The excess will be deposited into the environmental legacy stewardship account. The limit will grow each year by the fiscal growth factor in RCW 43.135.025 with the excess deposited into the environmental legacy stewardship account.

The bill also adjusts the formula for distributing the amount of the hazardous substance tax receipts into the state and local toxics control accounts. Currently, the state toxics account receives 47.14 percent of the hazardous substance tax with the remaining 52.86 percent deposited into the local toxics account. This changes those percentages to: state account; 60 percent, local account; 40 percent.

The bill is effective July 1, 2013.

### 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

Data is from the State Expenditure Limit Committee, the Economic and Revenue Forecast Council, Global Insight, and Department of Revenue tax sources.

It is assumed that Section 4(7) merely dedicates a portion of the environmental legacy stewardship account funds to certain public grants, an amount equal to one percent of the value of monies deposited into the state and local toxics control accounts; these dedicated funds are assumed to have no effect on the total amounts deposited in the environmental legacy stewardship account.

#### REVENUE ESTIMATES

The state toxics account will lose \$20.7 million in Fiscal Year 2014 and the local toxics account will lose \$50.7 million in Fiscal Year 2014.

The newly established environmental legacy stewardship account will realize \$71.4 million in Fiscal Year 2014.

Since the local toxics account is a state account, there is no impact to local taxing jurisdictions.

## 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*

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

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

NONE

## Part IV: Capital Budget Impact

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

NONE

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

<b>Bill Number:</b> 5296 P S SB S-1781.6	<b>Title:</b> Model toxics control act	<b>Agency:</b> 225-Washington State Patrol
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## 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.*

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 04/09/2013
Agency Preparation: Yvonne Stevens	Phone: 360-596-4042	Date: 04/10/2013
Agency Approval: Heidi Thomsen	Phone: (360) 596-4046	Date: 04/10/2013
OFM Review: Alyson Cummings	Phone: 360-902-0576	Date: 04/10/2013

Request # 0109-1

## 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 version of the bill revises RCW 70.105D.070 and establishes new requirements for deposits to and expenditures from the State Toxics Control Account. The Washington State Patrol (WSP) currently receives an appropriation of \$510K (Maintenance Level for the 2013-15 Biennium) for the WSP's Fire Training Academy (FTA) that is used to fund the following activities:

- waste water treatment plant for treatment of the FTA training water
- hazardous materials cleanup for material resulting from training activities
- two full-time maintenance staff
- required Department of Energy permits
- FTA recycling program
- HazMat training

We assume that these activities will continue to be appropriate uses of the State Toxics Control Account funds in accordance with chapter 70.105 RCW as referenced in Section 4(2)(a)(i), and chapter 70.95 RCW as referenced in Section 4(2)(a)(ii).

### 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.*

There are no cash receipts to WSP as a result of this bill.

### 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.*

There are no anticipated expenditures to WSP as a result of this bill.

## Part III: Expenditure Detail

## Part IV: Capital Budget Impact

NONE

There is no capital budget impact as a result of this bill.

## 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.*

This bill does not require rule changes for the WSP.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5296 P S SB S-1781.6	<b>Title:</b> Model toxics control act	<b>Agency:</b> 303-Department of Health
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## 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:

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 04/09/2013
Agency Preparation: Jodine Sorrell	Phone: 360-236-4532	Date: 04/09/2013
Agency Approval: Kristin Bettridge	Phone: (360) 236-4530	Date: 04/09/2013
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 04/09/2013

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 4(2)(a): The Department of Health will continue to ensure that activities in the department funded by the State Toxics Control Act align with (viii) water and environmental health protection and monitoring programs; (xi) state health programs for the safe use, reduction, recycling, or disposal of pesticides; and (xiv) air quality programs and actions for reducing public exposure to toxic air pollution; therefore, there is no fiscal impact.

### 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

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5296 P S SB S-1781.6	<b>Title:</b> Model toxics control act	<b>Agency:</b> 461-Department of Ecology
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## Part I: Estimates



No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2014	FY 2015	2013-15	2015-17	2017-19
State Toxics Control Account-State 173-1	(6,861,270)	(7,032,754)	(13,894,024)	(14,065,508)	(14,065,508)
Radioactive Mixed Waste Account-State NEW-1	6,794,790	6,966,274	13,761,064	13,932,548	13,932,548
<b>Total \$</b>	(66,480)	(66,480)	(132,960)	(132,960)	(132,960)

### Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	(1.8)	(2.1)	(2.0)	(2.7)	(2.7)
<b>Account</b>					
State Toxics Control Account-State 173-1	(7,643,897)	(7,849,027)	(15,492,924)	(15,893,460)	(15,904,128)
Local Toxics Control Account-State 174-1	(4,301,617)	(4,301,617)	(8,603,234)	(8,603,234)	(8,603,234)
Environmental Legacy Stewardship Account-State NEW-1	1,136,278	1,187,255	2,323,533	2,527,611	2,733,132
Radioactive Mixed Waste Account-State NEW-1	6,794,790	6,966,274	13,761,064	13,932,548	13,932,548
<b>Total \$</b>	(4,014,446)	(3,997,115)	(8,011,561)	(8,036,535)	(7,841,682)

### 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:

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- ☒ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 04/09/2013
Agency Preparation: Randy Newman	Phone: 360-407-7219	Date: 04/17/2013
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 04/17/2013
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 04/17/2013

## 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.*

SUMMARY: Please note major changes in bill language between S-1781.3 and S-1781.6.

#### ACCOUNT REAPPORTIONMENT, CAPS, AND TRANSFERS:

- Sections 4(1)(b) and 5(1) would cap HST deposits to LTCA and STCA at \$108 million per fiscal year, plus a fiscal growth factor. (S-1781.3 had proposed a cap of \$140 million per fiscal year, with the same fiscal growth factor provision.)
- Within that cap, section 4(1)(a) would shift the apportionment of deposits from the HST from 53% LTCA and 47% STCA to 40% LTCA and 60% STCA.
- Section 7 would require the transfer to ELSA in the first biennium of \$35 million from LTCA and \$45 million from STCA. (The proposed transfers in S-1781.3 were \$75 million from LTCA and \$25 million from STCA.)
- For purposes of this fiscal note, Ecology assumed that we should show operating and capital expenditures consistently with the current uses of LTCA and STCA, except where the bill would disallow the use of existing accounts for certain purposes or specifically require funding from ELSA.

#### WASTE 2 RESOURCES:

- Compared to S -1781.3, S-1781.6 would provide in subsection 4(7) that 1% of deposits into STCA and LTCA be deposited into the proposed new ELSA account for public participation grants.

#### TOXICS CLEANUP PROGRAM:

- Subection 3(1)(j) would require Ecology to provide public notice and consider public comments on the proposed use of a model remedy at a facility where Ecology is conducting the cleanup or is supervising the cleanup by a potentially liable person under an order or decree. This fiscal note assumes this change would not have a fiscal impact because Ecology is already required under the current law to provide for public notice and opportunity to comment on proposed cleanups at such facilities. This added language clarifies that such facilities are not exempt from the existing public notice and comment requirements just because they propose to use model remedies.
- Subsections 4(2)(b)(iii) and 4(3)(b)(iii) would allow prioritization of public funding to assist potentially liable persons to pay for the costs of remedial actions under certain conditions. S-1781.6 would change one of those conditions. Potentially liable persons (PLPs) only need to have a draft or preliminary remedial investigation or feasibility study instead of a final cleanup action plan. The effect of this change is unclear since the provision still requires the PLPs to also be prepared to begin the cleanup action, and cleanup cannot begin without an approved cleanup action plan. This fiscal note assumes this change would not have a fiscal impact because it only changes the relative priority of funding among cleanup sites.

#### MTCA BACKGROUND:

In November 1988, the Model Toxics Control Act (MTCA), Chapter 70.105D RCW, was passed by the voters of the State of Washington as Initiative 97. The Act became effective on March 1, 1989. As stated in the general declaration of

policy, “[t]he main purpose of [MTCA] is to raise sufficient funds to clean up all hazardous waste sites and to prevent the creation of future hazards due to improper disposal of toxic wastes into the state’s land and waters” (RCW 70.105D.010(2)).

To help achieve this goal, the Act created the state toxics control account (STCA) and the local toxics control account (LTCA) in the state treasury. MTCA directs revenue from the hazardous substance tax (HST) into the two accounts (47% into STCA and 53% into LTCA). MTCA directs funds deposited in STCA and LTCA to be used for the purposes of pollution prevention, management, and cleanup. While funds in STCA are used to meet the state’s obligations, funds in LTCA are used to provide grants and loans to local governments (RCW 70.105D.070).

This bill would establish new priorities for MTCA funding, create a new Environmental Legacy Stewardship Account (ELSA) to be funded only when HST revenues exceed \$108 million, shift certain activities from STCA and LTCA to ELSA, curtail or expand funding for some activities, and enable new transportation-related funding.

#### BILL SECTIONS WITH FISCAL IMPACT ON ECOLOGY :

Section 3(1)(j) would add language providing Ecology authority to establish model remedies and requiring Ecology to solicit and consider proposals from qualified persons and to provide public notice and an opportunity for public comment on proposals. For Ecology-conducted and Ecology-supervised cleanups, this section would also require Ecology to provide public notice and consider public comments on the proposed use of a model remedy at a facility. In addition, this section would require Ecology to waive costs for providing written opinions on independent cleanups that qualify for and appropriately use a model remedy.

Section 3(3) would add language requiring Ecology to plan cleanup and prevent the creation of future sites at a pace that matches resources in the state (STCA) and local (LTCA) toxics control accounts and the new Environmental Legacy Stewardship Account (ELSA).

Section 3(4) would add language requiring Ecology to prepare a report to the Governor and Legislature on the status of developing model remedies and their use by November 1, 2016.

Section 3(5) would add language requiring Ecology to include in the 10-year financing report remedial actions eligible for funding from ELSA. This subsection would also require Ecology to identify separate budget estimates for large, multi-biennia cleanup projects that exceed \$10 million and to prepare its 10-year capital budget plan to reflect separate budget estimates for those projects. The plan must also include information on private and public funding obligations.

Section 3(6) would amend the language to require Ecology to submit the MTCA report biennially (instead of annually) by December 1st of each odd-numbered year. It would also require Ecology to include in the report information on hazardous waste sites and, for those sites cleaned up using public funds, the status of remedial actions and expenditures of public funds.

Section 4(1) would amend language to direct moneys collected under RCW 82.21.030 (Hazardous Substance Tax) to the STCA (60%) and the LTCA (40%). When total deposits from the HST during a fiscal year reach a specified limit,



remaining moneys would be directed to the ELSA. The limit for FY14 is \$108 million. The limit for each succeeding fiscal year is increased by the fiscal growth factor.

Section 4(2)(a) would amend language to require moneys in the STCA to be used for the following:

- The state's responsibility for hazardous waste planning, management, regulation, enforcement, technical assistance, and public education required under chapter 70.105 RCW.
- The state's responsibility for solid waste planning, management, regulation, enforcement, technical assistance, and public education required under chapter 70.95 RCW.
- The hazardous waste clean-up program required under this chapter.
- State matching funds required under federal cleanup law.
- Financial assistance for local programs in accordance with chapters 70.95, 70.95C, 70.95I, and 70.105 RCW.
- State government programs for the safe reduction, recycling, or disposal of paint and hazardous wastes from households, small businesses, and agriculture.
- Oil and hazardous materials spill prevention, preparedness, training, and response activities;
- Water and environmental health protection and monitoring programs.
- Programs authorized under chapter 70.146 RCW.
- Development and demonstration of alternative management technologies designed to carry out the hazardous waste management priorities of RCW 70.105.150.
- State agriculture and health programs for the safe use, reduction, recycling, or disposal of pesticides.
- Storm water pollution control projects and activities that protect or preserve existing remedial actions or prevent hazardous clean-up sites.
- Funding requirements to maintain receipt of federal funds under the federal solid waste disposal act (42 U.S.C. Sec. 6901 et seq.).
- Air quality programs and actions for reducing public exposure to toxic air pollution.

This amendment would remove language under RCW 70.105D.070(2)(xi) giving Ecology authority to use moneys in the STCA for “mixed funding” agreements. However, the bill adds language under Section 4(2)(b)(iii) and 4(3)(b)(iii) stating these agreements are a priority for funding from the STCA and LTCA. This fiscal note assumes these agreements would still be allowed under the general authority for funding for remedial actions, provided they are consistent with this priority language.

Section 4(2)(b) would add language to prioritize the following uses of STCA moneys:

- Cleanup of high priority sites on the department’s hazardous sites list that have a draft or preliminary remedial investigation or feasibility study on file with the department, a completed remedial investigation or feasibility study, or a finalized cleanup action plan, and are prepared to begin the cleanup action.
- Cleanup of brownfield properties to make land available for economic and job development opportunities that would not otherwise occur.
- Public funding to assist potentially liable persons to pay for the costs of remedial action in compliance with cleanup standards under RCW 70.105D.030(2)(e) when potentially liable persons have a draft or preliminary remedial investigation or feasibility study on file with the department, a completed remedial investigation or feasibility study, or a finalized cleanup action plan, and are prepared to begin the cleanup action. Such funding may only be provided when the amount and terms are established under a settlement agreement and when the director has found the funding will achieve both a substantially more expeditious or enhanced cleanup than would otherwise occur and the prevention or mitigation

of unfair economic hardship.

Section 4(3)(a) would amend language to require moneys in the LTCA to be used for grants to local governments for the following:

- Remedial actions.
- Storm water pollution source projects that: (A) Work in conjunction with a remedial action; (B) protect completed remedial actions against recontamination; or (C) prevent hazardous cleanup sites.
- Hazardous waste plans and programs under chapter 70.015 RCW.
- Solid waste plans and programs under chapters 70.95, 70.95C, 70.95I, and 70.105 RCW.

This amendment would remove language under RCW 70.105D.070(3)(a)(iv) giving Ecology authority to use moneys in the LTCA for the assessment and cleanup of sites of methamphetamine production. Ecology assumes grants provided to local health departments would still be available for this purpose because they would still be authorized under the general authority for remedial action in Section 4(3)(a)(i).

Section 4(3)(b) would amend language to reprioritize LTCA moneys for the following uses:

- Cleanup of high priority sites on the department's hazardous sites list, that have a draft or preliminary remedial investigation or feasibility study on file with the department, a completed remedial investigation or feasibility study, or a finalized cleanup action plan, and are prepared to begin the cleanup action.
- Cleanup of brownfield properties that are available for economic and job development opportunities that would not otherwise occur.
- Public funding to assist potentially liable persons to pay for the costs of remedial action in compliance with cleanup standards under RCW 70.105D.030(2)(e) when potentially liable persons have a draft or preliminary remedial investigation or feasibility study on file with the department, a completed remedial investigation or feasibility study, or a finalized cleanup action plan, and are prepared to begin the cleanup action. Such funding may only be provided when the amount and terms are established under a settlement agreement and when the director has found the funding will achieve both a substantially more expeditious or enhanced cleanup than would otherwise occur and the prevention or mitigation of unfair economic hardship.

Section 4(3)(c) would explicitly restore authorization (eliminated in prior drafts of the bill) for integrating planning grants and other funding strategies.

Section 4(6) would add language prohibiting the use of STCA and LTCA moneys for natural disasters where there is no hazardous substance contamination; high performance buildings; and organic composting facility feasibility studies, construction, maintenance, or operation.

Section 4(7) would restore funding for public participation grants (eliminated in prior drafts of the bill). Requires 1% of the moneys deposited into the STCA and LTCA to be deposited into the ELSA.

Section 5(1) would add language creating the Environmental Legacy Stewardship Account (ELSA) in the state treasury. Beginning July 1, 2013, and every fiscal year thereafter, the state treasurer would deposit into the ELSA moneys collected under RCW 82.21.030 (Hazardous Substance Tax) exceeding \$108 million plus the fiscal growth factor. Moneys in the account could only be spent after appropriation.

Section 5(2) would add language authorizing the use of moneys in the ELSA for the following purposes:

- Performance and outcome based projects, activities, programs, and services that support the clean-up, monitoring, and prevention of releases of hazardous substances, water protection and monitoring, water pollution prevention, monitoring and cleanup, and environmental health protection and monitoring.
- Clean-up projects using model remedies, technologies, procedures, contracts, and project management and oversight that result in significant reductions in the time to complete clean-up projects compared to baseline averages for comparable clean-up projects.
- Transportation storm water projects.
- Cleanup and disposal of hazardous substances from abandoned or derelict vessels, defined for the purposes of this section as vessels that have little or no value and either have no identified owner or have an identified owner lacking financial resources to cleanup and dispose of the vessel, that pose a threat to human health or the environment.
- Up to one percent of the moneys allocated for public participation grants under RCW 70.105D.070(1)(a) may be provided to persons who may be adversely affected by a release or threatened release of a hazardous substance and to not-for-profit public interest organizations. Each grant must be specifically authorized by the legislature. No grant may exceed sixty thousand dollars. Moneys appropriated for public participation that are not expended at the close of any biennium revert to the environmental legacy stewardship account.
- Appropriations to the state and local toxics control accounts created in RCW 70.105D.070 if the legislature determines that priorities for spending exceed available funds in those accounts.

Section 6 would add language creating the radioactive mixed waste account within the state treasury. All receipts received from facilities assessed service charges established under RCW 70.105.280 must be deposited in the account. Moneys in the account may only be spent after appropriation.

Section 7 would add language authorizing the transfer of \$45 million from the STCA and \$35 million from the LTCA to the ELSA. The treasurer must transfer the funds in the biennium ending June 30, 2015.

Section 8 would add language authorizing the state treasurer to transfer the fund balance of the mixed waste fees within the STCA to the new radioactive mixed waste account established in section 6.

Section 9 would amend the language in RCW 70.105.280 to direct the deposit of moneys collected by Ecology from mixed waste fees to the new radioactive mixed waste account instead of the STCA.

Section 10 would declare an emergency and would have the bill take effect July 1, 2013.

PLEASE NOTE UNCERTAINTIES: This bill would have broad effects on the Department of Ecology. The Cash Receipts, Expenditures, and Capital sections that follow detail our estimates of this bill's financial impacts. However, we should note some uncertainties which may have affected our understanding of the bill.

The proposed funding language is open to interpretation, resulting in uncertainty about which activities would still be funded, and under which account. This occurs in both the State and Local Toxics Control Accounts. For example, Section 4 would strike the existing uses of the State Toxics Control Account and then state allowed uses of the State

Toxics Control Account. Some restated uses are exact insertions of existing statutory language, while others use slightly different words or language. For example, in current law, RCW 70.105D.070(2) reads in part: “Moneys in the account may be used only to carry out the purposes of this chapter, including but not limited to the following activities...” The corresponding sentence in Section 4(2) of S-1781.6 reads: “Moneys in the state toxics control account must be used only to carry out the purposes of this chapter and must be expended for the following...” Our interpretation, in consultation with our AAG, is that the new language would have the same effect as the existing language. (We note that the new language does not say “...must only be expended for the following...” which is the construction used in the first half of the sentence.)

We are not certain how reappropriations would be handled, if the original appropriation for a project used an account that would be disallowed for that kind of project under the bill. Reappropriations of concern are shown at the end of the Capital section of this fiscal note.

How to best manage and budget program activities in ELSA, STCA, and LTCA is unknown at this time. Partitioning the funding with a third MTCA account could pose some difficulties for MTCA fund management, particularly in the first biennium. The combination of the \$108 million cap and the \$80 million transfer to ELSA (per Section 7) raises some concern about insufficient funds in LTCA or STCA, depending on how expenditures would be budgeted among the three accounts.

Since there would be flexibility for some expenditures to draw against STCA, LTCA, or ELSA, we assume that going forward, we could work with budget writers, committee staff, and OFM to maintain existing budget levels for Ecology’s core environmental programs, by determining more precisely which activities to fund under which account, by helping to square up appropriation levels with available funds, and by determining the extent to which cash management could reasonably help manage shortfalls. (We note that subsection 5(2)(f) would authorize appropriations from ELSA to the State and Local Toxics Control Accounts “...if the legislature determines that priorities for spending exceed available funds in those accounts.”)

## **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.*

### **TOXICS CLEANUP PROGRAM (TCP):**

Section 3(1)(j) would authorize Ecology to establish model remedies for common categories of facilities, types of hazardous substances, types of media, or geographic areas to streamline and accelerate the selection of remedies for routine types of cleanups at facilities. Under 3(1)(j)(iii), if a facility meets the requirements for use of a model remedy, Ecology would waive collection of its costs for providing a written opinion under 3(1)(i) on a cleanup that qualifies for and appropriately uses a model remedy.

For the purpose of this fiscal note, Ecology assumes twenty percent of the sites under the voluntary cleanup program would qualify to use a model remedy. On average, Ecology receives 200 new voluntary cleanup site applications per year. Based on these assumption, forty sites would qualify to use model remedies (200 new site applications X 20% qualified to use model remedies = 40 sites). The estimated impact to cash receipts due to Ecology waiving its collection of costs would be \$66,480 per year (40 sites x \$1,662 average cost collection per voluntary cleanup site review).

Revenue reduction in State Toxics Control Account of (\$66,480) per year.

## NUCLEAR WASTE:

Section 6. The Radioactive Mixed Waste Account would be created within the state treasury. All receipts received from facilities assessed service charges established under RCW 70.105.280 would be deposited into the account. Moneys in the account could be spent only after appropriation. Expenditures from the account may only be used for carrying out the department's powers and duties under this chapter related to the regulation of facilities that treat, store, or dispose of mixed waste or mixed waste facilities that are undergoing closure.

Section 8. By October 1, 2013, the state treasurer must transfer the fund balance of the mixed waste fees within the State Toxics Control Account to the Radioactive Mixed Waste Account created in section 6 of this act. The Department of Ecology would report the fund balance amount to the state treasurer for transfer into the Radioactive Mixed Waste Account.

Section 9. RCW 70.105.280 would be amended to require service charges to be deposited into the new Radioactive Mixed Waste Account.

Cash receipts estimates are based on 2013-15 maintenance level (ML), and out-year projections equal fiscal year 2015 ML.

Fund shift from State Toxics Control Account to the Radioactive Mixed Waste Account of \$6,794,790 in FY 2014 and \$6,966,274 in FY 2015 and thereafter.

## 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.*

Below are the operating budget impacts of this bill, by Ecology program. A summary table is attached. Where a program is eligible to be funded from STCA or LTCA, we note that as "retain" eligibility, similar to the existing budget. In some cases, activities would also be eligible for funding under ELSA.

## AIR QUALITY:

### Prevent Unhealthy Air and Violations of Federal Standards

The Air Quality Program at Ecology receives \$1.156 million dollars on an on-going basis to conduct necessary work to address toxic air pollution that violates national ambient air quality standards. This funding is also used to address pollution problems in communities that are close to violating the federal standards and help them stay in compliance. Specific work includes developing the strategies and state implementation plan necessary to return the Pierce County/Tacoma nonattainment area to compliance with federal standards; detailed analytical work to evaluate pollution sources and potential pollution reduction strategies for fine particle pollution in Yakima and ozone pollution in the Greater

Puget Sound area; as well as implementing new federal requirements for recently updated standards for sulfur dioxide and nitrogen dioxide. This bill would provide specific language in subsection 4(2)(a)(xiv) that would authorize funds from the State Toxic Control Account to be used for "air quality problems and actions for reducing public exposure to toxic air pollutants."

No fiscal impact to the Air Quality Program.

#### ENVIRONMENTAL ASSESSMENT:

Conduct Environmental Studies for Pollution Source Identification and Control  
(Retain 9.8 FTEs, \$2.148M in STCA; nothing shifts to Environmental Legacy Stewardship Account)

The Environmental Assessment Program (EAP) currently uses State Toxics Control Account funding to support environmental studies designed to identify and control toxics pollution sources. These expenditures meet the allowed use of "Water and environmental health protection and monitoring programs" contained in Section 4(2)(a)(viii).

Improve Quality of Data Used for Environmental Decision Making  
(Retain 0.5 FTE, \$120K in STCA; nothing shifts to Environmental Legacy Stewardship Account)

The program currently uses State Toxics Control Account funding to support agency quality assurance work to improve the quality of data used for environmental decision making. This funding supports the review of quality assurance project plans by contractors to the agency carrying out cleanup actions and the review of quality assurance plans and standard operating procedures of grantees of water pollution control facilities financing programs, which are eligible uses of State Toxics Control Account funding under Sections 4(2)(a)(iii) and (ix) of the bill.

Measure Contaminants in the Environment by Performing Laboratory Analyses  
(Retain 7.2 FTEs, \$1.591M in STCA; nothing shifts to Environmental Legacy Stewardship Account)

EAP currently uses State Toxics Control Account funding to support staff performing laboratory analyses to measure contaminants in the environment. This analytical work supports activities listed as eligible to use State Toxics Control Account funding under Sections 4(2)(a)(iii) and (viii) of the bill.

Monitor the Quality of State Waters and Measure Stream Flows Statewide  
(Retain 15.3 FTEs, \$3.694M in STCA; nothing shifts to Environmental Legacy Stewardship Account)

EAP currently uses State Toxics Control Account funding to support monitoring the quality of the state's waters and sediments. These expenditures meet the allowed use of "Water and environmental health protection and monitoring programs" contained in Section 4(2)(a)(viii).

No fiscal impact to the Environmental Assessment Program.

## HAZARDOUS WASTE & TOXICS REDUCTION (HWTR):

The changes in bill language from S-1781.3 to S-1781.6 resulted in no fiscal impact to HWTR activities compared to current law.

Section 4(2)(a)(i) of S-1781.6 would authorize use of the STCA for work required under chapter 70.105 RCW (state hazardous waste management regulations). Section 4(2)(a)(viii) would authorize use of the STCA as a component of "...water and environmental health protection and monitoring programs." Section 4(3)(a)(iii) would authorize use of the LTCA for local hazardous waste plans and programs under chapter 70.105 RCW. These subsections are the same as Section 4(3)(a)(i) in S-1781.3 and cover work funded from the STCA and the LTCA under current law.

### Improve Community Access to Hazardous Substance and Waste Information:

(Retain 7.7 FTEs, \$1.4M in STCA; nothing shifts to ELSA)

No change in impact from fiscal note on the previous version of the bill. We would retain current STCA funding authority to carry out all current state and federal requirements of HWTR.

### Increase Compliance and Act on Environmental Threats from Hazardous Waste:

(Retain 20.9 FTEs, \$4.228M STCA; nothing shifts to ELSA)

No change in impact from fiscal note on the previous version of the bill. We would retain the current funding level from STCA and carry out state and federal requirements during compliance inspections and enforcement of HWTR.

### Increase Safe Hazardous Waste Management:

(Retain 8.9 FTEs, \$2.17M in STCA; nothing shifts to ELSA)

No change in impact from fiscal note on the previous version of the bill. We would retain current STCA and LTCA funding authority to carry out all current state and federal requirements of HWTR.

### Prevent Hazardous Waste Pollution through Permitting, Closure and Corrective Action:

(Retain 15.5 FTEs, \$3.75M in STCA; nothing shifts to ELSA)

No change in impact from fiscal note on the previous version of the bill. We would retain current STCA funding authority to carry out all current state and federal requirements of HWTR.

### Reduce the Generation of Hazardous Waste and the Use of Toxic Substances through Technical Assistance:

(Retain 7.5 FTE, \$1.6M in STCA; nothing shifts to ELSA)

No change in impact from fiscal note on the previous version of the bill. We would retain current STCA funding authority to carry out all current state and federal requirements of HWTR.

### Activity A065 Reduce Toxic Chemicals in Products and Promote Safer Alternatives:

(Retain 2.1 FTEs, \$620K in STCA; nothing shifts to ELSA)

No change in impact from fiscal note on the previous version of the bill. We would retain current STCA funding authority to carry out all current state and federal requirements of HWTR.

No fiscal impact to the Hazardous Waste & Toxics Reduction Program.

#### NUCLEAR WASTE:

Section 6: The Radioactive Mixed Waste Account would be created within the state treasury. All receipts received from facilities assessed service charges established under RCW 70.105.280 would have to be deposited into the account. Moneys in the account could be spent only after appropriation. Expenditures from the account could only be used for carrying out the department's powers and duties under this chapter related to the regulation of facilities that treat, store, or dispose of mixed waste or mixed waste facilities that are undergoing closure.

Section 8: By October 1, 2013, the state treasurer must transfer the fund balance of the mixed waste fees within the state toxics control account to the radioactive mixed waste account created in section 6 of this act. Ecology would be required to report the fund balance amount to the state treasurer for transfer into the Radioactive Mixed Waste Account.

Section 9 would amend 70.105.280 RCW to require service charges to be deposited in the new mixed waste fee account.

Total fund shift from State Toxics Control Account to the Radioactive Mixed Waste Account is \$6,794,790 in FY 2014 and \$6,966,274 in FY 2015 and thereafter.

#### SHORELANDS & ENVIRONMENTAL ASSISTANCE:

Protect and Manage Shorelines in Partnership with Local Governments –  
Eliminate 2.9 FTE (Environmental Specialist 4) and \$461K (STCA) and \$6.8M (LTCA)

Shoreline Master Plans (SMPs) - The Shoreline Management Act (SMA), was amended by the Legislature in 2003 to require all 257 local governments with shorelines to comprehensively update their shoreline regulations between 2005 and 2015. The Legislature also required the state to provide "reasonable and adequate" funding to local governments for the updates. In the 2011-13 biennial budget, the Legislature permanently shifted base, or carryforward level funding, of \$4.5 million from the General Fund-State to the Local Toxics Control Account for grants to local governments engaged in Shoreline Master Program updates. Consistent with that shift, current maintenance level funding added \$2.3 million to provide additional funding to help meet the deadline. The updates are being completed under a negotiated legal settlement. Under current law, SMPs put in place standards for new development that result in protection of water quality. They reduce stormwater run-off going into water bodies by requiring set-backs and buffers. They protect environmental health by ensuring the on-site sewage systems related to new development are consistent with environmental health standards. Shoreline regulations protect freshwater and marine shorelines throughout the state. They



set standards for shoreline development, protect important habitats, and identify places best suited for restoration. These standards also restrict the use of hazardous substances on shorelines. They also protect people and their property by ensuring that development occurs outside of hazardous areas.

Our understanding of Section 4 would exclude this work from LTCA and STCA, and Section 5 would exclude it from the Environmental Legacy Stewardship Account funding.

Protect Water Quality by Reviewing and Conditioning Construction Projects –  
Retain 0.8 FTE (Environmental Specialist 4) and \$165K (STCA)

Dredging projects - Under current law, MTCA dollars are used to review and condition dredging projects in 401 water quality certifications to ensure that contamination does not spread due to inappropriate disposal and new cleanup sites are avoided. The federal Clean Water Act (section 401) requires the state to certify that projects meet water quality and sediment quality standards. Ecology participates in the Dredged Material Management Program (DMMP) along with the US Army Corps, EPA, and DNR to ensure that dredged material disposal sites meet conditions of approval including monitoring to ensure disposal sites do not become cleanup sites.

This activity would be eligible for STCA funding under subsection 4(2)(a)(viii), and for ELSA funding under subsection 5(2)(a). Consistent with our approach to continue existing fund sources where eligible, we would retain STCA funding for this activity.

Agency Administration Support for SEA Activities: In addition to the program costs above, funding of \$61,112 and 0.44 FTEs would be reduced from the State Toxics Control Account for Agency Administration.

Total reduction from Local Toxics Control Account would be \$6.8 million from the SEA Program for the biennium (\$3.4 million per year). Total reduction from State Toxics Control Account would be \$461,000 from the SEA Program and \$61,112 from the Administration Program for a total of \$522,112 for the biennium (\$261,056 per year). This reduction would also include 3.34 STCA-funded FTEs.

#### TOXICS CLEANUP:

Section 3(1) of the bill would require Ecology to establish model remedies for common categories of facilities, types of hazardous substances, types of media, or geographic areas to streamline and accelerate the selection of remedies for routine types of cleanup at facilities. Ecology assumes it would establish two model remedies in FY 2014 and one each biennium thereafter. Ecology would need to hire a consultant to develop each model remedy costing \$100,000 each (this is based on recent costs Ecology incurred in developing a model remedy). The cost of model remedy development is: FY 2014 \$100,000, FY 2015 \$100,000, and \$100,000 per biennium thereafter. Ecology would need an additional 0.10 FTE (Environmental Engineer 5) to oversee the model remedy development. In Addition, Ecology assumes by accepting model remedies for routine types of cleanups it would require less staff time to review documents related to facilities using model remedies. Based on this assumption, Ecology would save an average of one hour per facility (40 facilities per year) which equates to a reduction of a 0.02 FTE (40 Facilities X 1 Hour Per Facility = 40 Hours Per Year/

2,088 Annual Hours Per FTE = 0.02 FTE) Environmental Specialist 3 per fiscal year. The amount of direct program savings to the State Toxics Control Account would be \$1,383 per fiscal year.

**Model Remedy Development:**

Net increase to program and agency support (FY 2014 0.09 FTE and \$113,316 STCA; FY 2015 0.09 FTE and \$113,316 STCA; and 0.4 FTE and \$111,497 STCA in future biennia).

Section 3(3) would add requirements for the department to plan to clean up hazardous waste sites and prevent the creation of future hazards due to improper disposal of toxic wastes at a pace that matches the estimated cash resources in the State and Local Toxics Control Accounts and the Environmental Legacy Stewardship Account. The cash resources must consider the needs of major projects receiving appropriations that are expected to cross multiple biennia.

The actual costs associated with managing the cash resources is uncertain and will depend on a number of variables: 1) how many major projects receive direct appropriation by the Legislature in each biennial budget; 2) the volatility of the Hazardous Substance Tax collections and forecasts; 3) amounts appropriated to ongoing, more stable operating budget costs versus amounts appropriated to short-term capital projects versus longer-term capital projects whose pace is dependent on many external factors (local government decision making timelines, permit requirements, local government match, etc.)

For the purposes of this fiscal note, Ecology assumes expertise in both financial management and cleanup contract management or grant management would be required. A Fiscal Analyst 5 (0.5 FTE) would be necessary to provide monthly financial review, analysis, and projections about the cash requirements of larger projects and the overall status of the three accounts – State and Local Toxics Control Accounts and the Environmental Legacy Stewardship Account. An Environmental Specialist 5 (0.5 FTE) would be necessary to provide detailed cash flow information, project status, and to oversee any special contract management needs – such as stopping contracts if cash resources are insufficient. Both would play a role in developing recommendations for executive management to consider when reviewing the fiscal stability of the accounts and proper contract management.

**Financial and Contract Management:**

Increase in agency costs (FY 2014 1.15 FTE and \$110,485 STCA; FY 2015 1.15 FTE and \$110,485 STCA; and 1.15 FTE and \$220,970 STCA in future biennia).

Section 3(4) of the bill would require Ecology to develop and submit a report to the Governor and Legislature on the status of developing model remedies and their use by November 1, 2016. Ecology assumes it would need a 0.10 FTE (Environmental Planner 3) to collect and analyze the required data, and develop the report.

**Model Remedy Report:**

Increase in program and agency support costs (FY 2017 0.12 FTE \$10,668).

Section 3(5) of the bill would require Ecology to include the Environmental Legacy Stewardship Account in its ten-year financing report. Ecology assumes this would be no additional impact from the work already required to produce the ten-year report.

## ISIS System Upgrade for Site Report:

Increase in program and agency support costs (FY 2014: 0.86 FTE and \$79,116 STCA; and FY 2015: 0.50 FTE and \$45,470)

Section 3(6) of the bill would require Ecology to provide the Legislature and public a report by December 1st of each odd numbered year regarding its activities supported by appropriation from the state and local toxics control accounts and the environmental legacy stewardship account. The report would be required to include hazardous waste site cleanup data. In order to provide the data specified in the bill, Ecology would need to add data fields to its Integrated Site Information System (ISIS) to be able to track this information. Ecology assumes it would need a 0.25 FTE (Information Technology Specialist 5) in Fiscal Year 2014 to program the data fields into ISIS and create the required reports. In addition, Ecology would need a 0.50 FTE (Environmental Specialist 3) in Fiscal Years 2014 and 2015 to populate the data fields with the required information.

Compared to the previous draft of the bill (S-1781.3), this draft clarifies and narrows which hazardous waste sites Ecology would need to provide information on the start and end dates and expenditures for specific phases of the cleanup. Since Ecology is already able to track this information, Ecology assumes there would be no additional fiscal impact to report this information. The clarification in this draft therefore also has no impact.

Total TCP operating expenditures in STCA would be \$572,192 in 2013-15, including \$514,366 for the Toxics Cleanup Program, and \$57,826 for the Administration Program.

## WASTE 2 RESOURCES:

### Eliminate Waste and Promote Material Reuse

(Retain 0.2 FTE and \$504K in STCA and 5.0 FTE and \$1.115 million in LTCA; Eliminate 0.5 FTE, \$93K LTCA)

Under current law, Ecology is authorized to use funding from the Model Toxics Control Accounts (MTCA) to do general waste reduction and recycling work as part of a larger effort to manage solid waste safely and conserve resources. Ecology is able to provide assistance to local government, easing the burden for solid waste management at the local level. Ecology provides technical assistance to organics and other recycling facilities, collects and shares data on organics research on how to use organic and other recycled materials in a beneficial manner that would otherwise go to the landfill. Current law allows the State to spend funding from the MTCA on composting feasibility studies, construction and operation. Ecology also does rulemaking to keep regulations current, and provides education and outreach to the public on reducing and recycling solid and hazardous wastes.

Sections 4(2)(a)(ii) and 4(3)(a)(iv) would allow the use of MTCA funding to implement RCW 70.95, the Solid Waste Management Act. MTCA dollars to do regulation of solid waste and general waste reduction and recycling work would be authorized. Section 4(2)(a)(ii) would authorize the use of MTCA to fund the state's responsibilities for solid waste planning, management, regulation, enforcement, and technical assistance. Technical assistance to local governments on recycling and material reuse is part of the state's solid waste plan. In addition, most, if not all solid waste contains hazardous substances. For example, household hazardous waste consists of pesticides, solvents, paints, etc. All of these

items are currently found in curbside garbage. In addition, most organic green waste contains herbicides, pesticides etc. Yard waste and green waste collected from household are part of the current solid waste stream. Common garbage contains all of these elements including inks on paper and plastics with PBTs. Once disposed in a landfill, degradation of common household garbage leads to the generation of methane gas and leachate, which contain heavy metals, volatile organics, and other hazardous chemicals when released to the environment. Therefore, the regulation of solid waste and technical assistance to local governments to reduce or recycle solid waste meets the criteria established in 4(2)(a)(ii).

Current law allows the State to spend funding from the MTCA on composting feasibility studies, construction and operation. Section 4(6) would specifically prohibit the use of moneys deposited in the MTCA for composting facility feasibility studies, maintenance and assistance. Ecology assumes the funding currently used for these activities would be reduced by \$92K and 0.5 FTE. However, funding of \$1.62 million and 5.2 FTEs to eliminate waste and promote other material re-use would be retained under MTCA.

#### Fund Local Efforts to Clean Up Toxic Sites and Manage or Reduce Waste

(Retain 10.6 FTEs, \$538K in STCA and \$2.145 million in LTCA; Shift 1.2 FTEs and \$2.32 million to ELSA; Eliminate \$343K in STCA and \$815K in LTCA)

Under current law, Ecology uses MTCA funds to provide Coordinated Prevention Grants administration as well as technical assistance to local government for solid waste management planning and implementation. In addition, MTCA funds are used for the Public Participation Grant program (PPG), which provides grant funding to help citizen groups and non-profit public interest organizations to facilitate public participation in the investigation and remediation of contaminated sites. This supports citizens' abilities to participate in cleanup decisions and waste prevention programs per RCW 70.95. PPG grants also help carry out waste management education projects, and improve and promote state and local solid waste and hazardous waste management plans.

Sections 4(2)(a) (i)(v) would authorize the use the MTCA funding for grants to local governments. MTCA dollars to provide coordinated prevention grants and technical assistance to local government for solid waste management planning and implementation would specifically be authorized. Section 4(3)(a)(iv) would authorize the use of MTCA to fund solid waste plans and programs under chapters 70.95, 70.95C, 70.95I, and 70.105 RCW. Therefore, Coordinated Prevention Grants (CPG) administration as well as technical assistance to local government for solid waste management planning and implementation would be allowable under MTCA as part of local responsibilities for solid waste planning.

Section 4(6) would authorize one percent of the moneys deposited into the State and Local Toxics Control Accounts to be deposited into ELSA for PPG grants and staff. However, due to the cap in the distributions of moneys under sections 4(1) (b) and 5(1), the amount required for PPG would be reduced compared from the 13-15 maintenance level.

Section 5(2)(e) would add a new requirement which would require the Legislature to approve each PPG grant before it could be funded. Currently, PPG grants are awarded through a competitive process. We solicit grant applications during the fall of the second fiscal year of a biennium for the next biennium funding. We award the grants once the new budget is approved, in late spring. In order to meet this new requirement, we would provide a list of the proposed grants to the legislature along with our budget request. We would need to move up the PPG application cycle from September to June of each even year in the prior biennium so that all grant applications could be scored and put into priority order for

inclusion with Ecology's budget request. This process would not require new rules but would require Ecology to prepare new grant guidelines which is part of a routine process so there is no fiscal impact associated with this task. We assume the legislature would authorize the specific grants in the amount calculated below.

Ecology assumes: the 13-15 ML PPG amount is \$3,480,880. PPG shift to ELSA under S-1781.6 is calculated as follows: Total HST deposited into STCA and LTCA plus Ecology's revenue deposited in STCA multiplied by 0.01.  $FY14 = (\$108,000,000 + \$5,627,854) * 0.01 = \$1,136,279$ ;  $FY15 = ((\$108,000,000 * 1.0472) + \$5,627,854) * 0.01 = \$1,187,255$  for a total of \$2,323,533. This would eliminate \$1,157,347 of PPG funding in the 13-15 biennium,  $(\$3,480,880 - \$2,323,533)$ .

Funding of \$2.7 million and 10.6 FTEs for the CPG grant administration and technical assistance to local government for solid waste management would be retained in MTCA. Funding of \$2.3 million and 1.2 FTE to support PPG grants and staff would be shifted to ELSA. However, funding of \$1.2 million from PPG grants would be eliminated.

#### Improve Environmental Compliance at State's Largest Industrial Facilities (Retain 5.9 FTEs, \$857,000 in STCA)

Under current law, MTCA dollars are used to fund Ecology staff to do regulation and compliance at solid waste facilities or provide technical assistance to local governments for those activities. In addition, the state provides hazardous waste permitting and compliance assistance to the State's largest industrial facilities including pulp and paper mills, aluminum facilities and oil refineries. These dollars fund Resource Conservation and Recovery Action (RCRA) compliance activities for solid waste at the state's landfills and those large industrial facilities. Ecology monitors and ensures facility compliance, helping prevent future cleanup sites.

Sections 4(2)(a)(ii), and 4(3)(a)(iv) would authorize the use of MTCA to fund the state's and local's responsibilities for solid waste planning, management, regulation enforcement and technical assistance, provided those activities are not associated with composting feasibility studies, construction, or operation. In addition, Section 4(2)(a)(ii) authorizes the use of MTCA to fund the state's responsibility for RCRA compliance activities at the large industrial facilities in Washington State. Therefore, staff to do regulation and compliance at solid waste facilities or to provide technical assistance to local government for those activities would be allowable under MTCA with the exception of technical assistance on compost facility feasibility studies, construction and operation and at the State's largest industrial facilities.

Ecology would retain funding of \$857,000 and 5.9 FTEs for solid waste and industrial site-specific cleanup and regulatory solid waste facility and landfill inspections work in MTCA.

#### Reduce Persistent Bioaccumulative Toxins (PBTs) in the Environment (Retain 2.6 FTEs, \$960,000 in STCA)

Chapter 70.105 RCW directs Ecology to develop plans to promote waste management priorities, with waste reduction being the highest priority and landfill being the lowest. The statute defines "waste reduction" to mean "reducing waste so that hazardous by-products are not produced." For certain chemicals, the only way to achieve this goal is to reduce their use in the first place. MTCA dollars are used to fund efforts to reduce uses and releases of the "worst of the worst"

chemicals, Persistent Bioaccumulative Toxins (PBTs) through development of Chemical Action Plans (WAC 173-333). This expenditure would continue to be authorized in the bill under Section 4(2)(a)(i), the state's responsibility for hazardous waste planning, management, regulation, enforcement, technical assistance, and public education required under chapter 70.105 RCW.

Exposure to PBTs harms people and the environment. By identifying how contaminants get into the environment, then we can prevent their release. The legislature has acted to reduce sources of specific PBTs including bans on mercury (RCW 70.95M) and polybrominated diphenyl ethers (PBDEs- RCW 70.76), lead in wheel weights (RCW 70.270), polycyclic aromatic hydrocarbons (PAHs) in coal tar (RCW 70.295). MTCA funds are used to implement each of those pieces of legislation. Although the bill does not specifically identify each of those RCWs as allowable activities under STCA, these laws are needed to implement Chemical Action Plans recommendations and are additionally authorized under the bill by section 4(2)(a)(viii), water and environmental health protection and monitoring programs. The bill does not define environmental health protection. Ecology assumes that the following definition from the National Environmental Health Association is appropriate, "Environmental health and protection refers to protection against environmental factors that may adversely impact human health or the ecological balances essential to long-term human health and environmental quality, whether in the natural or man-made environment".

Activities to implement the above mentioned bans on specific PBT chemicals are consistent with environmental health protection and are assumed to continue to be eligible for STCA funding under this bill.

Funding of \$960,000 and 2.6 FTEs to support this activity would be retained in MTCA.

#### Manage Solid Waste Safely

(Retain 16.5 FTEs and \$3.629 million in STCA and 2.0 FTEs and \$430K in LTCA)

Under current law, Ecology uses MTCA funds to carry out the work required by statute (RCW 70.95). This involves providing technical assistance to local government jurisdictional health authorities on design, permitting, and construction of solid waste and household hazardous waste facilities. This helps avoid poorly designed, leaking landfills, and prevent future cleanup sites. Ecology provides the engineering and hydrogeological technical assistance to review, and approve design and construction of solid and household hazardous waste facilities and their modifications. Most counties do not have the resources to hire their own engineers and hydrogeologists to do this work. In addition, Ecology staff provides groundwater monitoring review and assistance with illegal dumping as requested.

Sections 4(2)(a)(ii), and 4(3)(a)(iv) would authorize the use of MTCA to fund the state's and locals' responsibilities for solid waste planning, management, regulation enforcement and technical assistance. Therefore, providing technical assistance to local government jurisdictional health authorities on design, permitting, and construction of solid waste and household hazardous waste facilities would be allowable.

Funding of \$4.1 million and 18.5 FTEs to support this activity would be retained in MTCA.

#### Reduce Toxic Chemicals in Products and Promote Safer Alternatives

(Retain 1.3 FTE, \$307,000 in STCA)

Under current law, STCA dollars are used to fund efforts to reduce toxic threats to children from children's products. This is part of a broader strategy to protect children, who are the most vulnerable. As part of that strategy, Ecology is able to enforce limits on lead, phthalates, and cadmium levels in children's products, and to require reporting on chemicals of high concern for children.

Activities to implement the Children's Safe Products Act (RCW 70.240) are consistent with Section 4(2)(a)(viii) because they are necessary for environmental health protection. S-1781.6 does not provide a definition for "Environmental Health" but, as described above, Ecology assumes the definition provided by the National Environmental Health Association is appropriate.

The Children's Safe Products Act (CSPA) authorizes two types of actions. First, it limits the amount of three toxic chemicals in children's products. Limiting these toxic chemicals in children's products minimizes the use of these chemicals in common household products, thereby reducing a potential threat to human health from such chemicals. Second, it requires that Ecology identify chemicals of high concern for children and establishes criteria for such chemicals. Manufacturers of children's products that contain these chemicals must disclose that use to Ecology.

Activities under CSPA include the following: enforcement of the limits on lead, cadmium and phthalates in children's products sold in Washington; gathering information through disclosure requirements; enforcement of the disclosure requirement; periodic review and revision of the rules to update the list of chemicals of high concern for children; and ongoing technical assistance to manufacturers. Both of the above mentioned enforcement activities require the purchase and testing of products.

Although the CSPA (RCW 70.240) is not explicitly called out, CSPA activities would qualify for STCA funding under S-1781.6 Section 4(2)(a)(viii), as detailed above.

The legislature banned the use of Bisphenol A in baby bottles, sippy cups and sports bottles. Bisphenol A is a chemical of high concern for children under CSPA but the legislature took specific action on these three products in 2010 to protect children. Activities to implement this include technical assistance to retailers and manufacturers and enforcement of the ban through purchase and testing of products. Bisphenol A is harmful to children and these activities are eligible for STCA funding under the environmental health protection definition previously described, per section 4(2)(a)(viii).

Funding of \$307,000 and 1.3 FTEs to support this activity would be retained in MTCA.

Administration Program support to Waste 2 Resources:

In addition to the program costs above, 0.08 FTE and \$11,617 of LTCA for the biennium (\$5,808 per year) would be eliminated from the Administration Program operating indirect costs. Funding would shift to ELSA by \$13,940 and 0.1 FTE from STCA and \$13,940 and 0.1 FTE from LTCA.

The Administration Program FTE is calculated at 0.15 FTE of direct program FTE, and the amount is calculated at the Program A share of 46% of total indirect, which is the agency indirect rate of 35.1% multiplied by direct program salaries and benefits. Eliminated FTE and funding:  $0.08 \text{ FTE} = 0.5 * 0.15$ ;  $\$11,617 = 25,253 * 0.46$ . FTE and funding

shift to ELSA:  $0.2 \text{ FTE} = 1.2 * 0.15$ ;  $\$27,880 = \$60,608 * 0.46$ .

For Waste 2 Resources, the total reduction from STCA would be \$342,797 for the biennium (\$171,399 per year). The total reduction from LTCA would be \$907,227 for the biennium (\$453,614 per year). Funding would shift to ELSA in 2013-15 by \$1,425,203 and 0.6 FTE from STCA and \$870,450 and 0.6 FTE from LTCA. As the 1% PPG limit increases due to the FGF increase in future fiscal years, a higher level of PPG funding would be available in future years.

#### WATER QUALITY:

Section 4(2): The WQP activities related to hazardous waste prevention would remain eligible for funding through the STCA (fund 173) because of the requirement that “Moneys in the state toxics control account must be used only to carry out the purposes of this chapter...” The main purpose of the act stated in 70.105D.010(2) would still include “..to prevent the creation of future hazards due to improper disposal of toxic wastes into the state's land and waters.” The principles that support eligibility for funding prevention of future hazards through stormwater control and discharge standard development with the State Toxics funds would remain in the statute.

Water programs are also clearly included in the list of activities for which the STCA must be spent in Subsection 4(2)(a) (viii).

Provide Water Quality Financial Assistance (Stormwater Capacity Grants to Locals):  
(retain 1.3 FTE and \$8.9M in LTCA)

Stormwater grants to municipal stormwater permittees known as “Capacity Grants” are currently funded from Local Toxics Control Account (LTCA) funds.

Subsection 4(3)(a)(ii) would require that LTCA funds be used for stormwater pollution source projects and activities that protect existing remedial actions or prevent hazardous clean-up sites. For purposes of this fiscal note, we assumed that these grants would continue to be funded through the LTCA.

Control Stormwater Pollution (Reducing Toxins through Stormwater Permitting):  
(retain 20.0 FTE and \$4.3M in STCA)

Prevent Point Source Water Pollution (Reducing Toxins through NPDES Permitting):  
(retain 3.5 FTE and \$856K in STCA)

WQP activities associated with stormwater discharge permitting are currently funded from the State Toxics Control Account (STCA). These activities enhance the control of toxics through development and evaluation of the effectiveness of the best management practices to control toxics. National Pollution Discharge Elimination System (NPDES) permits are the regulatory means to require control of toxic wastes that can be transported by stormwater from urban and industrial areas. The prevention of toxic transport by stormwater is a cost-effective means of minimizing accumulation of hazardous substances in waters and sediment of the state and thereby preventing future hazards. Section 4(2)(a)(ix) of the bill would allow for financial assistance to the state and to local governments for the planning, design, acquisition, construction, and improvement of water pollution control facilities and related activities in the achievement of state and federal water pollution control requirements for the protection of the state's waters. Section 4(2)(a)(xii) of the bill would



allow for the eligibility of all stormwater projects funded with STCA.

Clean up Polluted Waters (TMDLs and Water Quality Standards Development:

(retain 11.0 FTE and \$2.9M in STCA)

Reduce Nonpoint-Source Water Pollution (Enforcement):

(retain 4.0 FTE and \$875K of STCA)

Other Water Quality Program activities that are currently funded through STCA would continue to be eligible because they prevent hazardous waste sites through under-controlled discharge of toxic wastes. Water quality standards are developed to restrict the discharge and accumulation of hazardous substances. The water quality assessments are developed to identify those areas where additional discharge restrictions should be implemented, thereby avoiding accumulation of hazardous substances in waters and sediments of the state. Once these areas are identified, additional discharge restrictions are developed in a total maximum daily load (TMDL) study and implemented through the enforcement of wasteload allocations. Enforcement of water quality laws helps to limit toxics waste discharge to waters of the state. Section 4(2)(a)(xii) of the bill would allow for the eligibility of all stormwater projects funded with STCA.

No fiscal impact to the Water Quality Program.

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.

- Contracts includes \$100,000 in FY14 and FY15, and each biennium thereafter for the Toxics Cleanup Program to hire a consultant for model remedy development per Section 3(1).

- 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.

- Grants includes reductions to the Shorelands program of (\$3,400,000) per year. Reductions are also included for the Waste 2 Resources program PPG grants, declining each year as more grants can be funded in ELSA as the 1% PPG limit increases: (\$604,162) in FY14, (\$553,185) in FY15, (\$502,744) in FY16, (\$450,525) in FY17, (\$403,539) in FY18, and (\$344,209) in FY19.

- 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	(1.8)	(2.1)	(2.0)	(2.7)	(2.7)
A-Salaries and Wages	(55,599)	(73,473)	(129,072)	(196,465)	(202,050)
B-Employee Benefits	(17,792)	(23,511)	(41,303)	(62,870)	(64,656)
C-Personal Service Contracts	100,000	100,000	200,000	100,000	100,000
E-Goods and Services	(8,048)	(9,329)	(17,377)	(23,786)	(24,299)
G-Travel	(1,815)	(2,104)	(3,919)	(5,364)	(5,480)
J-Capital Outlays	(1,270)	(1,472)	(2,742)	(3,754)	(3,835)
N-Grants, Benefits and Client Services	(4,004,162)	(3,953,185)	(7,957,347)	(7,753,269)	(7,547,748)
P-Debt Service					
S-Interagency Reimbursements					
9-Agency Administrative Overhead	(25,760)	(34,041)	(59,801)	(91,027)	(93,614)
<b>Total:</b>	<b>\$(4,014,446)</b>	<b>\$(3,997,115)</b>	<b>\$(8,011,561)</b>	<b>\$(8,036,535)</b>	<b>\$(7,841,682)</b>

### 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
FISCAL ANALYST 2		(0.2)	(0.3)	(0.3)	(0.4)	(0.4)
SEA - ENVIRON. SPEC 4	46,502	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)
TCP - ENVIRON. ENGINEER 5	80,892	0.1	0.1	0.1	0.1	0.1
TCP - ENVIRON. PLANNER 3	55,836				0.1	
TCP - ENVIRON. SPEC. 3	47,016	0.5	0.5	0.5	0.0	0.0
TCP - ENVIRON. SPEC. 5	60,120	0.5	0.5	0.5	0.5	0.5
TCP - FISCAL ANALYST 5	55,836	0.5	0.5	0.5	0.5	0.5
TCP - IT SPEC. 5	71,496	0.3		0.1		
W2R - ENVIRON. SPEC. 4	54,504	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
<b>Total FTE's</b>	<b>472,202</b>	<b>(1.8)</b>	<b>(2.1)</b>	<b>(2.0)</b>	<b>(2.7)</b>	<b>(2.7)</b>

## Part IV: Capital Budget Impact

### HAZARDOUS WASTE & TOXICS REDUCTION:

30000323 Mercury Switch Removal

(Retain 0.58 FTEs, \$500,000 in STCA; nothing would shift to ELSA)

This project is funded at \$500,000 and 0.58 FTE in Governor Gregoire's proposed 2013-15 budget. This project provides an incentive to auto recyclers who remove mercury switches from vehicles prior to vehicle disposal and crushing.

No change in impact from the fiscal note on the previous version of the bill. We would retain current STCA funding authority to conduct projects under 70.105 RCW, hazardous waste management.

### WASTE 2 RESOURCES:

30000321 Coordinated Prevention Grants (CPG)

(Retain \$28.24 million in LTCA)

Under current law, the primary responsibility for adequate solid waste handling is with local government and the state is encouraged to provide financial assistance toward this endeavor (RCW 70.95.020). Without these dollars, local waste

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management and prevention functions could shut down in most of the less populous counties. There would be no regulatory oversight of solid waste management facilities, and there would be a statewide drop in recycling and household hazardous waste programs. Section 4(2) would allow MTCA dollars to provide grants to local governments for solid waste implementation and planning would be authorized. Section 4(3)(a)(iv) would authorize the use of MTCA to fund local responsibilities for solid waste plans and programs under chapters 70.95, 70.95C, 70.95I, and 70.105 RCW.

Under current law, Ecology funds local governments for solid waste regulation, prevention, and management. This bill would allow funding from the Local Toxics Control Account (LTCA) for grants to local governments for these activities and for implementation of local solid and hazardous waste management plans. Because solid waste management, prevention, and regulation are explicitly called out in Section 4, CPG grants to local governments would be retained in MTCA. However, section 4(6) would restrict the use of MTCA for compost facility construction and operation, which are allowable through the CPG grants under current law. Ecology would be restricted from using grant funding for composting construction and operation.

There are many funded composting grant projects that are not associated with compost facility feasibility studies, construction and operation. In the 2011-13 CPG regular grant cycle, Ecology funded projects for compost feasibility studies, facility construction and operation for a total amount of less than \$100,000. In the 2011-13 CPG offset cycle grant projects funding compost feasibility studies, facility construction and operation totaled approximately \$530,000.

Ecology would propose to not allow grant funding be spent on compost facility feasibility studies, or facility construction and operation and use those funds for other projects that would not otherwise have been funded due to lack of funds. For example, in the current 2011-13 offset grant cycle, there were applications for eligible projects under the current law totaling approximately \$700,000 that could and should be funded with the CPG funding if more money were available. On this basis, \$28.2 million would be retained in LTCA.

#### WATER QUALITY PROGRAM:

##### 30000326 Centennial Clean Water Program

(retain \$14M in STCA, and shift \$36M from LTCA to the newly established ELSA Account)

This project is funded at \$14,000,000 from STCA and \$36,000,000 from LTCA, for a total of \$50,000,000 in Governor Gregoire's proposed 2013-15 budget. This project provides high priority water quality wastewater treatment projects to local governments who meet financial hardship criteria and other non-point source water quality projects statewide. The Centennial Grant Program authorized under chapter 70.146 RCW would be an authorized use of STCA under this amended bill (Section 4(2)(a)(ix)). We assume that per section 5(2) of the bill, Centennial Clean Water would also be an authorized use in the ELSA account. We assume that Centennial Grants would be funded as a split, \$14,000,000 from STCA and \$36,000,000 from ELSA.

#### REAPPROPRIATIONS: UNCLEAR HOW THEY WOULD BE TREATED

It is unclear how these reappropriations would be treated under the bill. OFM and the legislature have not provided clarification about how reappropriations would be treated. If any were disallowed, then projects would need to be curtailed or shifted to other accounts accordingly. If continued spend-out of these reappropriations were allowed under the bill, then there would be no fiscal impact for them.

## AIR QUALITY REAPPROPRIATIONS:

### 30000212 Diesel Emission Reduction – Reappropriation

(\$4.09 million LTCA; eligible for ELSA or STCA; assume \$4.09 million ELSA)

The Air Quality program at Ecology currently has appropriation authority from the Local Toxics Control Account for on-going strategies to reduce diesel emissions that pose a substantial threat to human health. Ecology has targeted remaining funds (\$4.09 million) to communities or areas with high-exposure risk, such as ports, distribution centers, rail yards and other areas where a number of heavy duty diesel engines operate in close proximity to population centers. Funds are also being used to reduce emissions where heavy duty engines operate in situations where sensitive populations may be exposed, such as aid units and fire engines that respond to emergencies where human health may already be compromised or where the engines operate in close proximity to hospitals, schools or day-care centers. The revised bill (S-1781.6) does not include language authorizing use of Local Toxics funds for these purposes in the future, limiting future flexibility to address this statewide public health issue. However, language in the revised bill at Section 5(2)(a) authorizes expenditures from the Environmental Legacy Stewardship Account for projects "that support the clean-up, monitoring and prevention of releases of hazardous substances ..." Therefore, Ecology assumes that funds would be re-appropriated in the ensuing biennium from the Environmental Legacy Stewardship Account.

### 30000211 Woodstove Pollution Reduction – Reappropriation

(\$2.3 million LTCA; eligible for ELSA or STCA; assume \$2.3 million ELSA)

The Air Quality program at Ecology currently has appropriation authority from the Local Toxics Control Account for on-going strategies to reduce pollution from wood-burning home heating devices in at-risk communities across the state. The remaining funds (approximately \$2.335 million) have been granted to communities such as Tacoma to help address the area's violation of the national ambient air quality standard for fine particle pollution and in other communities that are close to violating standards for fine particle pollution. The revised bill (S-1781.6) does not include language authorizing use of Local Toxics funds for these purposes in the future, limiting future flexibility to address this statewide public health issue. However, language in the revised bill at Section 5(2)(a) authorizes expenditures from the Environmental Legacy Stewardship Account for projects "that support the clean-up, monitoring and prevention of releases of hazardous substances ..." Therefore, Ecology assumes that funds would be re-appropriated in the Environmental Legacy Stewardship Account in the ensuing biennium.

## SHORELANDS & ENVIRONMENTAL ASSISTANCE REAPPROPRIATION:

### 92000057 Flood Levee Improvements - Reappropriation

(0.12 FTE (Environmental Planner 3) and \$7M (LTCA))

Green River Valley Flood Levee Improvements - Under current law funds were allocated with a proviso directing Ecology to focus on improving sections of the Green River levee system. Section 4 would exclude this work from MTCA and Section 5 would exclude it from Environmental Legacy Stewardship Account. Without the levee repair work, some of the state's most important areas of commerce would be threatened with flooding. While hazardous materials stored in the basin could be flooded and released into the environment, this is not the reason why flood projects are undertaken, therefore there is no clear nexus with the purposes of Chapter 70.105D RCW.

**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.*

# S-1781.6 - Ecology Operating by Program & Activity

4/11/2013

Ecology Program	Operating Budget Activities	Fund Shifts			No Longer Funded				Expenditures	
		STCA Shift to ELSA	LTCA Shift to ELSA	STCA Shift to Radioactive Mixed Waste	STCA FTEs	LTCA FTEs	STCA	LTCA	STCA	LTCA
Nuclear Waste	Restore the Air, Soil, and Water Contaminated from Past Activities at Hanford			(109,000)						
	Clean Up and Remove Large, Complex, Contaminated Facilities throughout Hanford			(1,191,006)						
	Treat and Dispose of Hanford's High-Level Radioactive Tank Waste			(5,309,025)						
	Ensure Safe Tank Operations, Storage of Tank Waste, & Closure of the Waste Storage Tanks at Hanford			(3,162,015)						
	Ensure the Safe Management of Radioactive Mixed Waste at Hanford			(2,202,010)						
	Administration			(1,788,008)						
	<b>Subtotal</b>			<b>(13,761,064)</b>						
Shorelands and Environmental Asst.	Protect and Manage Shorelines in Partnership with Local Governments				(2.90)		(461,000)	(6,800,000)		
	Protect Water Quality by Reviewing and Conditioning Construction Projects									
	Administration				(0.44)		(61,112)			
	<b>Subtotal</b>				<b>(3.34)</b>		<b>(522,112)</b>	<b>(6,800,000)</b>		
Toxics Cleanup	Sections 3(1), 3(3), 3(4), 3(6)								530,601	
	Administration								41,591	
	<b>Subtotal</b>								<b>572,192</b>	
Waste 2 Resources	Eliminate Waste and Promote Material Reuse					(0.50)		(92,677)		
	Fund Local Efforts to Clean Up Toxic Sites and Manage or Reduce Waste	(1,425,203)	(870,450)				(342,797)	(814,550)		
	Administration	(13,940)	(13,940)			(0.08)		(11,617)		
	<b>Subtotal</b>	<b>(1,439,143)</b>	<b>(884,390)</b>			<b>(0.58)</b>	<b>(342,797)</b>	<b>(918,844)</b>		
<b>Total</b>		<b>(1,439,143)</b>	<b>(884,390)</b>	<b>(13,761,064)</b>	<b>(3.34)</b>	<b>(0.58)</b>	<b>(864,909)</b>	<b>(7,718,844)</b>	<b>572,192</b>	

Account Summary	2013-15	2015-17	2017-19	Notes on what's included
State Toxics Control Account	(15,492,924)	(15,893,460)	(15,904,128)	Shift to Rad. MW & ELSA + No Longer Funded + Expend.
Local Toxics Control Account	(8,603,234)	(8,603,234)	(8,603,234)	Shift to ELSA + No Longer Funded
Environ. Legacy Stewardship Account	2,323,533	2,527,611	2,733,132	Shift from STCA and LTCA
Radioactive Mixed Waste Account	13,761,064	13,932,548	13,932,548	Shift from STCA
<b>Total</b>	<b>(8,011,561)</b>	<b>(8,036,535)</b>	<b>(7,841,682)</b>	

# S-1781.6 - Ecology Capital by Program & Project

4/11/2013

Ecology Program	Capital Project	New Appropriations with Fund Shifts		Reappropriations that are unclear how they would be treated			
		STCA Shift to ELSA	LTCA Shift to ELSA	STCA FTEs	LTCA FTEs	STCA	LTCA
Air Quality	30000212 Diesel Emissions Reduction - Reappropriation						4,090,000
	30000211 Wood Stove Pollution Reduction - Reappropriation						2,335,000
	<b>Subtotal</b>						<b>6,425,000</b>
Shorelands and Environmental Asst.	92000057 Flood Levee Improvements - Reappropriation				0.10		6,998,637
	Administration				0.02		1,363
	<b>Subtotal</b>				<b>0.12</b>		<b>7,000,000</b>
Water Quality	30000326 Centennial Clean Water Program		36,000,000				
	<b>Subtotal</b>		<b>36,000,000</b>				
<b>Total</b>		-	<b>36,000,000</b>	<b>0.00</b>	<b>0.12</b>	-	<b>13,425,000</b>

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5296 P S SB S-1781.6	<b>Title:</b> Model toxics control act	<b>Agency:</b> 467-Rec/Conserv Funding Board
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## 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: 04/09/2013
Agency Preparation: Brent Hedden	Phone: 360-902-3007	Date: 04/09/2013
Agency Approval: Nona Snell	Phone: 360-902-3021	Date: 04/09/2013
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 04/09/2013

Request # 13-07-1



## 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 strikes Section 4 (2) (xv), which allowed for the family forest fish passage program (FFFPP) to receive State Toxics Control Account funds. It is unclear how RCO reappropriations would be treated because of the bill. We assume that there would not be a fiscal impact for this bill. However, if the uses in this section are disallowed for the reappropriation, then \$8,981,000 in reappropriations would not be spent on the prioritized list of projects. If continued use of these reappropriations is allowed for the FFFPP projects, then there would be no fiscal impact.

### 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

It is unclear how RCO reappropriations would be treated because of the bill. We assume that there would not be a fiscal impact for this bill. However, if the uses in this section are disallowed for the reappropriation, then \$8,981,000 in reappropriations would not be spent on the prioritized list of projects. If continued use of these reappropriations is allowed for the FFFPP projects, then there would be no fiscal 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

<b>Bill Number:</b> 5296 P S SB S-1781.6	<b>Title:</b> Model toxics control act	<b>Agency:</b> 478-Puget Sound Partnership
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## 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: 04/09/2013
Agency Preparation: Victoria Walker	Phone: (360) 464-1226	Date: 04/10/2013
Agency Approval: Ginger Stewart	Phone: (360) 464-1218	Date: 04/10/2013
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 04/10/2013

Request # -1

## 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 sections of this legislation with fiscal impact to Puget Sound Partnership (PSP) did not change from version 3 to version 6.

Bill sections with fiscal impact to the PSP:

Section 4 (2) - Moneys in the state toxics control account must be used only to carry out the purposes of this chapter and must be expended for the following:

- (vii) Oil and hazardous materials spill prevention, preparedness, training, and response activities;
- (viii) Water and environmental health protection and monitoring programs;
- (xii) Storm water pollution control projects and activities that protect or preserve existing remedial actions or prevent hazardous clean-up sites;

### 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.*

It is assumed that the current activities and staff the PSP charge to the STCA will qualify as expenditures under Section 4 of this legislation so there is no fiscal impact to the PSP.

Programs funded by STCA include oil spill prevention, stormwater program, and monitoring activities.

## Part III: Expenditure Detail

## 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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5296 P S SB S-1781.6	<b>Title:</b> Model toxics control act	<b>Agency:</b> 490-Department of Natural Resources
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## 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: 04/09/2013
Agency Preparation: Eric Fiedler	Phone: 360-902-2165	Date: 04/11/2013
Agency Approval: Megan Duffy	Phone: (360) 902-1034	Date: 04/11/2013
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 04/11/2013

## 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.*

Sec. 4 - The use of model toxic control account (MCTA) are prioritized and priority for use of the funds is given to cleanup of high priority sites that have a draft or preliminary remedial investigation or feasibility study on file with the Department of Ecology (ECY), a completed remedial investigation or feasibility study, or a finalized cleanup action plan, and are ready to begin clean-up action; brownfield properties that are available for economic and job development opportunities that would not otherwise occur; and cleanup of properties where potentially liable persons have a draft or preliminary remedial investigation or feasibility study on file with ECY to begin clean-up action. Funds used by the Department of Natural Resources from the MTCA are appropriated for specific uses by the legislature.

Sec. 5 - Creates the Environmental Legacy Stewardship Account and specifies the uses of these funds.

Sec. 6 - Creates the Radioactive Mixed Waste Account and transfers to this account the mixed waste funds from the state toxics control account.

### 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.*

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.*

NONE. Funds used by the Department of Natural Resources (DNR) from the MTCA are appropriated for specific uses by the legislature. DNR currently has existing authority of \$80,000 in the State Toxics Control Account within the current budget and the biennial carry-forward level budget which is being used for cleanup of aquatic lands.

## Part III: Expenditure Detail

## 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.*

NONE

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5296 P S SB S-1781.6	<b>Title:</b> Model toxics control act	<b>Agency:</b> 495-Department of Agriculture
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## 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: 04/09/2013
Agency Preparation: Marla Page	Phone: (360) 902-1949	Date: 04/10/2013
Agency Approval: Mark Johnson	Phone: 360-902-1986	Date: 04/10/2013
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 04/10/2013

## 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.*

Proposed Substitute Senate Bill 5296 requires that Model Toxic Control Act (MTCA) funds only be used for cleanup of high priority hazardous waste sites; cleanup and reuse of brownfield properties; and cleanup of properties where local communities and liable parties are ready to begin clean-up action.

This proposal differs from prior proposals as follows:

- Section 4(1)(a) changes the percentages of moneys collected under RCW 82.21.030 to be deposited in the State Toxics Control Account and Local Toxics Control Account: State Toxics Control Account is increased from forty-seven percent to sixty percent; and Local Toxics Control Account is decreased from fifty-three percent to forty percent.
- Section 4(1)(b) reduces the limits for distributions of moneys collected under RCW 82.21.030 to the State and Local Toxics Control Accounts from one hundred forty million to one hundred eight million dollars.
- Section 5(1) reduces the annual amount not to exceed from the tax imposed by RCW 82.21.030 from one hundred forty million to one hundred eight million.

Section 4(1)(a) sets out allocations between the State Toxics Control Account, the Local Toxics Control Account and a newly established Environmental Legacy Stewardship Account created in Section 5.

Section 4(1)(b) limits the distributions of moneys collected under RCW 82.21.030 to the State and Local Toxics Control Accounts for the fiscal year beginning July 1, 2013 to one hundred eight million dollars.

Section 4(3) specifies monies deposited in the State Toxics Control Account can only be used for specified activities these activities include:

- Water and environmental health protection and monitoring programs.
- State agriculture and health programs for the safe use, reduction, recycling, or disposal of pesticides.

Section 5(1) establishes an Environmental Legacy Stewardship Account. Subsection 2 specifies activities for which these monies can be used for as follows:

- Water protection and monitoring.
- Environmental health protection and monitoring.

These sections combined maintain Washington Department of Agriculture (WSDA) funding from the State Toxics Control Account and the Environmental Legacy Stewardship account for its activities currently funded under MTCA.

### 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.*

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.*

Funding from the MTCA is maintained for current WSDA programs; therefore no additional agency expenditures are required.

### **Part III: Expenditure Detail**

### **Part IV: Capital Budget Impact**

NONE

N/A

### **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.*

None



# LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

<b>Bill Number:</b> 5296 P S SB S-1781.6	<b>Title:</b> Model toxics control act
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## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

☒ Cities: Some cities, counties and special districts that receive funding from the state and local toxics control accounts through Department of Ecology programs would experience revenue reductions in the near-term, and potential additional reductions in later years.

☒ Counties: Same as above

☒ Special Districts: Same as above

☐ 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: The extent to which some activities funded through the state and local toxics control accounts remain eligible; which activities are eligible for funding through the newly established Environmental Legacy Stewardship Account (ELSA); the amount of funding that will be available to ELSA, LTCA and STCA in future years; the status of existing reappropriations of some capital funds

### Estimated revenue impacts to:

<b>Indeterminate Impact</b>
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### Estimated expenditure impacts to:

<b>Indeterminate Impact</b>
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## Part III: Preparation and Approval

Fiscal Note Analyst: Jaime Kaszynski	Phone: 360-725-2717	Date: 04/16/2013
Leg. Committee Contact:	Phone:	Date: 04/09/2013
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 04/16/2013
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 04/17/2013

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

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

#### **CHANGES FROM PREVIOUS BILL VERSION:**

Relative to the previous bill version (S-1781.3), the current version (S-1781.6) would change the level of funding for the STCA, LTCA and ELSA. This would not directly change local impacts of the bill relative to the previous version, but could indirectly impact local activities funded through the LTCA as discussed in the Revenue section of this fiscal note.

#### **SUMMARY OF CURRENT BILL VERSION:**

The bill would establish new priorities for expending hazardous substance tax (HST) revenues, including making changes to the uses for the state and local toxics control accounts (STCA, LTCA), and establishing a new "Environmental Legacy Stewardship Account" (ELSA) to fund certain activities that would no longer be funded through the STCA and LTCA. Local governments receive tens of millions of dollars annually in funding, and technical support from the STCA and LTCA through the Department of Ecology (Ecology), so would be impacted by changes in how these activities are funded.

A detailed section-by-section breakdown of changes is provided in Ecology's fiscal note. As discussed in that note, there is uncertainty as to the effect of the bill on which activities will remain eligible for funding from the STCA, LTCA and ELSA, and to some degree the full impacts would depend on future revenues available in the STCA and LTCA account, future legislative appropriations, and similar factors. Therefore, this local government fiscal note focuses on summarizing the major direct changes that are anticipated to impact funding available to local governments, and is based on assumptions formulated by Ecology and the Department of Revenue (Revenue).

### **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.*

The bill would not directly impact local government expenditures but the reductions and potential reductions in revenue available to local governments would likely result in expenditure reductions of similar magnitude. For example, pursuant to RCW 90.58.080(6)(a), cities and counties that do not receive grant funding to update Shoreline Master Programs are authorized to delay those updates by at least one biennium. However, it is not clear from the language of that statute whether updates could be further delayed if funding continued to be unavailable in later years.

Because it is not clear how local governments would respond to the reductions in revenue, expenditure impacts are assumed for the purpose of this local government fiscal note to correlate to available funding, and are discussed further in the Revenue section below. In some cases, local governments could potentially allocate other funding sources, or acquire new revenues, to continue some activities impacted by reduction in LTCA revenues. For example, if the delay authorized by RCW 90.58.080(6)(a) were to only apply for the first biennium in which funding were not available, cities and counties would be required to update SMPs using other resources. This would likely result in a shift of expenditures away from other activities to comply with the SMP update requirement.

The net expenditure impacts of the proposed legislation are therefore indeterminate.

### **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 bill would entail both direct revenue reductions to local governments and potential future reductions. In addition, the status of reappropriated funding for certain capital projects is not fully clear. Each type of local government revenue impact is discussed in turn.

Beyond these direct and potential reductions in local revenue, the bill would establish new priorities for the use of LTCA funds. These funds would continue to be provided as grants to local governments, but the bill would likely shift the types of activities that are prioritized for funding, resulting in changes to the individual jurisdictions that would receive grants. Certain types of projects, such as studies or development of composting facilities, would not be eligible for funding. While there would not be a net impact to local revenues for funding that continues to be provided to local governments through the LTCA, there could be impacts to individual jurisdictions that become more or less likely to receive funding. Such impacts would depend on future grant making decisions by Ecology.

Overall local revenues from activities that would remain eligible for funding through the LTCA and STCA are assumed not to be impacted by the bill.

#### DIRECT REVENUE REDUCTIONS:

Ecology indicates that grants to cities and counties to develop and update Shoreline Master Plans (SMPs) and amendments would no longer be an eligible use of LTCA funds, and could not be funded through the ELSA. This would result in a direct revenue reduction of \$6.8 million per biennia to local governments. In the near term, 93 cities and counties would not have access to funding to update local SMPs and associated regulations as required per RCW 90.58.080. As discussed above, those updates could be deferred for at least one biennium. However, Ecology assumptions indicate that this reduction in SMP grant revenue would continue in future biennia. The net revenue reduction between FY 2014 and FY 2019 would therefore be \$20.4 million (\$6.8 million/biennium X 3 biennia), unless funding for SMP updates were made available from another source.

The other activity that Ecology indicates would no longer be eligible for funding through the STCA, LTCA or ELSA accounts is the Waste 2 Resources Public Participation Grant program. Local governments are not eligible to apply for funding from this program, so no local impact would result from this change.

#### POTENTIAL FUTURE REDUCTIONS:

As discussed in the Ecology note, "[t]he combination of the \$108 million cap and the \$80 million transfer to ELSA (per Section 7) raises some concern about insufficient funds in LTCA or STCA, depending on how expenditures would be budgeted among the three accounts." Therefore, activities that are currently funded through the LTCA or STCA could potentially be impacted, reducing local government revenues in future years. Whether such reductions would occur, and the timing that funding would be reduced or eliminated, would depend on future revenues to the ELSA, LTCA and STCA, other legislative appropriations, and similar factors, so cannot be reasonably estimated.

#### REAPPROPRIATED CAPITAL FUNDS:

Ecology states that it is not clear how reappropriated capital funds would be impacted by the proposed legislation. In some cases, Ecology assumes that because the intended uses of these funds would remain eligible expenditures from the LTCA, STCA or ELSA (aside from their status as having been reappropriated), these funds would remain available. However, as the status of this funding is unknown, there could be near-term revenue decreases to local governments if Ecology were not allowed to expend the following amounts:

Diesel Emission Reduction: up to \$4.09 million presently reallocated from the LTCA

Wood Stove Pollution Reduction: up to \$2.34 million presently reallocated from the LTCA

Flood Levee Improvements: up to \$7 million presently reallocated from the LTCA

#### SOURCES:

Department of Ecology fiscal note and staff

Department of Revenue fiscal note

Association of Washington Cities

Washington State Association of Counties