

Multiple Agency Fiscal Note Summary

Bill Number: 2281 S HB H-4209.1	Title: Renewable energy incentives
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Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	0	0	0	0	0	0

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.0	3,100	3,100	.0	0	0	.0	0	0
Washington State University	.5	150,000	150,000	.0	0	0	.0	0	0
Total	0.5	\$153,100	\$153,100	0.0	\$0	\$0	0.0	\$0	\$0

Estimated Capital Budget Impact

NONE

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

** See local government fiscal note

FNPID: 50614

FNS029 Multi Agency rollup

Department of Revenue Fiscal Note

Bill Number: 2281 S HB H-4209.1	Title: Renewable energy incentives	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Indeterminate Impact

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		0.1	0.0		
Account					
GF-STATE-State 001-1		3,100	3,100		
Total \$		3,100	3,100		

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: Lily Sobolik	Phone: 360-786-7157	Date: 01/25/2018
Agency Preparation: Marianne McIntosh	Phone: 360-534-1505	Date: 01/29/2018
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 01/29/2018
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 01/29/2018

Request # 2281-2-1

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 House amendment H-4209.1 to SHB 2281, 2018 Legislative Session.

Current law:

Beginning October 1, 2017, Washington State University Energy Extension Program (WSU) began administering the renewable energy repayment program. Previously, the program was administered by the Department of Revenue (Department). Participants certified under the existing program must apply to WSU by April 30, 2018 for certification to continue receiving incentives through June 30, 2020, at the same rates their utility paid for electricity produced between July 1, 2015 and June 30, 2016.

The current incentive program began July 1, 2017 and ends June 30, 2029. New participants submit applications to WSU for certification in order to receive incentive payments for the program term. The program term is the earlier of 8 years or until cumulative incentive payments equal 50 percent of the total system price including sales tax. WSU must cease issuing new certifications if total incentive payments under the new incentive program exceed \$110 million.

For systems certified in Fiscal Year 2018, base rates for incentive payments are \$0.16 per kilowatt-hour (kW-hr) for residential-scale systems, \$0.06 per kW-hr for commercial-scale and shared-commercial systems, and \$0.16 kW-hr for community solar systems. A bonus rate of \$0.05 kW-hr is provided for made-in-Washington solar modules, wind turbines or towers. The base and bonus rates decline each fiscal year.

The public utility tax (PUT) credit under RCW 82.16.130 includes incentive payments made under the old and current incentive program and any fees paid by a utility to WSU to collect electricity production data from the utility or its customers. The per-utility limit is the greater of 1.5 percent of a utility's Calendar Year 2014 taxable power sales or \$250,000. Credits under the current incentive program must be earned by June 30, 2029; credits may not be claimed after June 30, 2030.

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

Proposed law:

The bill places a cap on the total repayment participants receive under the old program. Participants will cease receiving incentive payments when the cumulative repayments exceed their total system purchase price. The bill adds additional detail to applications administered by WSU.

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.

The revenue impact of this bill is indeterminate. The purchase price for the total system was not required by law to be included in the original certification and recertification applications submitted by participants in the original incentive repayment program. Because of this, the Department is unable to calculate the revenue impact but assumes a positive revenue impact.

The bill takes effect 90 days after final adjournment of the session in which it is enacted.

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:

Taxpayers whose system costs are near or exceed the credit limit will be affected by this legislation.

FIRST YEAR COSTS:

The Department will not incur any costs in Fiscal Year 2018.

SECOND YEAR COSTS:

The Department will incur total costs of \$3,100 in Fiscal Year 2019. These costs include:

- Labor Costs - Time and effort equates to 0.1 FTE.
- Amend one administrative rule.

ONGOING COSTS:

There are no ongoing costs.

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	0.0		
A-Salaries and Wages		2,100	2,100		
B-Employee Benefits		600	600		
E-Goods and Other Services		200	200		
J-Capital Outlays		200	200		
Total \$		\$3,100	\$3,100		

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
ADM ASST 5	50,292		0.0	0.0		
EMS BAND 4	111,105		0.0	0.0		
HEARINGS SCHEDULER	34,968		0.0	0.0		
TAX POLICY SP 2	65,916		0.0	0.0		
TAX POLICY SP 3	74,604		0.0	0.0		
TAX POLICY SP 4	80,304		0.0	0.0		
Total FTE's	417,189		0.1	0.1		

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

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

Should this legislation become law, the Department will use the expedited rule-making process to amend WAC 458-20-237, titled: "Renewable energy system cost recovery". Persons affected by this rule-making would include persons with renewable energy systems where the incentive payments exceed the systems cost.

Individual State Agency Fiscal Note

Bill Number: 2281 S HB H-4209.1	Title: Renewable energy incentives	Agency: 365-Washington State University
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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	0.0	1.0	0.5	0.0	0.0
Account					
General Fund-State 001-1	0	150,000	150,000	0	0
Total \$	0	150,000	150,000	0	0

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: Lily Sobolik	Phone: 360-786-7157	Date: 01/25/2018
Agency Preparation: Maggie McFadden	Phone: 509-335-1614	Date: 01/30/2018
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 01/30/2018
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 01/31/2018

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 (10) of S HB 2281 caps the cumulative incentive payments to participants in the renewable energy investment cost recovery program at 100% of the total system price as certified by the Washington State University Energy Program per RCW 82.16.165 (7) (a) (ii).

Section 1 (12) (a) requires that the WSU Energy Program notifies applicants of system operation data as a requirement of certification; however the WSU Energy Program may waive the requirement when extraordinary circumstances exist.

Section 2 (7) (a) (ii) WSU Energy Program must receive a signed attestation, from applicants, of the total system price paid by the applicant for the renewable system, except when part of a real estate transaction where the total system price is not known.

Section 2 (7) (a) (iii) limits the system operational data submission requirement to those systems installed and operational after July 1, 2010.

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.

Section 1 (10) will cause a one-time increase in WSU Energy Program expenditures since WSU would need to implement additional data collection activities. HB 2281 institutes a payment cap for legacy program participants at 100 percent of their system cost. Currently, the WSU Energy Program is only required to collect system price data for those program participants who apply on or after July 1, 2017 per RCW 82.16.165 (7) (a) (ii); however, Section 1 (10) addresses legacy program participants who received payments before July 1, 2017. The WSU Energy Program does not currently have system price data for legacy participants.

The WSU Energy Program estimates that about a \$150,000 in additional expenditures would be required to develop and implement processes necessary to collect and validate the data. The Department of Revenue does not have the payment information on those participants and only the different utilities that serve the program participants have that information, therefore we are estimating \$105,000 in salary and benefits for 1.0 FTE and \$45,500 in operating expenses (IT services and rent).

Sections 1 (12) (1) and Sections 2 (7) (a) (iii), which clarify operational data submission requirements, would not cause additional efforts on the WSU Energy Program's part, therefore no fiscal impact is estimated for these sections.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		1.0	0.5		
A-Salaries and Wages		64,714	64,714		
B-Employee Benefits		39,798	39,798		
C-Professional Service Contracts					
E-Goods and Other Services		44,488	44,488		
G-Travel		1,000	1,000		
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$150,000	\$150,000	\$0	\$0

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
Assistant Director 1	131,455		0.0	0.0		
Assistant Director 2	144,719		0.0	0.0		
Energy Professional	63,055		0.4	0.2		
Energy Project Analyst	52,438		0.4	0.2		
Energy Specialist	88,912		0.1	0.1		
Total FTE's	480,579		1.0	0.5		0.0

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.