

Multiple Agency Fiscal Note Summary

Bill Number: 1050 HB	Title: Chehalis basin financing
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Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Bond Retirement and Interest	0	96,000,000	0	96,000,000	0	96,000,000
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	0	96,000,000	0	96,000,000	0	96,000,000

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Bond Retirement and Interest	.0	0	3,711,853	.0	0	17,080,881	.0	0	31,104,383
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Total	0.0	\$0	\$3,711,853	0.0	\$0	\$17,080,881	0.0	\$0	\$31,104,383

Estimated Capital Budget Impact

NONE

Prepared by: Myra Baldini, OFM	Phone: (360) 902-0525	Date Published: Final 2/10/2017
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 47150

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 1050 HB	Title: Chehalis basin financing	Agency: 010-Bond Retirement and Interest
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT		FY 2018	FY 2019	2017-19	2019-21	2021-23
Chehalis Basin Account-State	21B-1	48,000,000	48,000,000	96,000,000	96,000,000	96,000,000
Total \$		48,000,000	48,000,000	96,000,000	96,000,000	96,000,000

Estimated Expenditures from:

		FY 2018	FY 2019	2017-19	2019-21	2021-23
Account						
Chehalis Basin Account-State	21B-1	288,000	288,000	576,000	576,000	576,000
Debt-limit General Fund Bond Retirement Account-State	380-1	0	3,135,853	3,135,853	16,504,881	30,528,383
Total \$		288,000	3,423,853	3,711,853	17,080,881	31,104,383

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:	Melissa Palmer	Phone: 360-786-7388	Date: 02/02/2017
Agency Preparation:	Wendy Weeks	Phone: 360-902-9020	Date: 02/03/2017
Agency Approval:	Svein Braseth	Phone: 360-902-9025	Date: 02/03/2017
OFM Review:	Les Myhre	Phone: (360) 902-0614	Date: 02/03/2017

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.

Summary

Section 1 authorizes the sale of \$480,000,000 general obligation bonds of the State of Washington in order to provide funds to finance Chehalis basin flood damage reduction and aquatic species habitat restoration projects.

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 2 states that the amount authorized in Section 1 will be appropriated in phases over five biennia, beginning with the 2017-2019 biennium. We assume that the legislature will appropriate equal amounts over the five biennia.

Section 3 requires that proceeds from the bonds authorized under Section 1 be deposited in the Chehalis Basin Account (Account 21B). If the State Finance Committee deems it necessary or advantageous to issue taxable bonds, the proceeds will be transferred to the Chehalis Basin Taxable Account, created in Section 7.

Suggested drafting changes:

Section 3 states that, "...proceeds of such taxable bonds shall be transferred to the Chehalis basin account..." Suggest rewording as follows: "...proceeds of such taxable bonds shall be deposited to the Chehalis basin account..."

Section 3: Suggest adding the following subsection/sentence, "The proceeds shall be used exclusively for the purposes specified in section 1 of this act and for the payment of expenses incurred in the issuance and sale of the bonds." This will cover the payment of underwriter's discount and costs of issuance regardless of whether the bonds are taxable or nontaxable.

OST recommends against the use of separate accounts for the deposit of bond proceeds. Depositing tax-exempt proceeds into the State Building Construction Account is considered a best practice. Proceeds will be used as appropriated. This eliminates the potential of unspent balances in segregated accounts that may lose appropriation authority over multiple biennia, causing federal tax compliance concerns.

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.

Section 4 requires that debt service for the bonds be paid from the Debt-limit General Fund Bond Retirement Account (Account 380). The state treasurer will withdraw from any general state revenues received in the state treasury and deposit in the Debt-limit General Fund Bond Retirement Account an amount equal to the amount certified by the State Finance Committee to be due on the debt service payment date.

Section 7 creates the Chehalis Basin Taxable Account for the purpose of depositing taxable bond proceeds. The interest rates for the bonds reflect the Economic and Revenue Forecast Council Bond Buyer Index as of the November 2016 forecast plus 30 basis points. Tax-exempt rates are assumed for all issuance. The bonds to be

issued will pledge the full faith and credit of the state to the payment of principal and interest on the bonds, and will contain an unconditional promise to pay the principal and interest as the they become due.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	48,000	48,000	96,000	96,000	96,000
E-Goods and Other Services	240,000	240,000	480,000	480,000	480,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service		3,135,853	3,135,853	16,504,881	30,528,383
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$288,000	\$3,423,853	\$3,711,853	\$17,080,881	\$31,104,383

III. C - Expenditures By Program (optional)

Program	FY 2018	FY 2019	2017-19	2019-21	2021-23
Debt Subject to the Debt Limit (401)	240,000	3,375,853	3,615,853	16,984,881	31,008,383
Bond Sale Expenditures (406)	48,000	48,000	96,000	96,000	96,000
Total \$	288,000	3,423,853	3,711,853	17,080,881	31,104,383

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.

HB 1050 -- Issuance Summary w/Estimated Debt Service

Estimated -- as of 2/2/2017

2/3/2017

Fiscal Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Net Proceeds:	47,712,000	47,712,000	47,712,000	47,712,000	47,712,000	47,712,000	47,712,000	47,712,000	47,712,000	47,712,000	477,120,000
Cost of Issuance/Discount: 0.600%	288,000	288,000	288,000	288,000	288,000	288,000	288,000	288,000	288,000	288,000	2,880,000
Par Value:	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000	480,000,000
Dated Date:	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	
First Coupon PMT Date:	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027	
First PMT -- Interest Only:	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
First Principal PMT:	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	
Average Coupon:	4.25%	4.94%	5.35%	5.35%	5.37%	5.41%	5.41%	5.41%	5.41%	5.41%	
PMT Calc Periods:	25	25	25	25	25	25	25	25	25	25	
Total Debt Service:	78,396,317	84,112,767	87,603,873	87,603,873	87,775,927	88,120,519	88,120,519	88,120,519	88,120,519	88,120,519 0	866,095,351

Fiscal Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027		
2018	0	0	0	0	0	0	0	0	0	0	0	0
2019	3,135,853	0	0	0	0	0	0	0	0	0	0	3,135,853
2020	3,135,853	3,364,511	0	0	0	0	0	0	0	0	0	6,500,363
2021	3,135,853	3,364,511	3,504,155	0	0	0	0	0	0	0	0	10,004,518
2022	3,135,853	3,364,511	3,504,155	3,504,155	0	0	0	0	0	0	0	13,508,673
2023	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	0	0	0	0	0	0	17,019,710
2024	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	0	0	0	0	0	20,544,531
2025	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	0	0	0	0	24,069,352
2026	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	0	0	0	27,594,173
2027	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	0	0	31,118,993
2028	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	0	34,643,814
2029	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	34,643,814
2030	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	34,643,814
2031	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	34,643,814
2032	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	34,643,814
2033	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	34,643,814
2034	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	34,643,814
2035	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	34,643,814
2036	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	34,643,814
2037	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	34,643,814
2038	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	34,643,814
2039	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	34,643,814
2040	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	34,643,814
2041	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	34,643,814
2042	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	34,643,814
2043	3,135,853	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	34,643,814
2044	0	3,364,511	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	31,507,961
2045	0	0	3,504,155	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	28,143,451
2046	0	0	0	3,504,155	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	24,639,296
2047	0	0	0	0	3,511,037	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	21,135,141
2048	0	0	0	0	0	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	17,624,104
2049	0	0	0	0	0	0	3,524,821	3,524,821	3,524,821	3,524,821	3,524,821	14,099,283
2050	0	0	0	0	0	0	0	3,524,821	3,524,821	3,524,821	3,524,821	10,574,462
2051	0	0	0	0	0	0	0	0	3,524,821	3,524,821	3,524,821	7,049,642
2052	0	0	0	0	0	0	0	0	0	3,524,821	3,524,821	3,524,821
2053	0	0	0	0	0	0	0	0	0	0	0	0

Individual State Agency Fiscal Note

Bill Number: 1050 HB	Title: Chehalis basin financing	Agency: 090-Office of State Treasurer
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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: Melissa Palmer	Phone: 360-786-7388	Date: 02/02/2017
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 02/03/2017
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 02/03/2017
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/03/2017

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.

HB 1050 creates the Chehalis basin taxable account and allows the account to retain its 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. 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 November 2016 revenue forecast, assume approximately \$6,800 in FY 18, \$16,800 in FY 19, \$26,800 in FY 20 and \$29,300 in FY 21 in net earnings would be gained or lost annually for every \$1 million shift in average daily cash balances.

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.

Individual State Agency Fiscal Note

Bill Number: 1050 HB	Title: Chehalis basin financing	Agency: 461-Department of Ecology
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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: Melissa Palmer	Phone: 360-786-7388	Date: 02/02/2017
Agency Preparation: Jessica Moore	Phone: 360-407-6994	Date: 02/10/2017
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 02/10/2017
OFM Review: Myra Baldini	Phone: (360) 902-0525	Date: 02/10/2017

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.

Section 1

This bill would authorize the state finance committee to issue general obligation bonds, up to \$480 million, to provide funds to finance Chehalis basin flood damage reduction and aquatic species habitat restoration projects.

Section 2

Proceeds from the sale of bonds would be appropriated over 5 biennia, starting in 2017-19.

Section 3

Proceeds would be deposited into the Chehalis Basin Account. If any taxable bond sales occur, then proceeds would be deposited into the Chehalis Basin Taxable Account.

Section 4 thru 6 and 8 thru 10 pertain to the State Finance Committee and the Treasurer.

Section 7 would create the Chehalis Basin Taxable 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.

Ecology has no cash receipt impact 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.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Section 1 of this bill would authorize the state finance committee to issue general obligation bonds, up to \$480 million, to provide funds to finance Chehalis basin flood damage reduction and aquatic species habitat restoration projects. Ecology assumes that the authorized bond funding for the Chehalis Basin flood damage reduction and aquatic species habitat restorations projects will be administered by the Office of Chehalis Basin in the Department of Ecology, if appropriated. The Governor's capital budget for 2017-19 includes \$50 million (Catastrophic Flood Relief) to Ecology to implement HB 2856 from the 2016 legislative session, which created the Office of Chehalis Basin, a board to oversee the Office, and funding to continue efforts to address flooding in the Chehalis Basin. This bill is assumed to provide bond authorization of \$48 million per year over ten years for this purpose. The bill does not assign new duties or deadlines to Ecology, therefore capital expenditures are not displayed.

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.