Multiple Agency Fiscal Note Summary

Bill Number: 2346 E 2S HB AMS EET S4869.5	**Title:** Renewable energy promotion

Estimated Cash Receipts

Agency Name	2015-17		2017-19		2019-21	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Department of Revenue	2,944,000	2,950,000	(2,274,000)	(2,269,000)	(14,330,000)	(14,330,000)
Department of Ecology	0	37,570	0	108,948	0	11,448
Total $	**2,944,000**	**2,987,570**	**(2,274,000)**	**(2,160,052)**	**(14,330,000)**	**(14,318,552)**

Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	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	.1	14,900	14,900	.0	0	0	.0	0	0
Washington State University	Fiscal note not available								
Department of Ecology	.1	0	37,570	.6	0	108,948	.1	0	11,448
Total	**0.2**	**$14,900**	**$52,470**	**0.6**	**$0**	**$108,948**	**0.1**	**$0**	**$11,448**

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Impact

NONE

Prepared by: Kathy Cody, OFM	**Phone:** (360) 902-9822	**Date Published:** Preliminary 2/29/2016

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

** See local government fiscal note

FNPID: 44313

Individual State Agency Fiscal Note

Bill Number:	2346 E 2S HB AMS EET S4869.5	**Title:**	Renewable energy promotion	**Agency:**	090-Office of State Treasurer

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

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: 02/26/2016
Agency Preparation:	Dan Mason	Phone: 360-902-9090	Date: 02/26/2016
Agency Approval:	Dan Mason	Phone: 360-902-9090	Date: 02/26/2016
OFM Review:	Gwen Stamey	Phone: (360) 902-9810	Date: 02/26/2016

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.

E2SHB 2346 AMS EET S4869.5 creates the solar module recycling account with the general fund as the recipient of the earnings from investments.

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.

Projected cash flows are currently unavailable, therefore, estimated earnings from investments are indeterminable.

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.

Based on the February 2016 revenue forecast, assume approximately $6,800 in FY 17, $20,000 in FY 18, $30,000 in FY 19, $31,000 in FY 20 and $31,000 in FY 21 in net earnings would be gained or lost annually for every $1 million shift in average daily cash balances.

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. 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

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Department of Revenue Fiscal Note

Bill Number:	2346 E 2S HB AMS EET S4869.5	**Title:**	Renewable energy promotion	**Agency:**	140-Department of Revenue

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

Account	FY 2016	FY 2017	2015-17	2017-19	2019-21
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax		3,691,000	3,691,000	3,007,000	60,000
GF-STATE-State 01 - Taxes 35 - Public Utilities Tax		(747,000)	(747,000)	(5,281,000)	(14,390,000)
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax		6,000	6,000	5,000	
Total $		2,950,000	2,950,000	(2,269,000)	(14,330,000)

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.2		0.1		
Account					
GF-STATE-State 001-1	14,900		14,900		
Total $	14,900		14,900		

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: 02/26/2016
Agency Preparation:	Marianne McIntosh	Phone: 360-535-1505	Date: 02/29/2016
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 02/29/2016
OFM Review:	Kathy Cody	Phone: (360) 902-9822	Date: 02/29/2016

Request # 2346-5-1

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 E2SHB 2346 S4869.5, 2016 Legislative Session, and only addresses the sections of the bill that impact the Department of Revenue (Department).

These sections:

- End applications to the existing renewable energy cost recovery incentive program and incentives paid under the existing renewable energy cost recovery incentive program on June 30, 2016. All responsibilities for administering the existing program are transferred from the Department to the Washington State University Energy Extension Program (WSU), beginning July 1, 2016. Participants of the existing program must authorize WSU to administer its certification to continue receiving incentives, at the rates provided when qualifying systems were first certified under the existing program, through June 30, 2020.

- Create a new incentive program allowing WSU to certify, beginning July 1, 2016, and ending June 30, 2020, new participants to receive 10 years of annual incentive payments. For systems certified in Fiscal Year 2017, base rates for incentive payments are $0.13 per kilowatt-hour (kW-hr) for residential-scale systems, $0.08 per kW-hr for commercial-scale systems, $0.13 kW-hr for community solar systems, and a bonus rate of $0.05 kW-hr for made-in-Washington solar modules, wind turbines or towers. These rates decline each fiscal year. Incentive payments to community solar project participants and commercial systems may each account for up to 25 percent of the total allowable credit in any fiscal year.

- Extend the public utility tax credit to incentive payments made under the newly created program. The per-utility limit is increased to the greater of 2 percent of a utility's Calendar Year 2014 taxable power sales or $250,000. Extends the right to earn credits to June 30, 2030 (credits may not be claimed after June 30, 2031.)

- Provide that information about incentive payments, system certifications, and total tax credit claimed is subject to disclosure and not confidential taxpayer information.

- Set expiration dates of June 30, 2016, for sales and use tax exemptions provided by RCW 82.08.962, 82.12.962, 82.08.963, and 82.12.963 for machinery and equipment used to generate electricity using solar energy, or labor and services rendered in respect to installing such machinery and equipment, and capable of generating no more than 500 kW of electricity.

- Add an immediate expiration date, for each section, contingent on the Department of Ecology (a) adopting, adopting with revisions, or enforcing the proposed clean air rule; or (b) adopting or enforcing a rule that establishes a statewide program to set a limit, cap, or emissions standard designed to control the amount of greenhouse gas emissions occurring during a period of time. The Department of Ecology must provide notice of the expiration date to specific entities.

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
- The Public Utility Tax credit on a new installation is taken the fiscal year following the fiscal year in which the system was installed.
- To adjust for systems installed throughout a fiscal year, 50 percent of the projected installed megawatts was utilized to calculate the payments paid immediately after the fiscal year in which the system was installed.

- The average size of a solar installation is assumed to be 7 kW.
- The average production rate is assumed to 1038 kWh per kW of installed capacity for residential and 1153 kWh per kW for non-residential.
- The mix of system type and size is projected by comparing the financial payback given the specific incentive rates proposed in the legislation.
- The estimate reflects per utility caps on tax credits for current law, but not for the proposed law. It is assumed the new caps will not be reached with the increased credit thresholds.
- The estimate does not reflect the caps on the annual incentive payments for the residential-scale and commercial-scale systems and community solar projects.
- The cap is increased under this proposal. This allows utilities who met the cap under current law to increase the payments and therefore credits on systems installed prior to June 30, 2016.
- No projection for sales of systems greater than 500kW as currently there are no systems that large.
- All participants in the current program will recertify their systems to continue their repayments through June 30, 2021.
- Small wind power installation will continue at the same level as the past ten years.
- Under this proposal it is expected that the installation of new solar energy systems will reach 117 MW by the end of Fiscal Year 2020.
- Growth rate mirrors Economic Revenue and Forecast Council's November 2015 forecast for the electric power sales public utility tax.
- If this bill becomes law, Ecology would suspend rulemaking and enforcement of the air rules identified in the bill.
-This legislation takes effect immediately.

DATA SOURCES
- Department's excise tax return data
- Washington Department of Commerce forecast for solar system installations
- Washington State University Energy Program
- Economic Revenue and Forecast Council - 2015 November forecast

REVENUE ESTIMATES
Public Utility Tax Credit (PUT)
Participants in the current program will continue to receive production payments at the rates in the current program, and utilities will be able to claim a state public utility tax credit on their tax return for those payments. Beginning July 1, 2016, a utility is allowed a credit equal to incentive payments made in any fiscal year under section 4 and 6.

Projected Costs Savings if legacy solar incentive program expires June 30, 2016 (cash basis, $000):

FY 2016 -	$ 0
FY 2017 -	$ 0
FY 2018 -	$ 1,814
FY 2019 -	$ 4,268
FY 2020 -	$ 6,132
FY 2021 -	$ 7,553

Projected Costs of Proposed cap increase per utility for systems installed under legacy solar incentive program (cash basis, $000):

FY 2016 -	$ 0
FY 2017 -	($ 747)
FY 2018 -	($ 1,897)
FY 2019 -	($ 1,646)

FY 2020 - ($ 1,402)
FY 2021 - ($ 1,146)

Projected Costs of Proposed Solar Program (cash basis, $000):

FY 2016 - $ 0
FY 2017 - $ 0
FY 2018 - ($ 1,900)
FY 2019 - ($ 5,920)
FY 2020 - ($ 10,361)
FY 2021 - ($ 15,166)

Net projected PUT credits (cash basis, $000):

FY 2016 - $ 0
FY 2017 - ($ 747)
FY 2018 - ($ 1,983)
FY 2019 - ($ 3,298)
FY 2020 - ($ 5,631)
FY 2021 - ($ 8,759)

Retail Sales Tax
Repeal of Sales Tax Exemption for solar installations effective June 30, 2016 (cash basis, $000):

FY 2016 - $ 0
FY 2017 - $ 3,691
FY 2018 - $ 2,869
FY 2019 - $ 138
FY 2020 - $ 60
FY 2021 - $ 0

TOTAL REVENUE IMPACT:
The net impact of this proposal is to increase state revenues by $3.0 million in the 2015-17 Biennium and decrease state revenues by $2.3 million in the 2017-19 Biennium.

This proposal also increases local revenues by $1.4 million in the 2015-17 Biennium and by $1.1 million in the 2017-19 Biennium.

State Government (cash basis, $000):

FY 2016 - $ 0
FY 2017 - $ 2,950
FY 2018 - $ 891
FY 2019 - ($ 3,160)
FY 2020 - ($ 5,571)
FY 2021 - ($ 8,759)

Local Government, if applicable (cash basis, $000):

FY 2016 - $ 0
FY 2017 - $ 1,365
FY 2018 - $ 1,061
FY 2019 - $ 51
FY 2020 - $ 22
FY 2021 - $ 0

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.

ASSUMPTIONS
- This bill affects 60 taxpayers.
- Currently, the Department does not receive funding for the processing and review of the application, payment for the renewable energy, correcting any errors nor communicating with the taxpayers.
- Washington State University (WSU) Energy Program will implement and process the new program.
- The Department will transfer the certification process to WSU Energy Program.
- A taxpayer claiming this new tax preference must file an annual survey (RCW 82.32.808).
- The Department will absorb the cost of filing and reviewing the annual survey.

FIRST YEAR COSTS
The Department will incur total costs of $14,900 in Fiscal Year 2016. These costs include:

Labor Costs – Time and effort equates to 0.16 FTEs.
- Amend administrative rules.

ONGOING COSTS
The Department will not incur any further costs with the implementation of this legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.2		0.1		
A-Salaries and Wages	9,300		9,300		
B-Employee Benefits	2,800		2,800		
E-Goods and Other Services	1,900		1,900		
J-Capital Outlays	900		900		
Total $	$14,900		$14,900		

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 2016	FY 2017	2015-17	2017-19	2019-21
ADM ASST 5	48,432	0.0		0.0		
EMS BAND 4	107,000	0.0		0.0		
EMS BAND 5	125,000	0.0		0.0		
HEARINGS SCHEDULER	33,672	0.0		0.0		
TAX POLICY SP 2	63,480	0.0		0.0		
TAX POLICY SP 3	71,844	0.1		0.0		
TAX POLICY SP 4	77,340	0.0		0.0		
Total FTE's	526,768	0.2		0.1		

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Persons affected by this rule making would include: solar energy system owners, including individual home owners, businesses, and local governmental entities not in the light and power business; utilities; and community solar projects. Should this legislation become law, the Department will use the standard rule-making process to amend one rule: WAC 458-20-273, titled: "Renewable energy system cost recovery" and use one expedited process to amend two rules; WAC 458-20-263 "Exemptions from retail sales and use taxes for qualifying electric generating and thermal heat producing systems using renewable energy sources" and WAC 458-20-268 "Annual surveys for certain tax adjustments".

Individual State Agency Fiscal Note

Bill Number: 2346 E 2S HB AMS EET S4869.5	Title: Renewable energy promotion	Agency: 461-Department of Ecology

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT	FY 2016	FY 2017	2015-17	2017-19	2019-21
SOLAR MODULE RECYCLING ACCOUNT-Non-Appropriated NEW-6		37,570	37,570	108,948	11,448
Total $		37,570	37,570	108,948	11,448

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.0	0.3	0.2	0.6	0.1
Account					
SOLAR MODULE RECYCLING ACCOUNT-Non-Appropriated NEW-6	0	37,570	37,570	108,948	11,448
Total $	0	37,570	37,570	108,948	11,448

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

☐ Capital budget impact, complete Part IV.

☒ Requires new rule making, complete Part V.

Legislative Contact:		Phone:	Date: 02/26/2016
Agency Preparation:	Matthew Vandrush	Phone: 360-407-6646	Date: 02/26/2016
Agency Approval:	Erik Fairchild	Phone: 360-407-7005	Date: 02/26/2016
OFM Review:	Linda Steinmann	Phone: 360-902-0573	Date: 02/26/2016

Part II: Narrative Explanation

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

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

Under current law, the Department of Ecology (Ecology) oversees an electronic products recycling system in Washington State, but this does not cover solar panels.

Compared to E2SHB 2346, this bill would add immediate conditional expiration clauses to sections 1,2,4,5,6,7,8,10,11,12,13, and 14. The condition would be cessation of the department of ecology (a) adopting, adopting with revisions, or enforcing the proposed clean air rule; or (b) adopting or enforcing a rule that establishes a statewide program to set a limit, cap, or emissions standard designed to control the amount of greenhouse gas emissions occurring during a period of time. For purposes of this fiscal note, Ecology assumes that it would cease development and enforcement of the specified air rules if this bill were to pass.

Section 9 of 2346 E2S HB AMS EET S4869.5 would have impact on Ecology. Section 9 of 2346 E2S HB AMS EET S4869.5 is identical to E2SHB 2346. There is no change to the fiscal impact for Section 9. This section would not be affected by the expiration condition.

2346 E2S HB AMS EET S4869.5 would modify renewable energy system tax incentives and establish a self-directed, manufacturer- funded solar module stewardship and takeback program.

Subsection 9(3) would require Ecology to establish a process to develop guidance for a solar module stewardship and takeback program by January 1, 2017. The guidance development process with manufacturers and stewardship plan guidance, including Ecology's approval process, would have to be completed by January 1, 2018.

Subsection 9(4) would require a product stewardship organization (PSO) who acts as an agent on behalf of a manufacturer to provide a list of manufacturers and brand names they represent to Ecology.

Subsection 9(5) would require each manufacturer to prepare and submit a stewardship plan to Ecology by January 1, 2019, or within thirty days of their first sale into the state.

Subsection 9(6) would require Ecology to review and approve a stewardship plan submitted by a manufacturer as outlined in the department's guidelines.

Subsection 9(7) would require a manufacturer to submit an annual report as outlined in subsection 9(4) and subsection 9(6) to Ecology beginning April 1, 2021, and annually thereafter.

Subsection 9(8) would ban the sale and the offer for sale of solar modules in or into the state unless a manufacturer has an approved stewardship plan by Ecology beginning January 1, 2020. It would authorize enforcement authority for Ecology.

Subsection 9(9) would authorize Ecology to collect a flat fee from participating manufacturers to recover costs associated with the plan guidance, review, and approval process described in subsection 9 (3). In addition to the flat fee, Ecology would be authorized to collect an annual fee based on the manufacturer's pro rata share of sales in Washington to cover the department's annual implementation costs.

Subsection 9(10) would create a new solar module recycling account.

Subsection 9(11) would authorize Ecology to adopt rules for the purpose of implementing, administering, and enforcing this chapter.

Subsection 9(12) would allow manufacturers to participate in a national program instead of this state program, if Ecology determines that program will achieve equivalent environmental outcomes.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Section 9(8) would ban the sale and the offer for sale of a solar module in or into the state unless a manufacturer has an approved stewardship plan by Ecology beginning January 1, 2020. It would authorize Ecology enforcement authority. Ecology assumes one manufacturer would be out of compliance, and it would send a written warning to that manufacturer to inform them to submit a plan or participate in a plan within thirty days of the notice.

Section 9(8) would also authorize Ecology to assess a penalty of up to ten thousand dollars for each sale of a solar module in or into the state after the initial written warning. No cash receipts are estimated as a result of civil penalties. It is assumed that it is the intent of the bill to provide for penalties in order to ensure compliance.

Section 9(9) would authorize Ecology to collect a flat fee from participating manufacturers to recover costs associated with the plan guidance, review, and approval process described in subsection 9(3). Based on data from WSU, Ecology assumes six solar module manufacturers would participate in the program. The estimated total cost to implement subsection 9(3) is approximately $38,000 divided by six participating manufacturers would result in a one-time flat fee of $6,300 for each manufacturer in FY17. Ecology assumes it would recover costs for guidance, review, and the approval process in section 9(3) from six participating manufacturers in FY17.

In addition to the flat fee, Ecology would be authorized to collect an annual fee based on the manufacturer's pro rata share of sales in Washington to cover the department's annual implementation costs including plan review and approval, enforcement, and rulemaking according when the costs are incurred. Manufacturers would pay a fee based on their percentage of the total unit market share in the state of Washington. Ecology assumes the annual fee calculation would be calculated by dividing Ecology's administrative costs by six manufacturers' pro rata share of the Washington state solar module sales in the most recent preceding calendar year.

Once rulemaking, enforcement, and the first review of the manufacturer's plans were completed by FY 20, annual cash receipts of $5,724 would offset annual costs for report review and fee calculation and management. In FY 24 and every five years thereafter, an additional $11,500 is estimated, to offset the estimated cost of the five-year review as required per sections 9(3), 9(5) and 9(6).

Section 9(10) would create a new solar module recycling account. Ecology would collect these fees and deposit them in the new account.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

This fiscal note assumes the conditional expiration clauses to sections 1,2,4,5,6,7,8,10,11,12,13, and 14 would have an indeterminate fiscal impact on Ecology. For purposes of this fiscal note, Ecology assumes we would discontinue the specified rule-making and enforcement. In general, Ecology assumes that the cessation of work on the clean air rule-making would result in a shift of resources to other rule development and updates. Specific estimates are not possible at this time due to the recent withdrawal of the proposed clean air rule. The potential scope, timing, and necessary resources for a revised rule that might move forward at a future date have not been determined.

Section 9 would have the same expenditure impact as in the prior version of the bill.

Section 9(3) would require Ecology to establish a process to develop guidance for a solar module stewardship and takeback program by January 1, 2017. The process would be fully implemented and stewardship plan guidance completed by January 1, 2018. Ecology assumes establishing a successful process would require four stakeholder meetings including but not limited to manufacturers, PSOs, and WSU. Ecology estimates for FY17 0.20 FTE of an Environmental Specialist 5 (ES-5) would be required to research, develop, and write guidance, in addition to a one-time $10,000 cost to hire a professional facilitator to run the stakeholder meetings. Ecology assumes this process would lay significant groundwork and make for a quick rulemaking process.

Section 9(4) would require a product stewardship organization (PSO) who acts as an agent on behalf of a manufacturer to provide a list of manufacturers and brand names to Ecology. Ecology assumes submittals from the PSOs would occur between January 2018 and January 2019 after the guidance would be complete and before the stewardship plans would be due to Ecology by January 1, 2019. Ecology assumes it would need to track this information for purposes of administering this program. Developing a simple spreadsheet could be accomplished within existing resources.

Section 9(5) would require each manufacturer to prepare and submit a stewardship plan to Ecology by January 1, 2019, or within thirty days of first sale into the state. Ecology assumes stewardship plans would be updated once every five years and that this would be written in the guidance.

Section 9(6) would require Ecology to review and approve a stewardship plan submitted by a manufacturer as outlined in the department's guidelines. Stewardship plans are due to Ecology by January 1, 2019. Upon consultation with WSU, Ecology assumes two stewardship plans would be submitted to Ecology by January 2019. Ecology estimates 0.10 FTE of an ES-5 would be required to review and approve the manufacturer's plans in FY19 and once every five years thereafter.

Section 9(7) would require a manufacturer to submit an annual report as outlined in subsections (5)(7) to Ecology beginning April 1, 2021 and annually thereafter. Ecology assumes two annual reports would be submitted to Ecology for review and comment beginning in FY21 and annually thereafter. Assuming the guidance established under section 2 would specify the contents of the annual report, this would be a simple review and could be done with 0.01 FTE of an ES-5 in FY21 and annually thereafter.

Section 9(8) would ban the sale or offer for sale of solar modules in or into the state unless a manufacturer has an approved stewardship plan by Ecology beginning January 1, 2020. It would authorize Ecology enforcement authority. Ecology assumes one manufacturer would be out of compliance, and it would send a written warning to that manufacturer to inform them to submit a plan or participate in a plan within thirty days of the notice. Ecology estimates 0.01 FTE of an ES-5 would be required to work with this manufacturer and bring them into compliance in FY20. Ecology assumes any enforcement thereafter would be complaint-driven. Any significant cost incurred for that purpose would be charged to the new solar module recycling account.

Section 9(9) would authorize Ecology to collect a flat fee from participating manufacturers to recover costs associated with the plan guidance, review, and approval process described in subsection 9(3). In addition to the flat fee, Ecology would be authorized to collect an annual fee based on the manufacturer's pro rata share to cover the department's annual implementation costs. Ecology estimates it would require 0.05 FTE of an Environmental Specialist 3 to calculate fees, send bills, collect and track payments starting in FY17, and annually thereafter.

Ecology assumes it would recover costs for guidance, review, and approval process in subsection 9(3) from six participating manufacturers in FY17. Ecology further assumes it would collect an annual fee to recover Ecology's costs for plan review and approval, enforcement, and rulemaking in FY18 – FY20.

Section 9(11) would authorize Ecology to adopt rules for the purpose of implementing, administering, and enforcing this chapter. Upon consultation with the Attorney General's Office, rules are required for enforcement. Ecology assumes 0.25 FTE ES-5, and 0.25 FTE of an Economic Analyst 3 (EA-3) would be required for rulemaking from January 2018 through June 2019 (0.125 ES-5, 0.125 EA-3 FY18, and 0.25 ES-5, 0.25 EA-3 FY19).

Section 9(12) would allow manufacturers to participate in a national program instead of this state program, if Ecology determines that program will achieve equivalent environmental outcomes. Based on our experience with the Electronic Products Recycling program, Ecology assumes a national program would not be established in the next ten years because manufacturers wouldn't want the extra responsibilities of funding a new national program. Ecology estimates no fiscal impact for this provision.

Ecology assumes that the legislative intent of this section is to establish an effective, self-directed solar module collection and recycling program; thus, Ecology would have very limited oversight.

Notes on costs by object:

Salary estimates are current actual rates at step H, the agency average for new hires.
Benefits are the agency average of 35.5% of salaries.
Goods and Services are the agency average of $4,008 per direct program FTE.
Travel is the agency average of $2,227 per direct program FTE.
Equipment is the agency average of $1,041 per direct program FTE.
Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 26.1% of direct program salaries and benefits, and is shown as object 9. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT Specialist 2.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years		0.3	0.2	0.6	0.1
A-Salaries and Wages		15,072	15,072	59,719	6,190
B-Employee Benefits		5,350	5,350	21,200	2,198
C-Professional Service Contracts		10,000	10,000		
E-Goods and Other Services		1,002	1,002	3,807	480
G-Travel		556	556	2,114	266
J-Capital Outlays		260	260	988	124
9-Agency Administrative Overhead		5,330	5,330	21,120	2,190
Total:	$0	$37,570	$37,570	$108,948	$11,448

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 2016	FY 2017	2015-17	2017-19	2019-21
ECONOMIC ANALYST 3	66,260				0.2	
ENVIRONMENTAL SPEC 3	49,304		0.1	0.0	0.1	0.1
ENVIRONMENTAL SPEC 5	63,035		0.2	0.1	0.2	0.0
FISCAL ANALYST 2			0.0	0.0	0.1	0.0
IT SPECIALIST 2			0.0	0.0	0.0	
Total FTE's	178,599		0.3	0.2	0.6	0.1

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Subsection 9(11) would authorize Ecology to adopt rules for the purpose of implementing, administering, and enforcing this chapter. Based upon consultation with the Attorney General’s Office, we assume rules would be required for enforcement. Ecology assumes 0.25 FTE ES-5, and 0.25 FTE of an Economic Analyst 3 (EA-3) would be required for rulemaking from January 2018 through June 2019 (0.125 ES-5, 0.125 EA-3 FY18, and 0.25 ES-5, 0.25 EA-3 FY19).