

Individual State Agency Fiscal Note

Bill Number: 1744 HB	Title: Perfluorinated chemicals	Agency: 461-Department of Ecology
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.1	0.4	0.3	0.2	0.0
Account					
State Toxics Control Account-State 173-1	10,942	70,245	81,187	70,245	20,247
Total \$	10,942	70,245	81,187	70,245	20,247

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

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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).

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Capital budget impact, complete Part IV.

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Requires new rule making, complete Part V.

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Agency Preparation: Kara Steward	Phone: 360-407-6250	Date: 01/31/2017
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 01/31/2017
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 02/01/2017

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.

Currently, the Packages Containing Metals Act (RCW 70.95G) details the concentration restrictions for selected metals in product packaging. Packaging shall not exceed one hundred parts per million of lead, cadmium, mercury, and hexavalent chromium. Additionally, manufacturers of packaging are required to retain a certificate of compliance for their packaging.

This bill would add a new section and amend 3 sections of 70.95G RCW to ban the use of perfluoroalkyl and polyfluoroalkyl (PFAS) chemicals in food packaging.

Section 1 – 70.95G.010 RCW would be amended to add definitions for food packaging and PFAS.

Section 2 – A new section is added to 70.95G RCW that would eliminate the use of PFAS chemicals in food packaging beginning July 1, 2018.

Section 3 – 70.95G.030 would be amended to exempt packaging using PFAS to comply with federal health and safety requirements or where no feasible alternative is available.

Section 4 – 70.95G.040 would be amended to require food packaging manufacturers to develop a compliance certificate by July 1, 2018.

Sections 2 and 4 would have fiscal impacts on Ecology.

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.

Ecology assumes no revenue 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.

To carry out the requirements of Sections 2 and 4, the Department of Ecology would conduct education and outreach efforts starting July 1, 2017. These efforts would include updating the guidance on the Toxics in Packaging website and conducting outreach to manufacturers of food packaging to inform them of the requirement to remove PFAS from food packaging. This effort would start in July 2017 and be complete by June 2018. Additionally, Ecology would provide technical assistance to food packaging manufacturers starting July 1, 2018, including education on the certificate of compliance requirement.

Ecology assumes the following workload and costs for Section 2:

Education, outreach and updating the guidance documents and the public website would be performed by an Environmental Specialist 4 (ES4) in FY18 for a total of 0.10 FTE.

Ecology would oversee testing of food packaging; work with manufacturers to come into compliance with the

PFAS restriction; write notices of correction, notices of violation and orders for compliance. This work would be performed by an ES4 in FY19 and FY20 for a total of 0.15 FTE. The work would continue after the first two years at a reduced level of ES4 in FY22 and then every other year ongoing for a total of 0.03 FTE.

Sections 2 and 4 would also require Ecology to conduct product testing starting July 1, 2018. This would require development of a quality assurance project plan (QAPP), sampling (fluorine screening and laboratory analysis), and write-up a food packaging report. Enforcement efforts based on the food packaging results would start January 1, 2019, including requesting certificates of compliance from food packaging manufacturers. Food packaging and enforcement efforts would be greatest for the first two years followed by ongoing but reduced testing and enforcement efforts in subsequent years.

Ecology would write the QAPP, oversee testing to identify food packaging that contain PFAS, and write the food packaging report. This work would be performed by a Chemist 4 and Chemist 2 in FY19 and FY20 for a total of 0.10 FTE each. The work would continue after the first two years at a reduced level in FY22 and then every other year ongoing for a total of 0.02 FTE Chemist 2 and 0.02 FTE Chemist 4.

Object E includes the cost of sampling and analysis. We assume a minimum of 100 samples would be purchased and screened for the presence of total fluorine, which would identify the presence of PFAS. We assume 50 of those samples would report a positive screening result for total fluorine and be submitted for laboratory analysis. The cost of fluorine screening is \$40 per sample and the cost of laboratory analysis is \$500 per sample. The annual cost for testing food packaging would be \$4,000 for screening (\$40 x 100) and \$25,000 for laboratory analysis (\$500 x 50) for a total annual cost of \$29,000. The cost of screening and analysis would be \$29,000/year in FY19 and FY20. Food packaging testing would continue after the first two years at a reduced level in FY22 and then every other year ongoing at a reduced level of 50 screened samples (\$40 x 50) and 20 laboratory samples (\$500 x 20) for a biennial cost of \$12,000.

Ecology anticipates no impact for legal services. Based on experience with chemical restriction laws, enforcement of the PFAS restriction would not result in a need for Ecology to issue penalties under this bill. Ecology does not anticipate any appeals of orders, or need for legal services defending appeals of orders or penalties. While Ecology Division of the Office of the Attorney General (ATG) would provide legal advice to Ecology relating to bringing food packaging manufacturers into compliance with the PFAS restriction (e.g., help drafting letters, notices of correction, possibly orders to comply), the level of this work is nominal and within the current level of basic ATG support to Ecology.

Notes on costs by object:

Salary estimates are current actual rates at step I, the agency average for new hires.

Benefits are the agency average of 36% of salaries.

Goods and Services are the agency average of \$3,784 per direct program FTE. Goods and Services also includes \$29,000 per year in FY19 and FY20 for laboratory analysis costs (100 screening tests at \$40 each and 50 samples at \$500 each per year). Ongoing food packaging testing, at a reduced level, includes \$12,000 in FY22 and then every other year ongoing (50 screening tests at \$40 each and 20 samples at \$500).

Travel is the agency average of \$2,368 per direct program FTE.

Equipment is the agency average of \$868 per direct program FTE.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 28.6% 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 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.1	0.4	0.3	0.2	0.0
A-Salaries and Wages	5,855	22,177	28,032	22,177	4,435
B-Employee Benefits	2,108	7,984	10,092	7,984	1,596
E-Goods and Other Services	378	30,324	30,702	30,324	12,266
G-Travel	237	829	1,066	829	165
J-Capital Outlays	87	304	391	304	60
9-Agency Administrative Overhead	2,277	8,627	10,904	8,627	1,725
Total:	\$10,942	\$70,245	\$81,187	\$70,245	\$20,247

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 2018	FY 2019	2017-19	2019-21	2021-23
CHEMIST 2	57,144		0.1	0.1	0.1	0.0
CHEMIST 4	76,812		0.1	0.1	0.1	0.0
ENVIRONMENTAL SPECIALIST	58,548	0.1	0.2	0.1	0.1	0.0
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FISCAL ANALYST 2		0.0	0.0	0.0	0.0	0.0
IT SPECIALIST 2		0.0	0.0	0.0	0.0	
Total FTE's	192,504	0.1	0.4	0.3	0.2	0.1

Part IV: Capital Budget Impact

No 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.

No need to adopt new administrative rules or repeal/revise existing rules.