

Multiple Agency Fiscal Note Summary

Bill Number: 6203 2S SB	Title: Carbon pollution
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Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Office of State Auditor	0	0	0	398,240	0	766,080
Department of Revenue	0	0	0	766,260,000	0	988,717,000
Utilities and Transportation Commission	0	0	0	531,225	0	705,772
Department of Licensing	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	0	0	0	767,189,465	0	990,188,852

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of the Governor	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Office of State Auditor	.0	0	0	.9	0	398,240	1.6	0	766,080
Department of Commerce	Fiscal note not available								
Office of Financial Management	.2	91,188	91,188	.8	650,256	650,256	.8	350,256	350,256
Department of Revenue	3.5	0	834,800	8.1	0	1,666,500	7.5	0	1,532,300
Utilities and Transportation Commission	2.0	1,645,102	1,645,102	4.9	0	2,782,935	5.1	0	2,112,313
Department of Licensing	1.9	0	411,800	8.3	0	1,755,400	7.7	0	1,678,900
Department of Health	.8	253,000	253,000	.2	64,000	64,000	.2	64,000	64,000
Superintendent of Public Instruction	Non-zero but indeterminate cost and/or savings. Please see discussion.								
University of Washington	1.0	319,262	319,262	1.5	455,854	455,854	1.2	336,360	336,360
Washington State University	.8	335,000	335,000	1.2	500,000	500,000	1.2	500,000	500,000
Department of Ecology	Fiscal note not available								
State Parks and Recreation Commission	Fiscal note not available								
Recreation and Conservation Funding Board	.0	0	0	5.3	0	0	5.0	0	0
Department of Fish and Wildlife	.1	31,900	31,900	.2	47,800	47,800	.1	31,800	31,800
Department of Natural Resources	Fiscal note not available								
Employment Security Department	.2	0	52,671	.0	0	0	.0	0	0
Total	10.5	\$2,675,452	\$3,974,723	31.4	\$1,717,910	\$8,320,985	30.4	\$1,282,416	\$7,372,009

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

** See local government fiscal note

FNPID: 52986

FNS029 Multi Agency rollup

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

Estimated Capital Budget Impact

Agency Name	2017-19		2019-21		2021-23	
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Department of Fish and Wildlife						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Department of Health						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Department of Licensing						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Employment Security Department						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Recreation and Conservation Funding Board						
Acquisition	0	0	1,186,171	58,938,503	36,741,598	40,901,565
Construction	0	0	0	0	0	0
Other	0	0	790,780	39,292,335	24,494,398	27,267,710
Utilities and Transportation Commission						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	\$0	\$0	\$1,976,951	\$98,230,838	\$61,235,996	\$68,169,275

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Prepared by: Kathy Cody, OFM	Phone: (360) 902-9822	Date Published: Preliminary 3/12/2018
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 52986

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 6203 2S SB	Title: Carbon pollution	Agency: 075-Office of the Governor
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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: 02/23/2018
Agency Preparation: Jim Jenkins	Phone: 360-902-0403	Date: 02/26/2018
Agency Approval: Aaron Butcher	Phone: 360-902-0406	Date: 02/26/2018
OFM Review: Bryan Way	Phone: (360) 902-0650	Date: 02/26/2018

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.

The fiscal impact of this bill are related to the Governor's Policy Office which is a division within the Office of Financial Management and is reflected in the OFM fiscal note.

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

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: 6203 2S SB	Title: Carbon pollution	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:	Phone:	Date: 02/23/2018
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 03/02/2018
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 03/02/2018
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 03/04/2018

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.

2SSB 6203 creates the following accounts, coupled with the general fund as the recipient of the earnings from investments for all the new accounts.

- carbon pollution reduction account
- energy transformation account
- clean transportation account
- transition assistance account
- water and natural resources resilience account
- fire prevention and suppression account
- forest resilience account
- rural economic development 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.

Under section 107, after money is appropriated to the department of revenue and other appropriate agencies, the remainder of the money in the carbon pollution reduction account is distributed to energy transformation account, the water and natural resource resilience account, the transition assistance account and the rural economic development account. Projections on tax collections coupled with amounts appropriated are currently unavailable; therefore, estimated transfers (distributions) are indeterminable.

Under section 403, 30% of the moneys from the energy transformation account must be deposited (transferred) into the clean transportation account. Transfer estimates are currently unavailable; therefore, estimated transfers are indeterminable.

Under sections 507, 508, and 509, transfers from the transition assistance account are based on applicants with an income at or below 200% of the federal poverty line. Transfer estimates are currently unavailable; therefore, estimated transfers are indeterminable.

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 February 2018 revenue forecast, assume approximately \$10,300 in FY 18, \$17,800 in FY 19, \$25,400 in FY 20 and \$30,800 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.

Individual State Agency Fiscal Note

Bill Number: 6203 2S SB	Title: Carbon pollution	Agency: 095-Office of State Auditor
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
Municipal Revolving Account-Non-Appropriated 413-6				398,240	766,080
Total \$				398,240	766,080

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	0.0	0.0	0.9	1.6
Account					
Municipal Revolving Account-Non-Appropriated 413-6	0	0	0	398,240	766,080
Total \$	0	0	0	398,240	766,080

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: 02/23/2018
Agency Preparation: Janel Roper	Phone: 360-725-5600	Date: 02/28/2018
Agency Approval: Janel Roper	Phone: 360-725-5600	Date: 02/28/2018
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 03/01/2018

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 105 requires the State Auditor to support the Department of Commerce in the development of its initial annual report that must be submitted on or before December 31, 2020 to the joint committee on climate programs.

Section 306 (2) Assigns the State Auditor the responsibility of auditing for compliance with the approved plan. It assigns the responsibility of enforcing that compliance to the Attorney General.

Section 801 (1) (c) Requires the State Auditor or designee to be part of the newly formed joint committee on climate programs oversight.

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.

According to the bill, The State Auditor's Office assumes 41 consumer-owned electric utilities in Washington state shall either:

- Submit carbon tax to the DOR for deposit in the "Carbon Pollution Reduction Account" (Sec 108), or

- Set up its own separate "Clean Energy Investment Account" for expenditure in compliance with its "Clean Energy Investment Plan". (Sec 301 (3)).

Each utility can set up its own account and plan, or a utility may join together with other utilities to implement a "Joint Clean Energy Investment Plan." (Sec 305)

Assuming each consumer owned electric utility elects to expend funds from its "Clean Energy Investment Account" in accordance with its "Clean Energy Investment Plan" the State Auditor's Office is responsible for auditing each of the 41 utilities for compliance with its "Clean Energy Investment Plan" (or "Joint Plan"). This work would be billed to the utility and cash receipts would be recorded in the Municipal Revolving Account. The cash receipts estimate is based on the total annual estimated hours, multiplied by the current local billing rate of \$95.00 per hour.

In addition, the State Auditor's Office assumes approximately 160 hours of assistance to the Department of Commerce as a one time cost in FY20.

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.

For purposes of this fiscal note, the State Auditor's Office assumes that 41 consumer-owned electric utilities would elect to comply with their own "Clean Energy Investment Plan". We estimate that it would take approximately 96 hours to audit each utility. For all 41 utilities that would be a maximum effort of 4,032 hours per year. Sec 102 (1) requires utilities to impose the carbon pollution tax starting July 1, 2019. Based on the effective date in the bill, audit work would start in Fiscal Year 2021.

Estimated expenditures could be less depending on the number of utilities that opt to pay the carbon pollution tax it collects under SB-6203-S directly to the Dept. of Revenue.

Changes to the Energy Independence Act included in this bill would not impact our audits of qualifying utility compliance.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years				0.9	1.6
A-Salaries and Wages				263,154	505,988
B-Employee Benefits				93,234	180,828
C-Professional Service Contracts					
E-Goods and Other Services				41,852	79,264
G-Travel					
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	\$0	\$0	\$398,240	\$766,080

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 State Auditor 3	62,748				0.7	1.3
Assistant State Auditor 5	88,656				0.2	0.2
Mgmt / Clerical / Other	68,200				0.1	0.1
Total FTEs					0.9	1.6

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: 6203 2S SB	Title: Carbon pollution	Agency: 105-Office of Financial Management
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Part I: Estimates

☐ 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	0.4	0.2	0.8	0.8
Account					
General Fund-State 001-1	0	91,188	91,188	650,256	350,256
Total \$	0	91,188	91,188	650,256	350,256

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.

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

Legislative Contact:	Phone:	Date: 02/23/2018
Agency Preparation: Jim Jenkins	Phone: 360-902-0403	Date: 03/01/2018
Agency Approval: Aaron Butcher	Phone: 360-902-0406	Date: 03/01/2018
OFM Review: Bryan Way	Phone: (360) 902-0650	Date: 03/01/2018

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 801 creates a Joint Committee on Climate Programs Oversight. The Governor or the Governor's designee will participate along with the Commissioner of Public lands or their designees, the state auditor or their designee, two members of the Senate and two members of the House of Representatives. The committee is responsible for ongoing review of the implementation of the carbon pollution tax and funding from the revenues from the tax. Staff support for the committee is provided by the Senate and the House. All state agencies must provide information and assistance as requested by the Committee. The Committee may contract for independent evaluative expertise in its review of the performance of the carbon pollution tax and funding from the revenues from the tax. Beginning July 1, 2019 the committee must meet at least quarterly.

Section 802 requires the Governor to develop a framework for government-to government consultation with Indian tribes consistent with the Centennial Accord (RCW 43.376) and applicable tribal policies. The Governor must at least once a year hold a government-to government consultation with all federally recognized tribes and invite the Joint Committee on Climate Programs Oversight.

Section 804 creates the Community Climate Advisory Board within the Office of the Governor. The Board is to oversee implementation of this act toward reducing pollution and facilitating the transition to a clean energy economy equitably, sustainably and efficiently. The Board must have 21 voting members. Representatives of public agencies may serve as nonvoting members. The Governor will appoint members by January 1, 2019. Members of the board who are not state employees are entitled to reimbursement for expenses as a class one group under RCW 43.03.220.

Section 805 creates the Economic and Environmental Justice Oversight Panel (EEJOP) as a subcommittee of the Pollution Cleanup Fund Advisory Board. The Board will appoint members and the EEJO will coordinate its work with the Governor's Office. As a subcommittee of the Board members of the panel who are not state employees are entitled to reimbursement for expenses as a class one group under RCW 43.03.220.

This bill version adds additional duties of the EEJOP. Section 805(3) requires the panel to conduct a two part evaluation of the economic impacts of the emissions tax imposed under Section 102 on low and middle income households and vulnerable populations. The first part must include a summary of projected household economic impacts of the emissions tax, the projected impacts for the investments in Parts II through Parts VII and provide recommendations to reduce any disproportionate impact upon low and middle income households, either through revisions in the tax or through measures that mitigate for the impact. The second part of the evaluation must include an assessment of expenditures for light rail versus other mass transit options by individuals living in disadvantaged communities and provide recommendations to reduce the regressivity of the carbon pollution tax through transit related options such as providing free or reduced-price transit passes or ridership. The report is to be provided to the legislature no later than December 31, 2020. The panel may collaborate with the caseload forecast council to include its evaluation and recommendations in a general disproportionality report provided to the legislature pursuant to section 2 (ESSB 5588).

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.

Costs are based on the following assumptions:

The Community Climate Advisory Board will meet quarterly with two meetings in FY 2019 and four meetings a year in FY 2020 and beyond. Each meeting will be six hours long.

There is no appointment date specified by the bill for the Economic and Environmental Justice Oversight Panel (EEJOP) but it is assumed appointment will occur by January 1, 2019. The Panel will meet quarterly with two meetings in FY 2019 and four meetings a year in FY 2020 and beyond. Each meeting will be six hours long.

It is assumed that the Governor will hold one meeting per year with tribal governments to meet the requirements of Section 802. This meeting will be four hours long. The first meeting will occur in FY 2019.

The Governor's Policy Office will need to provide overall staff support for the Board and Panel. This includes:

A .5 FTE Policy Advisor in the Governor's Policy office to support and coordinate the work of the Board, Panel and with the state agencies administering this act. This position will also support the government-to-government between the state and tribal governments. The position would start work on January 1, 2019 and would have a salary of \$102,000 plus benefits, goods and services, and one-time equipment and furniture costs.

A .25 FTE administrative support position to arrange meetings, materials and support the work of the Board and Panel. The position would start work on January 1, 2019 and would have a salary of \$48,000 plus benefits, goods and services, and one-time equipment and furniture costs.

The estimated costs for each meeting is \$2,500 per meeting for room rentals and coffee and light refreshments. Total estimated meeting costs would be \$12,500 for FY 2019 and \$22,500 for FY 2020 and beyond.

It is assumed that all twenty one members of the Community Climate Advisory Board and the nine members of the Economic and Environmental Justice Oversight Panel will be eligible for per diem reimbursement per RCW 43.03.220. Cost for per diem are calculated at \$24,000 for FY 2019, and \$48,000 for FY 2020 and beyond.

Costs for the Board, Panel and staff will be paid with state General Fund because their activities are not an allowable expense under the accounts created in the bill.

The evaluations required by Section 805(3) will begin in FY 2021 and take six months to a year to complete. To complete these evaluations by December 31, 2020 the Panel would contract with two private consultants, one to evaluate and provide recommendations related to household economic impacts to low and middle income households and one to evaluate and provide recommendations related to transit expenditures for individuals living in disadvantaged communities. It would cost \$150,000 for each contract.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		0.4	0.2	0.8	0.8
A-Salaries and Wages		31,740	31,740	126,000	126,000
B-Employee Benefits		11,016	11,016	43,656	43,656
C-Professional Service Contracts				300,000	
E-Goods and Other Services		21,620	21,620	81,000	81,000
G-Travel		24,912	24,912	99,600	99,600
J-Capital Outlays		1,900	1,900		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$91,188	\$91,188	\$650,256	\$350,256

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
Administrative Assistant	48,000		0.1	0.1	0.3	0.3
Policy Advisor	102,000		0.3	0.1	0.5	0.5
Total FTEs			0.4	0.2	0.8	0.8

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: 6203 2S SB	Title: Carbon pollution	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2018	FY 2019	2017-19	2019-21	2021-23
NEW-State 00 - 00 -				766,260,000	988,717,000
Total \$				766,260,000	988,717,000

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		6.9	3.5	8.1	7.5
Account					
NEW-State NEW-1		834,800	834,800	1,666,500	1,532,300
Total \$		834,800	834,800	1,666,500	1,532,300

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: 02/23/2018
Agency Preparation: Rachel Knutson	Phone: 360-534-1532	Date: 02/27/2018
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 02/27/2018
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 02/27/2018

Request # 6203-3-1

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 2SSB 6203, 2018 Legislative Session.

This fiscal note only addresses those sections of the bill that impact the Department of Revenue.

PART I - Carbon Pollution Tax

A carbon pollution tax (carbon tax) is imposed on the sale or use of all fossil fuels within the state or the generation within or import for consumption within the state of electricity generated through the combustion of fossil fuels. The measure of the carbon tax is carbon dioxide (CO₂) emissions resulting from the complete combustion or oxidation of fossil fuels sold or used by the taxpayer in the state or inherent in electricity generated or imported for consumption in the state. The tax starts on July 1, 2019, at a rate of \$12 per metric ton of CO₂. Beginning July 1, 2021, the tax rate is adjusted by \$1.80 per metric ton annually until reaching \$30 per metric ton of CO₂.

The carbon tax is imposed only once with respect to the same fossil fuel or electricity. Except for motor vehicle fuel, special fuel, and natural gas, the carbon tax is imposed at the time and place of the first taxable event within this state and upon the first taxable person within this state. For motor vehicle and special fuel, the carbon tax is imposed on the seller or user of the fuel at the same point of taxation as the fuel tax under chapter 82.38 RCW. Natural gas transported through the state that is not produced or delivered in the state is exempt from the carbon tax. Natural gas possessed or stored in the state is exempt unless the carbon tax is subsequently imposed as follows:

- On a gas distribution business for sales to retail customers.
- On a light and power business for purchases it makes to generate electricity.
- On a direct access gas customer for the consumption of the natural gas.

The carbon tax on electricity is imposed as follows:

- On the generator of electricity produced in this state, if the generator is required to be registered with the Department of Revenue (Department).
- On the first person required to be registered with the Department who imports or delivers electricity into this state.

When the source of electricity is unknown or unspecified, the CO₂ inherent in that electricity is an amount equal to the default emissions factor adopted by the Department of Ecology in a manner consistent with the default emission factors for electricity established for other markets in the Western Interconnection; or, if the Department of Ecology has not adopted a default emission factor, then 0.437 metric tons of CO₂ per megawatt-hour. The Department must develop and make available worksheets, tax tables, and written guidance necessary to calculate the CO₂ emissions of fossil fuels and the CO₂ emissions inherent in electricity.

Exemptions and Credits

An exemption from or credit against the carbon tax is provided for:

- Fossil fuels brought into the state in the primary fuel supply tank of a motor vehicle, vessel, locomotive, or aircraft, actively supplying fuel for combustion, and any electricity generated by such fossil fuels.
- Fossil fuels or electricity that the state constitution, federal law, or the United States constitution prohibit the state from taxing.
- Fossil fuels or electricity exported from the state.
- The sale or use of coal transition power as defined in RCW 80.80.010.
- Diesel fuel, biodiesel fuel, or aircraft fuel when used solely for agricultural purposes.
- Biogas (including renewable liquid natural gas or liquid compressed natural gas made from biogas and landfill gas), biodiesel, cellulosic ethanol, and renewable diesel.
- Aircraft fuel as defined in RCW 82.42.010.

- Facilities that manufacture equipment used to generate electricity from eligible renewable resources as defined in RCW 19.285.030(21) or facilities that produce components or materials used exclusively to manufacture eligible renewable resources.
- Fossil fuels purchased in the state and combusted outside the state by interstate motor carriers and vessels used primarily in interstate or foreign commerce.
- Activities or property of Indian tribes and individual Indians that are exempt from state taxation as a matter of federal or state law.
- Fossil fuels used for transporting logs as described in RCW 82.16.010(5).
- Fossil fuels or electricity subject to a similar carbon tax or charge imposed by another jurisdiction, up to the amount of carbon tax owed in this state.
- Fossil fuels or electricity sold to or used on-site for manufacturing processes by energy-intensive and trade-exposed (EITE) facilities certified by the Department of Commerce. The EITE exemption also covers the business activities described in:
 - RCW 82.04.260(12) for timber, which includes extracting, manufacturing, processing for hire, or selling at wholesale, including selling standing timber.
- Light and power businesses or gas distribution businesses meeting the eligibility requirements specified in Section 202 and Section 301 of this act. The credit for light and power businesses or gas distribution businesses may equal up to 100 percent of carbon tax due for each calendar year. Additionally, a similar credit is granted for electricity produced by a generating facility that burns coal as a primary fuel source and is not otherwise exempt from carbon tax. Beginning January 1, 2020, this credit decreases at a proportional annual rate until reaching zero percent in 2036.

Rule-Making and Other Administrative Authority

- The provisions of chapter 82.32 RCW apply to administration of the carbon tax. The Department may adopt rules as necessary to administer the carbon tax.
- The Department of Commerce must convene a stakeholder work group to examine the efficient and consistent integration of carbon pricing in electricity markets within the state and transactions with markets outside the state. No later than December 1, 2020, this work group must prepare and submit a report to the Legislature of its findings and recommendations to improve the carbon transparency and market liquidity in electricity markets. The Department must provide necessary data and support to the Department of Commerce.
- By December 31, 2025, the Department must review the EITE process, including the process's effectiveness in controlling leakage and minimizing any unnecessary exemptions, the merits of alternative exemption structures, and the scope of industries within the EITE designation.
- The Department of Commerce must provide information on its website regarding the impacts of the carbon tax under this chapter on the price of electricity, natural gas, and vehicle fuels by sector.

Report by Department of Commerce

- By December 31, 2020, and each year thereafter, the Department of Commerce, with support from the Department, must submit a report to the joint committee on climate programs oversight. The initial report must include recommendations for establishing a process to audit account uses and allow for public input. Each annual report must contain specific recommendations for modifications or improvements to ensure the goals of this act are being met, in addition to the following with respect to the annual or biennial reporting period ending the previous December 31:
- The total carbon tax collected, the list of taxpayers who have paid the tax, and the amount of tax paid by these taxpayers. The Department will provide this information, which is not confidential tax information under RCW 82.32.330.
 - The estimated costs directly associated with administering the carbon tax, shown in dollars and as a percentage of carbon tax revenue collected, incurred by the Department, Departments of Commerce and Ecology, and the Washington State University Extension Energy Program.

- The estimated overall net revenue change, calculated by comparing total collections with total administrative costs, in dollars and as a percentage of carbon tax revenue.
- The impact on Washington State's economic health, including verifiable data on emissions leakage and jobs lost since the implementation of the tax.
- An analysis of whether the point of taxation is appropriate.
- A summary of investments made through administration of the Energy Transformation Account and the Rural Economic Development Account.
- A summary of the progress made by utilities implementing their plans under the Clean Energy Investment Program.
- An analysis of the impact of the tax on utility rates as the tax affects individuals of varying income levels, ethnic, and racial backgrounds.
- By December 1, 2026, an analysis of whether the current year's carbon tax rate is sufficient to meet the greenhouse gas (GHG) emissions reduction goal of 25 percent below 1990 levels by 2035.

Technical Assistance

The Departments of Commerce and Ecology, and the Washington State University Extension Energy Program, must provide technical assistance to the Department as necessary for administration of the carbon tax.

Carbon Pollution Reduction Account

The carbon pollution reduction account is created, and all receipts from the carbon tax must be deposited into this account. Money in this account must be first appropriated to the Department and other agencies for administrative purposes. The remainder of the money in this account must be distributed by the State Treasurer as follows:

- 50 percent to the energy transformation account,
- 20 percent to the water and natural resources resilience account,
- 15 percent to the transition assistance account, and
- 15 percent to the rural economic development account.

Tribal Compacts

- The Governor may enter into an agreement with any federally recognized Indian tribe located on a reservation within the state regarding carbon tax included in the price of fuel delivered to a retail station wholly owned or operated by a tribe, tribal enterprise, or tribal member licensed by the tribe to operate a retail station located on reservation or trust property.
- The Governor may delegate the power to negotiate carbon tax agreements to the Department of Licensing.

PART IX - Preemption

- No state agency may adopt or enforce a statewide program that sets GHG emissions standards, limits, caps, or charges, except as provided in this bill.
- As of the effective date of this section, the Clean Air Rule (chapter 173-442 and associated amendments to chapter 173-441 of the Washington Administrative Code) adopted by the Department of Ecology may not be enforced.
- The carbon tax levied in this bill is in lieu of any carbon tax on the sale or use within the state of all fossil fuels, including those used to generate electricity. No city, town, county, township, or other subdivision or municipal corporation of the state may levy or collect any comparable carbon tax or charge.
- No city, town, county, township, or other subdivision or municipal corporation of the state may levy any tax of any kind whatsoever on amounts received by any person with respect to a carbon pollution tax liability imposed under this act. This restriction is not imposed on federally recognized Indian tribes, and there is no restriction on these tribes to institute a comparable tribal tax within tribal lands.

PART XI - Miscellaneous Provisions

Contingent Expiration Date

This bill expires on the earliest date that any of the following occur:

- Any statewide law places a charge, tax, or cap on the level of carbon emissions within the state.
- A statewide initiative measure by the people creates a charge, tax, or cap on GHG emissions and is imposed broadly on persons subject to the carbon tax in this bill.

The Department must provide written notice of the expiration date of this bill to affected parties, the Legislature, the Office of the Code Reviser, and others as deemed appropriate by the Department.

The bill takes effect 90 days after final adjournment of the session in which it is enacted, except for Section 102, which takes effect July 1, 2019, and Sections 507 - 509, which take effect April 1, 2019.

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 carbon tax rate is equal to \$12 per metric ton of CO₂ as of July 1, 2019. As of July 1, 2021, the tax rate increases by \$1.80 per metric ton of CO₂ annually until reaching \$30 per metric ton of CO₂.
- The inflation rate for modeling purposes is equal to the consumer price index for all urban areas (CPI-U), as reflected in the November 2017 Global Insight forecast.
- 11 months of cash collections are reflected in Fiscal Year 2020 due to the July 1, 2019 effective date.
- Revenues as estimated assume passage of the proposal by June 30, 2018, allowing a full 12 months to implement.
- No credits are granted for payment of a similar carbon tax or charge in another state.
- It is assumed that the carbon tax does not expire due to a statewide law or initiative measure by the people that places a charge, tax, or cap on the level of carbon emissions within the state during the time period considered in this fiscal note.
- It is assumed that the "netting" provisions described in Sect. 103(1)(c)(i) do not result in an unintended fiscal impact.
- It is assumed that the language in Sect. 102(7)(a) does not result in an unintended fiscal impact.

The following assumptions are made within the Carbon Tax Analysis Model (CTAM) for modeling purposes:

- Year one is set to Calendar Year 2019 to most closely correspond to the July 1, 2019, effective date of the proposed carbon tax.
- The baseline reference energy forecast (option A) is specified, which corresponds to the EIA Annual Energy Outlook 2017 reference case.
- Jet fuels are exempted.
- "Transition coal" is exempted.

The following have been factored into the modeling to the extent possible:

- An exemption for fossil fuels or electricity sold to or used by a light and power business for coal transition power.
- An exemption for aviation fuels.
- An exemption for facilities that manufacture equipment used to generate electricity from eligible renewable resources as defined in RCW 19.285.030(21). The fiscal impact of this exemption could be significantly larger than modeled due to lack of available data.
- An exemption for fossil fuels used on-site for manufacturing processes by EITE facilities. This includes an exemption for business activities for the "timber industry" as described by RCW 82.04.260(12) and an exemption for business activities for the "log transportation business" as described in RCW 82.16.010(5).
- An exemption for the amount of electricity used on-site for manufacturing processes by EITE facilities.
- Facility specific emissions data has been drawn from the Washington State Department of Ecology's Greenhouse Gas Reporting Program, which requires facilities that emit at least 10,000 metric tons of CO₂ per year in Washington to report. Note that facilities that emit less than 10,000 metric tons of CO₂ per year in Washington are not included in the data set

used to make the estimate for the EITE exemption.

- Emissions estimates used in the carbon tax estimate for exempt facilities, where available, have been adjusted to remove biogenic fuel emissions, non-CO2 emissions, and industrial process emissions.
- Zero growth is assumed for EITE facility emissions into the future.

It is assumed that for electricity produced by generating facilities that burn coal as a primary fuel source, for which the electricity is not otherwise exempt, that a credit is granted. This credit is assumed to start at 100 percent and decrease by approximately 5.9 percent per year beginning January 1, 2020, until reaching zero percent in 2036.

It is assumed that qualifying generation facilities will claim the following amount of credit (retained carbon tax revenue):

Carbon Pollution Tax Credit - Coal Burning Generation Facilities (cash basis, \$000):

FY 2018 -	\$ 0
FY 2019 -	\$ 0
FY 2020 -	\$ 76,100
FY 2021 -	\$ 78,600
FY 2022 -	\$ 80,300
FY 2023 -	\$ 75,800

It is assumed that 100 percent of carbon tax revenues are retained by qualifying light and power and gas distribution businesses.

It is assumed that qualifying light and power and gas distribution businesses will claim the following amount of credit (retained carbon tax revenue):

Carbon Pollution Tax Credit - Light and Power and Gas Distribution Businesses (cash basis, \$000):

FY 2018 -	\$ 0
FY 2019 -	\$ 0
FY 2020 -	\$ 128,000
FY 2021 -	\$ 152,300
FY 2022 -	\$ 175,900
FY 2023 -	\$ 197,600

DATA SOURCES

- Washington State Department of Commerce, State Energy Office, Carbon Tax Assessment Model (CTAM) - version 3.3b
- Global Insight forecast for the CPI-U, November 2017
- Washington State Department of Ecology, Air Quality Program, Green House Gas Reporting Program, 2016
- Bureau of Transportation Statistics and Federal Highway Administration Freight Analysis Framework, version 4

REVENUE ESTIMATES

Please note that the current bill draft has significant areas of ambiguity. The revenues as estimated in this fiscal note may vary significantly depending upon how the areas of ambiguity are resolved.

This bill increases state revenues by an estimated \$353.5 million in the 11 months of impacted collections in Fiscal Year 2020, and by \$412.7 million in Fiscal Year 2021, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2018 -	\$ 0
FY 2019 -	\$ 0
FY 2020 -	\$ 353,512
FY 2021 -	\$ 412,748
FY 2022 -	\$ 467,946
FY 2023 -	\$ 520,771

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

ASSUMPTIONS:

- 1,500 taxpayers will be affected by this legislation.
- Department administrative expenditures will be paid from the Carbon Pollution Reduction Account.
- Review of the energy-intensive trade-exposed process, found in Section 104(4), will require additional expenditures by the Department, but these are outside the range of the fiscal note and indeterminate at this time.

Please note that the current bill draft has significant areas of ambiguity. The expenditures as estimated in this fiscal note may vary significantly depending upon how the areas of ambiguity are resolved.

FIRST YEAR COSTS:

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

SECOND YEAR COSTS:

The Department will incur total costs of \$834,800 in Fiscal Year 2019. These costs include:

Labor Costs - Time and effort equates to 6.9 FTEs.

- Additional staff to provide increased interpretation and analysis of new laws.
- Develop, oversee and test computer systems.
- Develop new line, reason, refund and transactions codes.
- Answer phone calls and counter inquiries on tax questions and tax return preparation from businesses, individuals, and accountants.
- Create a special notice for affected taxpayers.
- Update web pages and publications.
- Create informational and guidance materials required by the legislation.
- Create a new tax monthly reporting addendum.
- Resolve additional error and out of balance and amended returns, conduct account examinations, respond to secure messages and correspondence, answer telephone questions, monitor reports and assist taxpayers with reporting.
- Adopt two new administrative rules.
- Provide support to the Department of Commerce with respect to annual reporting requirements to the Legislature.

Object Costs - \$101,100.

- Print and mail a special notice to affected taxpayers.
- Contract programmers to create a carbon tax reporting system including a new quantity reporting line, reports and supporting indicators and issuance codes.

THIRD YEAR COSTS:

Request # 6203-3-1

The Department will incur total costs of \$874,800 in Fiscal Year 2020. These costs include:

Labor Costs - Time and effort equates to 8.4 FTEs.

- Increased interpretation and analysis of new laws.
- Answer phone calls and counter inquiries on tax questions and tax return preparation from businesses, individuals, and accountants.
- Resolve additional error and out of balance and amended returns, conduct account examinations, respond to secure messages and correspondence, answer telephone questions, monitor reports and assist taxpayers with reporting.
- Make direct contact with taxpayers and issue assessments.
- Additional time required for field audits of taxpayers subject to the carbon tax.
- Conduct additional administrative reviews.
- Provide support to the Department of Commerce with respect to annual reporting requirements to the Legislature.

ONGOING COSTS:

Ongoing costs for Fiscal Year 2021 equal \$791,700 and include similar activities described in the third year costs. Time and effort equates to 7.7 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		6.9	3.5	8.1	7.5
A-Salaries and Wages		468,300	468,300	1,092,600	1,020,800
B-Employee Benefits		140,300	140,300	327,400	305,900
C-Professional Service Contracts		100,000	100,000		
E-Goods and Other Services		81,100	81,100	171,600	153,100
G-Travel				21,000	21,000
J-Capital Outlays		45,100	45,100	53,900	31,500
Total \$		\$834,800	\$834,800	\$1,666,500	\$1,532,300

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		
COMMUNICATIONS CNSLT 2	46,596		0.2	0.1		
COMMUNICATIONS CNSLT 4	58,284		0.1	0.1		
EMS BAND 4	111,105		0.0	0.0		
EMS BAND 5	129,795		0.0	0.0		
EXCISE TAX EX 2	49,020		0.6	0.3	0.5	0.3
EXCISE TAX EX 3	54,072		1.0	0.5	0.3	0.2
EXCISE TAX EX 4	59,724		0.3	0.2	0.1	0.1
FINANCIAL EX 3	74,604				1.0	1.0
HEARINGS SCHEDULER	34,968		0.0	0.0		
REVENUE AUDITOR 2	54,072				2.0	2.0
TAX INFO SPEC 4	58,284		0.5	0.3	0.2	
TAX POLICY SP 3	74,604		2.6	1.3	2.4	2.3
TAX POLICY SP 4	80,304		1.5	0.8	1.6	1.6
Total FTEs			6.9	3.5	8.1	7.5

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 complex process to adopt 2 new rules. Persons affected by this rule making would include sellers or users of fossil fuels (and other fuels) within WA, including fossil fuels used for marine purposes, and the carbon content inherent in electricity consumed within Washington, generated within Washington, imported into Washington, or acquired from the BPA.

Individual State Agency Fiscal Note

Bill Number: 6203 2S SB	Title: Carbon pollution	Agency: 215-Utilities and Transportation Commission
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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
Public Service Revolving Account-State 111-1				531,225	705,772
Total \$				531,225	705,772

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	4.0	2.0	4.9	5.1
Account					
General Fund-State 001-1	0	1,645,102	1,645,102	0	0
Public Service Revolving Account-State 111-1	0	0	0	531,225	705,772
Carbon Pollution Reduction Account-State New-1	0	0	0	2,251,710	1,406,541
Total \$	0	1,645,102	1,645,102	2,782,935	2,112,313

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.

☐

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: 02/23/2018
Agency Preparation: Melissa Hamilton	Phone: 360 664-1158	Date: 02/27/2018
Agency Approval: Jon Noski	Phone: 360-664-0000	Date: 02/27/2018
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 02/28/2018

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.

Part I of the bill imposes a carbon emissions tax beginning on 1/1/19 on the sale or use of fossil fuels of \$12/mtCO₂e, including natural gas distribution and electricity generated through the combustion of fossil fuels. The tax increases by \$1.80 per year beginning on 1/1/21 until it reaches \$30/mtCO₂e on 1/1/31. The bill subjects investor-owned gas and electric utilities under the jurisdiction of the Utilities and Transportation Commission (UTC) to the tax, with declining credit eligibility for emissions from coal-fired generation. The bill distributes revenues from the carbon tax to a number of existing and newly-created accounts.

Part II of the bill enables investor-owned utilities (IOU) to claim a credit of up to 100% against the imposed carbon tax (exception for coal) to expend on approved clean energy investments, subject to UTC approval of utility clean energy investment plans. The UTC would be required to develop and support a technical standards committee to advise the UTC on measurement and planning assumptions. The UTC could develop the technical standards committee jointly with the Department of Commerce. The UTC would also be required to provide an annual report to the Department of Revenue detailing credit eligibility and related matters.

Part III of the bill creates similar carbon tax credit options for consumer-owned utilities (COUs) as is done for IOUs in Part II. Commerce creates guidelines for GHG emissions verification and reporting, and the state auditor and AG provide auditing and enforcement. Part IV of the bill directs Commerce to award grants for projects to lower carbon emissions via a newly created Energy Transformation Account funded by the tax. Part V of the bill creates a Transition Assistance account to assist low-income residents, Tribal Land residents, and fossil fuel workers, managed mostly by Commerce. Part VI of the bill creates a Water and Natural Resources Resilience Account to fund water amelioration and forest health projects, managed mostly by Ecology and the Department of Natural Resources (DNR). Part VII of the bill creates a Rural Economic Development Account, managed by Commerce, to issue grants and fund projects related to low-carbon innovation, transportation options and broadband and telecom services in rural areas. Part VIII of the bill creates the Joint Committee on Climate Programs Oversight, the Community Climate Advisory Board, and the Economic and Environmental Justice Oversight Panel. Part IX preempts any other form of greenhouse gas emission regulation, including the Clean Air Act. Part XI causes this act to expire if a new law applies another form of greenhouse gas emissions regulation.

Part X makes incremental hydro upgrades EIA compliant.

The proposal will generate a clean energy investment fund of nearly \$130 million in 2020, rising thereafter to about \$280 million annually from investor-owned utility carbon tax credits by the end of the ten-year horizon.

Short Summary:

The UTC will need to create a Clean Energy Investment Office to oversee annual investment of roughly \$130 million in FY 2020, growing in future years. This new office will:

1. Hire a director, a project manager, three project analysts, an assistant attorney general, a financial advisor, an administrative assistant, and personal services contracts for expert consultants.
2. Adopt extensive rules to administer sections 202-206. Sec 204
3. Help develop and participate in a technical standards committee. Sec 203
4. Approve utility clean energy investment plans every two years, with consideration of public input solicited and obtained through public processes. Sec 205

5. Participate in the utilities' clean energy investment advisory process. Sec 205
6. Review annual reports providing oversight for each utility's expenditures of carbon tax moneys and provide annual reports to DOR regarding credit eligibility. Sec 206

Background:

Sec 202(1) Beginning July 1, 2019, a utility may claim a credit against the tax imposed in Section 102 of this act for clean energy investments approved by the UTC. Money will be available in the tax account for the utility to claim in 2020. The UTC's role in approving plans and related reinvestment activities is manifold, and outlined in detail in Sections 203 through 206 of the act.

Sec 202(2) directs the Department of Revenue (DOR) to adopt a schedule reducing the eligible tax credit from coal-fired generating facilities. UTC assumes the revenue estimates from DOR include this reduction in UTC revenue.

Sec 202(3) To be eligible for the credit under this section for clean energy investment, a utility must, as of the date the credit is claimed, have received approval of its clean energy investment plan from the UTC. The UTC assumes that, since a utility must have an approved clean energy investment plan in order to claim the tax credit on July 1, 2020, the utilities will file their plans six to nine months ahead of that date.

Specific activities:

Sec 104 Commerce must convene a stakeholder work group to examine the efficient and consistent integration of carbon pricing in electricity markets, and to create a report for the legislature by December 1, 2020. The group must include light and power businesses, gas distribution businesses, stakeholders, and other agencies. UTC assumes staff will participate in this work group.

Sec 203 The UTC must create a technical standards committee for the purpose of advising the UTC, the department, other state agencies, the legislature, utilities, and local governments on utility reinvestment of moneys credited pursuant to this section. The committee will develop standards and guidelines to be used by the UTC to evaluate, quantify, and verify greenhouse gas emissions reductions proposed by utility plans. The committee is a Class 1 committee, which requires compensation of only travel for committee members. The UTC assumes the committee will have 5 members. The UTC assumes it will engage consultants through personal services contracts to assist the committee in developing the standard protocols for verification and evaluation of greenhouse gas emissions reductions and the common planning assumptions in the plans. UTC would be authorized to develop a joint advisory committee with Commerce. However, because the UTC's technical standards committee creates standards, and Commerce's technical advisory committee advises on standards, the UTC assumes we will not create a joint committee.

Sec 204 The UTC must adopt rules to implement this act. The rules must establish requirements for review, approval, performance standards, and independent monitoring and evaluation of clean energy investment plan implementation. Commerce and the UTC must, to the extent practicable, adopt rules that are similar enough to ensure coordinated and consistent implementation of this chapter for consumer-owned and investor-owned energy utilities. Because this statute requires the development of a new program, the UTC assumes an extensive rulemaking will be necessary.

Sec 205 To be eligible for the carbon tax credit, an investor-owned energy utility must develop and maintain an approved 10-year clean energy investment plan. Approval necessarily includes critical review from the UTC's regulatory staff and a transparent public process. The UTC assumes the review process will be time-consuming

and highly technical. As described in Sec 205(5) and (7) of the bill, the UTC must review each plan's impact on CO2e reductions, the cost per ton of emission reductions for the portfolio of projects, the demonstration that planned projects are incremental to those required by other regulations, and review the low income energy assistance planning. The UTC must also confirm that the plans contain, and are limited to, the types of investments and expenditures described in Sec 205(7)(a-b) of the bill.

Sec 205(2) requires utilities to solicit public input on their clean energy investment plans. The UTC assumes utilities will develop clean energy investment advisory groups, and that the UTC's regulatory staff will participate in the advisory process.

By reference in Sec 206, the UTC must review and approve the clean energy investment plan of each utility, thereby making the utility eligible for the carbon tax credit and enabling the expenditure of the retained carbon tax moneys. The UTC assumes that the process for enabling the expenditure of the moneys will be included in the plans, and implemented through the review and approval of annual reports.

Sec 206(2) provides that each utility must submit and receive approval for its clean energy investment plan every two years, and must submit annual reports to the UTC. The UTC assumes it will review each annual report to confirm that it conforms to the reporting requirements outlined in Sec 206(2)(a-d) of the act. The reporting requirements include (a) the status of approved projects, (b) demonstration that the plan has met performance standards established by the UTC by order, (c) an accounting of emissions reductions as well as cost, and (d) an updated estimate of future emissions reductions and estimated cost. In describing reporting obligations, Sec 206(2)(b) refers to "performance standards established by the UTC by order." The UTC assumes that the performance standards included in the companies' plans will be enforced through the review of annual reports, which will also be approved by either compliance filing or commission order.

Sec 206(4) The UTC must annually provide information to the DOR to assist the department in administering the credit in Sec 202.

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.

Sec 202(6) includes moneys from this act in the gross operating revenue of the utility, which is subject to UTC regulatory fees pursuant to RCW 80.24.010. This fee is equal to one-tenth of one percent of the first fifty thousand dollars of gross operating revenue, plus two-tenths of one percent of any gross operating revenue in excess of fifty thousand dollars. The regulatory fees are dependent upon the level of tax each individual utility ultimately will incur. We base our revenue estimate on an analysis of carbon tax revenue in the state prepared by DOR, and assume that DOR's carbon tax credit includes any impacts from the carbon tax credit sunset for coal-based emissions as required in Sec 202(2). We adjusted the amount to remove the portion that will be retained by consumer-owned utilities. We assume that removing energy-intense and trade-exposed industries effectively removes most usage associated with direct-use customers. If not, these numbers would be lower, not higher.

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.

CARBON PRICING STAKEHOLDER WORK GROUP - Sec 105 of the act requires DOR to convene a stakeholder work group to examine the efficient and consistent integration of carbon pricing in electricity

markets, and to create a report on findings and recommendations to improve carbon transparency and market liquidity in energy markets by December 1, 2020.

UTC assumes staff will participate in this work group. Commerce assumes this effort will require 12 meetings in FY2019 and 2 meetings in FY2020. We assume four hours of work time (including preparation, travel and the meeting itself) for each meeting.

FY 2019

\$2,240 (Regulatory Analyst 3 = .02)

FY 2020

\$0 (Regulatory Analyst 3 = 0.00 (8 hours))

TECHNICAL STANDARDS COMMITTEE- Sec 203 of the act provides that the UTC must create a technical standards committee for the purpose of advising the UTC and other state agencies, the legislature, utilities, and local governments on utility reinvestment of moneys credited pursuant to Section 202. The committee will be composed of volunteers supported by technical experts, capable of developing standards and guidelines used by the UTC to evaluate, quantify, and verify greenhouse gas emissions reductions proposed by utility plans.

The UTC assumes that the committee will be composed of volunteers and compensation of the committee members will be limited to travel reimbursement. We further assume that the committee will rely on technical experts under professional services contracts with the UTC to develop the standard protocols for verification and evaluation of greenhouse gas emissions reductions and the common planning assumptions in the plans. These experts will cover the 11 plan options described in Subsection 205(7)(b): energy efficiency, market transformation, renewable resources, low-income weatherization, electric vehicle supply equipment, electric vehicles, clean distributed resources, grid modernization, research and development, renewable natural gas, and large industrial process improvements. We assume monthly all-day meetings, with an additional day for travel and an additional day for meeting preparation, plus three days of review and development of standards.

FY 2019, 2020 – Each year

Annual professional services contracts - \$1,192,000

FY 2019, 2020 – Each year

Travel reimbursement for 5 members to 12 meetings - \$30,000

FY 2019, 2020 - Development of standard protocols and planning assumptions (assumes monthly committee meetings, drafting of requests for proposal, selection and management of consultants, development of standards, guidelines and methods for verifying emissions reductions, etc.).

\$122,063 (Administrative Assistant 5 = .8; Director, Clean Energy Investment = .2; Policy Advisor = .2;

Regulatory Analyst 3 = .4; Project Manager = .2)

EXTENSIVE RULEMAKING – Sec 204 provides that the UTC must adopt rules to implement this act. The UTC assumes this will be an extensive rulemaking due to the scope and complexity of the proposed law, similar to the 2013-2014 development of the rules for the Energy Independence Act (UE-131723). Through the rulemaking process, the UTC must solicit stakeholder comments, hold workshops, and draft proposed rules pertaining to the UTC's role in evaluating investment plans, the establishment of advisory groups, establishing

proper protocols for reviewing utility activities, and establishing proper protocols for assessing reductions to CO₂e emissions and the costs for those reductions. The UTC assumes it will commence rulemaking in July 2018.

FY 2019 - \$216,144 (Director, Clean Energy Investment = .08; Administrative Law Judge = .07; Commissioner = .04; Director, Legislation and Policy = .01; Paralegal 1 = .04; Regulatory Analyst 2 = .3; Regulatory Analyst 3 = .13; Policy Advisor = .42; Project Manager = .47)

REVIEW AND APPROVAL OF CLEAN ENERGY INVESTMENT PLANS – Sec 205 Every two years, the UTC must review and approve each utility’s clean energy investment plan. Approval necessarily includes critical review from the UTC’s regulatory staff and a transparent public process. The UTC assumes the 5 plans will contain an average of 5 projects each, for a total of 25 projects for review. The UTC also assumes that the review process will be time consuming and highly technical. As described in Sec 205(5)(a-d) of the bill, the UTC must review each plan’s impact on CO₂e reductions, the cost per ton of emission reductions for the portfolio of projects, the demonstration that planned projects are incremental to those required by other regulations, and low income energy assistance planning. The UTC must also confirm that the plans contain, and are limited to, the types of investments and expenditures described in Sec 205(7)(b)(i-x) of the bill. Staff must review comments, draft memos for the UTC, and present formal recommendations at open meetings.

The UTC assumes 5 utilities will file proposed plans for review in FY 2020. For the purpose of this fiscal note, we assume that all plans will be adjudicated in FY 2020. We assume three of the five proposed plans for 2022 and 2024 will be adjudicated.

FY 2020 - \$439,872 (Director, Clean Energy Investment = .55; Administrative Law Judge = .6; Commissioner = .1; Legal Assistant 2 = .05; Regulatory Analyst 2 = .15; Regulatory Analyst 3 = .3; Policy Advisor = .35; Project Manager = .9)

FY 2022 and 2024 - \$362,042 (Director, Clean Energy Investment = .47; Administrative Law Judge = .36; Commissioner = .06; Legal Assistant 2 = .03; Regulatory Analyst 2 = .23; Regulatory Analyst 3 = .66; Policy Advisor = .25; Project Manager = .56)

PARTICIPATION IN ADVISORY GROUPS– Sec 205(2) The development of a clean energy investment plan requires the solicitation of public input through public processes under the oversight of the UTC.

For this fiscal note, we assume staff will participate in 5 separate advisory groups, one for each company, beginning in FY 2019. We assume each advisory group will have quarterly meetings.

FY 2019, Annually thereafter - \$82,654 (Director, Clean Energy Investment = .1; Regulatory Analyst 2 = .25; Regulatory Analyst 3 = .25; Policy Advisor = .1)

REVIEW OF ANNUAL REPORTS– Sec 206(2) provides that each utility must submit annual reports to the UTC. The UTC assumes it will review each annual report to confirm that it conforms to the reporting requirements outlined in Sec 206(2)(a-d) of the act. The reporting requirements include (a) the status of approved projects, (b) demonstration that the plan has met performance standards established by the UTC by order, (c) an accounting of emissions reductions as well as cost, and (d) an updated estimate of future emissions reductions and estimated cost. Sec 206(3) provides that, if the UTC determines that a utility’s plan does not meet the UTC’s performance standards, the UTC may require the utility to remit its remaining tax moneys to the DOR. The UTC

assumes it will develop a framework for evaluating each company's investment activities, and will hold each company accountable for poor performance as part of the annual report review process. As best practices evolve for the calculation of GHG emissions and as new technologies emerge, it will be necessary to update the standards and protocols developed by the technical standards committee. The UTC assumes it will require the support of technical experts in updating its standards and completing its review.

For this fiscal note, we assume 5 annual reports will be reviewed FY 2021, and annually thereafter. We further assume 3 of the reports will be adjudicated each year.

FY2021 – Annually thereafter

Annual professional services contracts - \$447,000

FY 2021, Annually thereafter - \$304,273 (Director, Clean Energy Investment = .41; Administrative Law Judge = .36; Commissioner = .03; Legal Assistant 2 = .03; Regulatory Analyst 2 = .4; Regulatory Analyst 3 = .54; Policy Advisor = .5; Project Manager = .5)

TAX CREDIT ELIGIBILITY– Sec 205(1) requires that utilities have an approved clean energy investment plan in order to be eligible for the carbon tax credit in a specific amount. The UTC assumes it will have the information necessary after reviewing the annual reports to make such a finding.

For this fiscal note, we assume the five plans approved in FY2020, 2022, and 2024 include an annual review of the tax credit. We further assume that we will review tax credit eligibility separately in FY 2021, 2023, and 2025.

FY 2021, 2023, 2025 - \$82,416 (Director, Clean Energy Investment = .11; Administrative Law Judge = .12; Commissioner = .01 Legal Assistant 2 = .01; Regulatory Analyst 2 = .06; Regulatory Analyst 3 = .12; Policy Advisor = .07; Project Manager = .1)

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		4.0	2.0	4.9	5.1
A-Salaries and Wages		302,750	302,750	811,259	887,833
B-Employee Benefits		72,660	72,660	194,702	213,080
C-Professional Service Contracts		1,192,000	1,192,000	1,639,000	894,000
E-Goods and Other Services		47,692	47,692	107,974	117,400
G-Travel		30,000	30,000	30,000	
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	\$1,645,102	\$1,645,102	\$2,782,935	\$2,112,313

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
Administrative Assistant 5	56,844		0.8	0.4	0.4	
Administrative Law Judge	128,400		0.1	0.1	0.6	0.6
Commissioner	122,496		0.0	0.0	0.1	0.1
Director, Clean Energy Investment	118,044		0.4	0.2	0.8	0.8
Director, Legislation and Policy	108,708		0.0	0.0		
Legal Assistant 2	44,400				0.1	0.1
Paralegal 1	56,844		0.0	0.0		
Policy Advisor	101,988		0.7	0.4	0.7	0.8
Project Manager	91,536		0.5	0.3	0.9	0.9
Regulatory Analyst 2	72,744		0.5	0.3	0.6	0.8
Regulatory Analyst 3	82,344		0.9	0.5	1.0	1.2
Total FTEs			4.0	2.0	4.9	5.1

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.

Sec 204 requires the UTC to adopt rules to implement this act. The UTC assumes an extensive rulemaking will be necessary, similar to the 2013-2014 development of the rules for the Energy Independence Act (UE-131723). The extensive rulemaking will be held in FY 2019 and will entail multiple day-long workshops, development of draft and proposed rules, and multiple rounds of stakeholder comments.

Individual State Agency Fiscal Note

Bill Number: 6203 2S SB	Title: Carbon pollution	Agency: 240-Department of Licensing
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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:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	3.7	1.9	8.3	7.7
Account					
Carbon Pollution Reduction Account-State NEW-1	0	411,800	411,800	1,755,400	1,678,900
Total \$	0	411,800	411,800	1,755,400	1,678,900

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: 02/23/2018
Agency Preparation: Ellie McMillan	Phone: 360-902-3642	Date: 03/02/2018
Agency Approval: Dan Weeks	Phone: (360) 902-0147	Date: 03/02/2018
OFM Review: Veronica Jarvis	Phone: (360) 902-0649	Date: 03/02/2018

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.

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

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		3.7	1.9	8.3	7.7
A-Salaries and Wages		144,500	144,500	615,700	577,600
B-Employee Benefits		70,000	70,000	303,700	285,100
E-Goods and Other Services		170,400	170,400	828,200	816,200
J-Capital Outlays		26,900	26,900	7,800	
Total:	\$0	\$411,800	\$411,800	\$1,755,400	\$1,678,900

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 2018	FY 2019	2017-19	2019-21	2021-23
Customer Service Specialist 2	3,353		1.6	0.8	3.3	2.8
Customer Service Specialist 4	4,085				0.1	0.1
Indirect FTE			0.3	0.2	0.8	0.7
Office Assistant 3	3,054		1.6	0.8	3.9	4.0
Tax Policy Specialist 3	7,209		0.2	0.1	0.2	0.2
Total FTEs			3.7	1.9	8.3	7.7

III. C - Expenditures By Program (optional)

Program	FY 2018	FY 2019	2017-19	2019-21	2021-23
Mgmt & Support Services (100)		182,700	182,700	690,600	688,100
Information Services (200)		57,400	57,400	50,600	47,200
Customer Relations (300)		117,300	117,300	767,600	698,800
Programs & Services (600)		54,400	54,400	246,600	244,800
Total \$		411,800	411,800	1,755,400	1,678,900

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

Agency 240 – Department of Licensing

Bill Number: 6203 2SSB

Bill Title: Carbon pollution

Part 1: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts

Non-zero but indeterminate cash receipts. Please see discussion.

Estimated Expenditures:

****Partially Indeterminate****

	FY 18	FY 19	17-19 Total	19-21 Total	21-23 Total
FTE Staff Years	-	3.7	1.9	8.3	7.7

Account Name	Account	FY 18	FY 19	17-19 Total	19-21 Total	21-23 Total
Carbon Pollution Reduction Account	NEW	-	411,800	411,800	1,755,400	1,678,900
Account Totals		-	411,800	411,800	1,755,400	1,678,900

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

Legislative Request: Derek Rutter	Phone: 360-902-0409	Date: 2/23/18
Agency Preparation: Ellie McMillan	Phone: 360-902-3642	Date: 3/2/18
Agency Approval: Diamatris Winston/ Brad Benfield	Phone: 360-902-3644	Date: 3/2/18

Request #	2
Bill #	2SSB 6203

Part 2 – Explanation

This bill imposes a carbon pollution tax and assists with the disproportionate energy expense impact on low income households by providing relief from certain vehicle fees for persons at or below 200% the federal poverty level (FPL).

2.A – Brief Description on what the measure does and how it has a fiscal impact

This version of the bill adds language that affects the Department of Licensing (DOL). New section 108 allows the Governor and DOL (under delegated authority) to negotiate and obtain agreements with tribes that would include carbon pollution taxes in the price of fuel delivered to tribally owned and operated industries. If a new agreement is made it must provide provisions for audit and compliance reporting to DOL. DOL must provide in its annual report to the legislature the status on fuel and carbon pollution tax the agreements with tribes, as well as the status of any negotiations.

It is assumed DOL would work with the Department of Revenue (DOR) to negotiate any new agreements with the tribes, and that legal services would be required through the Attorney General's Office. Currently DOL has 24 fuel tax agreements with tribes in Washington, it is unknown how many tribes will want to negotiate agreements regarding carbon pollution taxes. It is assumed tribes would procure a third party audit and provide the report to DOL, as this is the practice with current fuel tax agreements. The carbon pollution tax is to be administered at varying points of sale or use and collected by DOR. As this version of the bill does not provide DOL authority to administer the carbon pollution tax, and DOL does not track refunds or all exemptions provided, DOL will have limited information accessible to complete an annual report to the legislature. The estimated fiscal impact of Section 108 is indeterminate until DOL is able to obtain further data and operational requirements needed to implement this section of the bill.

New Section 107 creates the Carbon Pollution Reduction Account (CPRA). All receipts from the carbon pollution tax imposed by this legislation are deposited into this account. By appropriation, 15% of the total funds from this account are to be distributed to the Transition Assistance Account (TAA), which is created under New Section 501. By appropriation, money in this account may be used to cover reductions in collected vehicle fees. For the purposes of this fiscal note, it is assumed by DOL administrative costs associated with implementation of the bill are reimbursed by the funds in the CPRA.

The following sections exempt persons at or below 200% of the FPL from certain vehicle fees. They each require the Department of Licensing provide a quarterly report to the Office of the Secretary Treasurer (OST). OST is instructed to transfer from the TAA, the dollar amount that would have otherwise been collected to the applicable fee distribution accounts specified by current law.

- Section 507 amends Chapter 46.17.005 RCW exempting low income persons from paying \$3.00 filing fees collected with vehicle registration.
- Section 508 amends Chapter 46.17.350 RCW exempting low income persons from paying \$30.00 vehicle registration fees for the following vehicle types: auto stage (six seats or less), for hire vehicles (six seats or less), motorcycle, passenger car, sport utility vehicle, and tow truck.
- Section 509 amends Chapter 46.17.365 RCW exempting low income persons from paying variable vehicle weight fees for vehicles 6,000 pounds or less.

For the purposes of this fiscal note, DOL made data driven assumptions and will provide scenario options for consideration. Implementation scenarios require changes to DOL technology systems, increased staffing, postage and printing costs.

Revenue impacts are indeterminate, and the quarterly transfers covering reduced vehicle fee collections will have a delayed effect on fee distribution accounts.

Section 108 is effective 90 days past Sine Die, and Sections 507 through 509 are effective April 1, 2019.

Workload Indicators:

Exact data for this is not readily available so DOL used the following data to provide scenarios.

Estimates for this fiscal note are based on 2016 American Community Survey (ACS) data provided by OFM. The ACS assigns FPL at the family/individual level. Household estimates are defined as households with at least one family member (for multi-family household) or one person (for household made of non-related persons) that has an income at or below 200% of the FPL. Households with no income data are excluded. Of 2,768,000 households surveyed, 817,500 households (30%) in Washington were identified at or below 200% FPL. To estimate the number of qualifying low income households, DOL used the ACS data and the following data for assumptions (numbers are rounded).

- Vehicle statistics for households without vehicles were reported at 17.1% for Seattle, Washington by Governing, 2016 one-year Census American Community Survey estimates (<http://www.governing.com/gov-data/car-ownership-numbers-of-vehicles-by-city-map.html>). Calculations to determine the population for this fiscal note are conservative, and are based on a 20% rate for households without a vehicle, therefore, DOL assumes a baseline of 654,000 eligible households beginning in fiscal year 2018 ($817,500 \times 80\% = 654,000$).
- The Department of Social and Health Services Supplemental Nutrition Assistance Program qualifies applicants at or below 200% of the FPL. DSHS estimates approximately 30% of the population who are eligible for SNAP services do not participate. Therefore, DOL assumes 457,800 households are likely to participate ($654,000 \times 70\% = 457,800$).
- Trucks are not included in this bill as a vehicle type eligible for waived vehicle fees. Trucks comprise approximately 20% of total vehicles registered in Washington State. According to Census survey estimates for the same data set providing by Governing above, there were 1.4 vehicles per household in Seattle, Washington in 2016. Excluding trucks, DOL assumes a baseline of 512,740 eligible vehicles beginning in fiscal year 2018. ($457,800 \text{ households} \times 1.4 \text{ vehicles} \times 80\% = 512,740 \text{ eligible vehicles}$)
- Assumptions include an increase year over year in proportion to the state population growth rate (November 2017 Transportation Forecast).

The positions identified below are assumed necessary for implementation of the options provided in 2.C, and use the following workload indicators:

- 1.0 Customer Service Specialist 2 (CSS2) in the Customer Relations Division can answer 20,800 calls per year.
- 1.0 CSS2 in the Programs and Services Division has 88,320 minutes available per year.
- 1.0 Customer Service Specialist 4 (CSS4) can supervise 12 CSS2s.

- 1.0 CSS4 can supervise 10 Licensing Services Representative 2s (LSR2).
- 1.0 Excise Tax Examiner 1 (ETE1) has 88,320 minutes available per year.
- 1.0 Fiscal Analyst 2 (FA2) has 93,600 minutes available per year.
- 1.0 Office Assistant 3 (OA3) in the mail room can scan 120,000 documents per year.
- 0.2 Tax Policy Specialist 3 (TPS3) can provide a new forecast at the state level.
- 0.8 TPS3 can provide a new forecast at the county level.

2.B - Cash Receipt Impact

Indeterminate.

The table below estimates revenue that might not be collected and would require transfers out of the new Transition Assistance Account (TAA) created in section 501 to various fee distribution accounts to make them whole. Due to the timing of quarterly transfers out of the TAA relying on prior calendar quarter data, there will be delayed revenue distributions.

Filing fee exemptions conducted through county auditors and subagents consist of non-state and local revenue. It is assumed very few transactions, if any, conducted through DOL would be eligible for the filing fee exemption. However, if transactions were conducted through DOL, the \$3 filing fee distribution would be \$2 to the Multimodal Transportation Account (218) and \$1 to the Highway Safety Fund (106). This possible occurrence will be built into reporting to the OST for implementation of this bill.

Vehicles Types based on Representation Rate	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Passenger Car	490,480	204,510	497,200	503,110	508,680	514,020
Motorcycle	22,260	9,130	21,810	21,720	21,750	21,790
Vehicle Count	512,740	213,640	519,010	524,830	530,430	535,810

State Revenue								
Fee Type	Distribution	Fund #	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Registration Fee	WSP Highway	081		\$ (5,041,900)	\$ (12,248,600)	\$ (12,386,000)	\$ (12,518,100)	\$ (12,645,100)
	Puget Sound Ferry Operations	109		\$ (215,800)	\$ (524,200)	\$ (530,100)	\$ (535,700)	\$ (541,200)
	Motor Vehicle	108		\$ (1,151,500)	\$ (2,797,500)	\$ (2,828,800)	\$ (2,859,100)	\$ (2,888,000)
Weight Fee	Multimodal Transportation	218		\$ (6,021,400)	\$ (14,629,500)	\$ (14,794,600)	\$ (14,953,100)	\$ (15,105,400)
Estimated Revenue				\$ (12,430,600)	\$ (30,199,800)	\$ (30,539,500)	\$ (30,866,000)	\$ (31,179,700)

Note: Calculations for sections 507 through 509 for FY19 are tailored to the effective date of April 1, 2019 and assume some participants might delay vehicle registration in order to take advantage of the waived fees; therefore DOL assumes five months of impact for FY19.

2.C – Expenditures

This bill will have an operational impact on DOL. The table below depicts costs for **Option 2 only** and is partially indeterminate.

Account Name	Account	FY 18	FY 19	17-19 Total	19-21 Total	21-23 Total
Carbon Pollution Reduction Account	NEW	-	411,800	411,800	1,755,400	1,678,900
Account Totals		-	411,800	411,800	1,755,400	1,678,900

NOTE: Tables may differ slightly due to rounding. Calculations for sections 507 through 509 for FY19 are tailored to the effective date of April 1, 2019 and assume some participants might delay vehicle registration in order to take advantage of the waived fees; therefore DOL assumes five months of impact for FY19.

Standard FTE goods and services (object E) costs are included on Table 3.A.1. Standard FTE costs do not include objects EM (AG services), ER (contractual services), and EZ (indirect) which are also shown in Table 3.A.1.

Indeterminate.

It is assumed DOL would work with the Department of Revenue (DOR) to negotiate any new agreements with the tribes, and that legal services would be required through the Attorney General's Office. Currently DOL has 24 fuel tax agreements with tribes in Washington, it is unknown how many tribes will want to negotiate agreements regarding carbon pollution taxes. It is assumed tribes would procure a third party audit and provide the report to DOL, as this is the practice with current fuel tax agreements. The carbon pollution tax is to be administered at varying points of sale or use and collected by DOR. As this version of the bill does not provide DOL authority to administer the carbon pollution tax, and DOL does not track refunds or all exemptions provided, DOL will have limited information accessible to complete an annual report to the legislature. The estimated fiscal impact of Section 108 is indeterminate until DOL is able to obtain further data and operational requirements needed to implement this section of the bill.

Determinate.

DOL has explored the following options for implementation of this bill:

1. Participation by Application
2. Participation by Attestation at Time of Vehicle Registration
3. Participation via Established Public Assistance Programs

Program Impact Scenarios:

Option 1 – Participation by Application

This option would allow participants to submit an application to DOL to establish eligibility based on source documents illustrating they meet the specific income qualifications. This option provides a thorough review of the qualifications of applicants and mitigates risk of fraud; however, it would significantly expand staff workload based on the following assumptions:

- 100% of applications will be reviewed by CSS2s, 5 minutes per transaction
- 10% of applications will require titles to be processed at headquarters by LSR2s, 10 minutes per title
- 25% of participants will generate questions to Vehicle Licensing Offices triggering calls to vehicle support staff (CSS2s)
- 50% of participants will call the Customer Service Center in FY19 and FY20, reducing to 10% in subsequent years (CSS2s)
- 5% of participants may require a refund, processed by ETE1s, and issued by FA2s, 3 minutes for each.
- 100% of applications will be scanned by OA3s
- Supervision for additional staff at a ratio of 1 CSS4 to 12 CSS2s, and 1 CSS4 to 10 LSR2s
- 0.2 TPS3 will provide a forecast at the state level. If a forecast is desired at the county level it will require 0.8 TPS3, which is not included in this estimate.

Other considerations include printing and postage for participant applications.

DOL currently does not have the facility space to operationalize this scenario. This option may increase customer service wait time on vehicle transactions, and increase repeat customer service calls and visits to vehicle licensing offices to complete transactions.

An estimate for Option 1 - Participation by Application, is detailed in the table below. It includes costs for changes to DOL technology systems.

Object Name	FY 18	FY 19	17-19 Total	19-21 Total	21-23 Total
FTE Staff Years	-	28.2	14.1	61.6	57.4
Salaries and Wages	-	1,053,400	1,053,400	4,745,600	4,434,200
Employee Benefits	-	503,500	503,500	2,258,000	2,105,900
Goods and Services	-	1,031,200	1,031,200	3,194,100	3,011,900
Equipment	-	191,500	191,500	56,600	-
Total By Object Type	-	2,779,600	2,779,600	10,254,300	9,552,000

Option 2 – Participation by Attestation at Time of Vehicle Registration

This option could allow participants to provide an attestation under penalty of perjury that they are at or below 200% of the FPL, and therefore qualify for the vehicle fee exemptions. This provides convenience to the customer to receive the exemptions at the time of vehicle registration. It could result in a high rate of fraud as it would not require source documents or application review.

DOL estimates expenditures based on the following assumptions:

- 100% of attestations will be scanned by OA3s
- 5% of participants will generate questions to Vehicle Licensing Offices triggering calls vehicle support staff (CSS2s)
- 5% of participants will call the Customer Service Center in FY19 and FY20 (CSS2s)
- 1% of participant attestations would be audited/reviewed by CSS2s on an annual basis, 30 minutes per audit/review
- Supervision for additional staff at a ratio of 1 CSS4 to 12 CSS2s
- 0.2 TPS3 will provide a forecast at the state level. If a forecast is desired at the county level it will require 0.8 TPS3, which is not included in this estimate.

Workload assumptions are detailed in the tables below. Other considerations include printing and postage for participant attestation forms.

	FY18	FY19	FY20	FY21	FY22	FY23
Participating households FPL	0	190,750	463,400	468,600	473,600	478,400
Eligible vehicles	0	213,640	519,010	524,830	530,430	535,810

Mail Scanned	FY18	FY19	FY20	FY21	FY22	FY23
Participating household attestations scanned per year	0	190,750	463,400	468,600	473,600	478,400
Documents an OA3 can scan per year	120,000	120,000	120,000	120,000	120,000	120,000
FTE Need	0.0	1.6	3.9	3.9	3.9	4.0

Vehicle Licensing Office Support Calls	FY18	FY19	FY20	FY21	FY22	FY23
5% of participating households FPL	0	9,538	23,170	23,430	23,680	23,920
Calls a CSS2 can answer per year in VVO	20,800	20,800	20,800	20,800	20,800	20,800
Additional calls per year	0	9,538	23,170	23,430	23,680	23,920
FTE Need	0.0	0.5	1.1	1.1	1.1	1.2

Customer Service Center Support Calls	FY18	FY19	FY20	FY21	FY22	FY23
5% of participating households FPL in FY19 and FY20	0	9,538	23,170			
Calls a CSS2 can answer per year in VVO	20,800	20,800	20,800			
Additional calls per year	0	9,538	23,170			
FTE Need	0.0	0.5	1.1			

Attestation Review	FY18	FY19	FY20	FY21	FY22	FY23
1% of participating households FPL	0	1,908	4,634	4,686	4,736	4,784
Available CSS2 minutes per year	88,320	88,320	88,320	88,320	88,320	88,320
Minutes per attestation review	30	30	30	30	30	30
Additional workload minutes per year	0	57,225	139,020	140,580	142,080	143,520
FTE Need	0.0	0.6	1.6	1.6	1.6	1.6

Supervision of Additional Employees	FY18	FY19	FY20	FY21	FY22	FY23
1 CSS4 to 12 CSS2s	0.0	0.0	0.1	0.1	0.1	0.1

Forecasting	FY18	FY19	FY20	FY21	FY22	FY23
Tax Policy Specialist 3	0.0	0.0	0.2	0.2	0.2	0.2

Option 3 – Participation via Established Public Assistance Programs

This option could allow DOL to partner with state agencies that currently provide services to persons at or below 200% of the FPL. However, at this time, DOL does not have authority or agreements established with any such agency that could provide the connection to this specific population. DOL is open to exploring this option further, but recommends a directive be provided through this legislation. At this time this option is indeterminate.

Other Costs:

The DRIVES project is currently under a code freeze through December 2018. Any changes during this time frame increases risk and delay costs to the project. To avoid DRIVES project risks and delay costs, and allow sufficient time to implement enacted bills:

- DOL recommends an implementation date of April 2019 for new system changes that require one month to complete.
- DOL recommends an implementation date on or after September 2019 for new system changes that require more than one month to complete.
- System changes impacting vehicle registrations require an additional 3 months for an effective date to allow sufficient time to make system changes to update registration renewal notifications. Notifications are generated 3 months in advance.
- Actual dates will depend on the logistics of implementing multiple bills, complexity, and length of time required to make system changes. Later in session once legislative bills cross over to the opposite house, DOL will be able to provide better implementation timelines and workload

estimates related to system changes – allowing DOL to coordinate implementation dates with the legislature.

The system changes in this bill require 3 months to complete for Option 1, and 1 month to complete for Option 2. It is unknown how long Option 3 would take to complete. However, all options that require work beginning before project stabilization in order to meet the effective dates of the bill will create an equal amount of project delay costs (not included in this fiscal note).

- Each month the modernization project is delayed could cost the state around \$2 million, not including business impacts such as training. The DRIVES project has a spend rate of about \$2 million per month. Implementing system changes required by legislation while the project is being rolled out requires DOL and its vendor to stop the project to create new business rules, design the solution, implement the solution (coding), test scenarios, make adjustments to accommodate the change, test again and retrain users.
- Delays also impact multiple state agencies that link to DOL's system for data.

Information Services:

If option 2 to allow participation through attestation is implemented, DOL will require the following changes to DRIVES:

- New Logic and screen changes to allow attestation to allow exemption in an office or for mail transactions.
- Modify the renewal notice to add a new message about program.
- Modify the email renewal notice to add a new message about program.
- Modify the pricing logic change to not charge based on low income indicator and allow exemption, change includes updates to renewal notices and eservices renewal or tab replacement pricing.
- Modify E-services logic and screen changes to allow attestation for renewals or duplicate tabs transactions.
- Build new reports that include quarterly report based on transactions not charged fee for low income persons with attestation, refund reason report and transactions with customer notification of new program.
- Create a new refund reason.
- Update the fee table for new RAC to transfer funds from the TAA.

The agency will use appropriated funds to hire contract programmers to accomplish this work or to support current staff implementing this legislation within the required timeline. Appropriated funds may also be used to hire agency temporary staff to support permanent staff assigned to this legislative effort.

Any change requires a process to ensure changes are correctly applied to the system. This involves Project Managers that manage the team that completes the update, business analyst that documents and reviews the system changes, architect services that analyzes how the update could have an effect on other systems or DOL processes, developers who create the change, and testers and quality assurance teams that ensure the update is working correctly.

Cost Category	Description	Rate	2018	2019	2020	2021	2022	2023	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 18,444	-	9,200	-	-	-	-	9,200
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 26,448	-	5,300	-	-	-	-	5,300
PROJECT MANAGER	Manage schedule and contracts	\$ 27,492	-	2,700	-	-	-	-	2,700
QUALITY ASSURANCE	Plan and carry out activities to assure project deliverables; e.g. preventative defect activities, align quality measures and business objectives.	\$ 31,668	-	9,500	-	-	-	-	9,500
SECURITY AND ARCHITECT SERVICES	Create the conceptual model that defines the structure, behavior and framework of a computerized system including a breakdown of the system into components, the component interactions and interfaces (including with the environment, especially the user), and the technologies and resources to be used in the design.	\$ 27,144	-	2,700	-	-	-	-	2,700
DEVELOPERS	Modify programming and coding to all major systems	\$ 18,444	-	12,900	-	-	-	-	12,900
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ -	-	4,200	-	-	-	-	4,200
Totals			-	46,500	-	-	-	-	46,500

Support Services:

Administrative support is included at a rate of 12 percent of the direct program costs, captured in object EZ. This percentage is split 7 percent for Management and Support Services (MSS) and 5 percent for Information Services Division (ISD) functions. DOL uses a Fiscal Technician 2 (MSS) and an IT Specialist 4 (ISD) staffing costs as a proxy to determine FTE and display them under Indirect Staff in table 3.B.

Administrative support funding received covers agency-wide functions such as vendor payments, contract administration, financial management, mail processing, equipment management, help desk support, and technical assistance to DOL employees.

Part 3 – Expenditure Detail

All costs below this point are in reference to Option 2 only.

3.A – Expenditures by Object or Purpose

Object Name	FY 18	FY 19	17-19 Total	19-21 Total	21-23 Total
FTE Staff Years	-	3.7	1.9	8.3	7.7
Salaries and Wages	-	144,500	144,500	615,700	577,600
Employee Benefits	-	70,000	70,000	303,700	285,100
Goods and Services	-	170,400	170,400	828,200	816,200
Equipment	-	26,900	26,900	7,800	-
Total By Object Type	-	411,800	411,800	1,755,400	1,678,900

3.A.1 – Detail of Expenditures by Sub-Object (Goods and Services Only)

Object E - Description	FY 18	FY 19	17-19 Total	19-21 Total	21-23 Total
EA - Workstation Costs	-	23,100	23,100	-	-
EA - General Office Supplies	-	3,600	3,600	15,700	14,800
EB - Postage	-	23,400	23,400	456,700	466,500
EB - Phone/Install/Usage	-	2,100	2,100	9,100	8,500
ED - Facility/Lease Costs	-	19,100	19,100	83,600	78,500
EF - Printing	-	1,800	1,800	34,400	35,200
EG - Training	-	1,800	1,800	7,800	7,300
EK - Facilities and Services	-	4,100	4,100	18,500	17,400
EL - Interagency DP Svcs	-	8,900	8,900	39,300	36,900
EN - Personnel Services	-	700	700	3,400	3,200
ER - Other Contract Costs	-	1,300	1,300	5,800	5,400
ER - Application Programmers	-	46,500	46,500	-	-
EY - Software Maintenance	-	6,200	6,200	27,000	25,400
EZ - Other Goods & Svcs	-	1,600	1,600	5,300	3,700
EZ - Indirect Costs	-	26,200	26,200	121,600	113,400
Total Goods & Services	-	170,400	170,400	828,200	816,200

3.B – FTE Detail

Position	Salary	FY 18	FY 19	17-19 Total	19-21 Total	21-23 Total
Customer Service Specialist 2	3,353	-	1.6	0.8	3.3	2.8
Office Assistant 3	3,054	-	1.6	0.8	3.9	4.0
Customer Service Specialist 4	4,085	-	-	-	0.1	0.1
Tax Policy Specialist 3	7,209	-	0.2	0.1	0.2	0.2
Indirect FTE		-	0.3	0.2	0.8	0.7
Total FTE		-	3.7	1.9	8.3	7.7

3.C – Expenditures by Program (Optional)

Program		FY 18	FY 19	17-19 Total	19-21 Total	21-23 Total
100 - Mgmt & Support Services	MSS	-	182,700	182,700	690,600	688,100
200 - Information Services	ISD	-	57,400	57,400	50,600	47,200
300 - Customer Relations	CRD	-	117,300	117,300	767,600	698,800
600 - Programs & Services	PSD	-	54,400	54,400	246,600	244,800
Totals by Program		-	411,800	411,800	1,755,400	1,678,900

Part 4 – Capital Budget Impact

None.

Part 5 – New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 6203 2S SB	Title: Carbon pollution	Agency: 303-Department of Health
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Part I: Estimates

☐

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	1.5	0.8	0.2	0.2
Account					
General Fund-State 001-1	0	253,000	253,000	64,000	64,000
Total \$	0	253,000	253,000	64,000	64,000

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: 02/23/2018
Agency Preparation: Jodine Sorrell	Phone: (360) 236-3015	Date: 02/27/2018
Agency Approval: Ryan Black	Phone: (360) 236-4530	Date: 02/27/2018
OFM Review: Bryce Andersen	Phone: (360) 902-0580	Date: 03/01/2018

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.

This fiscal note differs from the previous fiscal note on the SSB version. New language throughout this bill refers to mandatory use of the Department of Health's (DOH) cumulative impact analysis (CIA) to inform expenditures from accounts established and investment plans required by the bill.

Section 502: Requires DOH to conduct or adopt a CIA to designate the communities highly impacted by fossil fuel pollution and climate change in Washington by December 31, 2018. DOH must consult with vulnerable communities and the University of Washington Department of Environmental and Occupational Health Sciences (UW DEOHS) in developing the analysis. The CIA may integrate with other tracking resources used by DOH. By March 1, 2023, and every two years thereafter, DOH must update the designation of highly impacted communities (HIC), and by March 1, 2025, and every four years thereafter, DOH must review and consider revisions to the CIA for designating HICs.

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 Department of Health does not collect the Carbon Pollution tax; therefore, there are no cash receipts.

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 502:

Assumptions:

DOH assumes that the CIA, to be completed by December 31, 2018, would build on a current UW DEOHS faculty and doctoral student effort to develop a statewide environmental justice-focused CIA tool.

DOH assumes that existing UW DEOHS CIA project methods and data sources would be modified for the purpose identified in the bill, and that the results of the analysis would be made available via the DOH Washington Tracking Network (WTN). Data visualization tools on WTN's "Information By Location" (IBL) tool would allow for census tract level display of the variables named in the bill (e.g., vulnerable and sensitive populations, proximity to pollution sources, housing burden, etc.) in aggregate or as individual factors.

DOH assumes that the bill affords flexibility enough to add, substitute or exclude some of the factors listed in the bill where data do not currently exist, or otherwise cannot be integrated into the CIA.

DOH assumes that engagement with vulnerable communities in Washington would build upon the methods of the UW's current CIA project and extend the geographic coverage of the community engagement that has occurred so far.

To complete the cumulative impact analysis (CIA) and integrate the CIA with Washington Tracking Network (WTN) 1.0 FTE and \$123,000 is required in fiscal year (FY) 2019 to review and modifying the DEOHS methods

and data for use as a CIA that meets the bill requirements; participate in the existing statewide workgroup; build the modified CIA on a web platform; and provide initial maintenance and quality assurance for CIA data visualization on the Washington Tracking Network. There will also be travel and meeting expenses of \$6,000 in FY 2019 for six community workshops in diverse locations.

A 0.4 FTE and \$55,000 would also be required in FY 2019 to collaborate and coordinate with partners at UW DEOHS; engage with vulnerable populations and stakeholders; participate on the Economic and Environmental Justice Oversight (EEJO) Panel (established in Section 805); do work required of DOH to be responsive to the Panel or its parent committee, the Pollution Cleanup Fund Advisory Board (established in Section 804), or the Governor's Joint Committee on Climate Programs Oversight (established in Section 801).

To accommodate use of the CIA results for purposes state in the bill, including to prioritize expenditure of funds in accounts established by the bill, it will require \$75,000 contractual costs to modify some of the data visualization functions and user interface tools on the WTN web platform. This includes a modification to WTN visualization so users could display buffer zones surrounding a highly impacted area. Another key modification would allow users to download a spreadsheet list of rankings for the composite index of highly impacted communities.

To keep the CIA and designation of HICs updated and revised, continue participating in EEJO and advisory groups, and respond to information requests, a 0.2 FTE and \$32,000 is required starting in FY 2020 and ongoing.

Total costs for fiscal note: one-time costs in FY2019, 1.4 FTE and \$253,000; FY2020 and ongoing, 0.2 FTE and \$32,000.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		1.5	0.8	0.2	0.2
A-Salaries and Wages		114,000	114,000	42,000	42,000
B-Employee Benefits		40,000	40,000	16,000	16,000
C-Professional Service Contracts		75,000	75,000		
E-Goods and Other Services		11,000	11,000	2,000	2,000
G-Travel		2,000	2,000		
J-Capital Outlays		2,000	2,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		9,000	9,000	4,000	4,000
9-					
Total:	\$0	\$253,000	\$253,000	\$64,000	\$64,000

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
Board Member FTE @ 250 per day						
Board Member FTE @ 50 per day						
EPIDEMIOLOGIST 2	86,508		0.7	0.4	0.2	0.2
(NON-MEDICAL)						
Fiscal Analyst 2	49,020		0.3	0.2		
Health Svcs Conslt 1	49,020		0.1	0.1		
PUBLIC HEALTH ADVISOR 4	72,744		0.4	0.2		
Total FTEs			1.5	0.8	0.2	0.2

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

Bill Number: 6203 2S SB	Title: Carbon pollution	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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.

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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: 02/23/2018
Agency Preparation: Mike Woods	Phone: 360 725-6283	Date: 02/23/2018
Agency Approval: Mike Woods	Phone: 360 725-6283	Date: 02/23/2018
OFM Review: Cynthia Hollimon	Phone: (360) 902-0562	Date: 02/23/2018

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 102 creates a carbon pollution tax. Proceeds from the tax are to be deposited into the Carbon Pollution Reduction Account created in Section 107.

Section 107 directs the State Treasurer to distribute funds in Carbon Pollution Reduction Account as follows:
Fifty percent to the Energy Transformation Account;
Twenty percent to the Natural Resources Resilience Account;
Fifteen percent to the Transition Assistance Account; and
Fifteen percent to the Rural Economic Development Account.

Section 501 creates the Transition Assistance Account and states that funds may only be used for the purposes described in Sections 503 and 504.

Section 503 states that transition assistance may include direct financial assistance in the form of a grant, subsidy, rebate, or other similar financial benefit including:
Expansion or increases to existing programs administered by the Department of Social and Health Services;
Expansion or increases to existing regional community health programs administered by the Health Care Authority; or
New programs that efficiently enable direct financial assistance.

The assistance may include but are not limited to programs such as energy bill pay subsidies, public health programs, affordable transportation services and options, an deductions in vehicle fees.

Section 504 pertains to energy transition assistance to displaced workers.

Section 505 provides that the Office of the Superintendent of Public Instruction (OSPI), using funds appropriated from the Transition Assistance Account, may provide education programs and teacher professional development opportunities at public schools to expand awareness of and increase preparedness for environmental, social, and economic impacts of climate change and strategies to reduce carbon pollution, and to prepare all students for employment opportunities in the clean energy economy.

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.

Indeterminate impact on OSPI expenditures. OSPI cannot estimate future legislative appropriations from the Transition Assistance Account.

Part III: Expenditure Detail

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: 6203 2S SB	Title: Carbon pollution	Agency: 360-University of Washington
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Part I: Estimates

☐

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	2.1	1.1	1.5	1.2
Account					
General Fund-State 001-1	0	319,262	319,262	455,854	336,360
Total \$	0	319,262	319,262	455,854	336,360

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: 02/23/2018
Agency Preparation: Kelsey Rote	Phone: 2065437466	Date: 02/28/2018
Agency Approval: Sharyl Morris	Phone: 2065434679	Date: 02/28/2018
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 03/01/2018

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.

The second substitute version of SB 6203 added mention of the University of Washington (UW) Climate Impacts Group in Section 602(7) and 603(9). We assume that these additions do not add workload for the Climate Impacts Group (CIG) and are primarily summarizing the CIG's involvement in each of those sections. If that assumption is incorrect, we will see additional workload for CIG staff from the proposed second substitute to the second substitute version.

For 2S SB 6203, the following sections would have a fiscal impact on the UW:

SECTION 102 describes the carbon tax on state agencies, including the cost per metric ton starting amount and increases, the types of fuel and carbon emissions included in the tax, and agencies impacted by the tax. For the purposes of this fiscal note, we are not including the impacts of the proposed carbon tax in this section, though the tax would have a large fiscal impact on the University.

SECTION 103 describes exemptions and credits. We do not believe the UW would qualify for any exemptions, but it is possible that the UW could utilize the credits at some point in the future. For the purposes of this fiscal note, we do not assume any fiscal impact from this section.

SECTION 104 states that certain state departments may adopt rules necessary to administer this chapter. Depending on what rules are adopted, this could have an impact on the UW.

SECTION 502

502(1) states that the Department of Health must conduct or adopt a cumulative impact analysis by Dec. 31, 2018.

502(3) states that the Department of Health must conduct meaningful consultation with vulnerable communities in Washington and consult the UW Department of Environmental and Occupational Health Sciences (DEOHS) in developing the analysis, or adopt an analysis that includes this consultation.

502(4) states that the cumulative impact analysis may integrate with and build upon other population tracking resources used by DOH and other analysis done by the UW EOHS.

SECTION 602

Section 602(1) says that the Department of Ecology must consult with the UW Climate Impact Group (CIG) in developing an implementation plan and funding criteria.

602(2)(f) says that DOE must consult with the Recreation and Conservation Office, and the UW CIG and Ocean Acidification Center at the UW in developing the implementation investments.

602(7) states that DOE must consult with the UW CIG, establish a citizen advisory group, and must seek input from the panel created in Section 805.

SECTION 603

603(1) states that the Department of Natural Resources must consult with appropriate state agencies and tribes in developing the plan and making funding decisions and must also consult with the UW CIG in developing the implementation plan and funding criteria.

603(9) states that the Department of Natural Resources must consult with the UW CIG and seek input from the panel created in Section 805 in the development of the funding program and in the review and selection of

projects to be funded under this section.

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 102

Since the UW produces carbon dioxide emissions through the use of fossil fuels and purchases some electricity that likely has inherent carbon dioxide emissions (and since the UW is a state agency), we assume Section 102 would require the UW to pay the \$12 per metric ton tax beginning in FY20, along with the \$1.80 increase per year beginning FY22. For the purposes of this fiscal note, we are not including the impacts of the proposed carbon tax in this section, though the tax would have a large fiscal impact on the University. The UW estimates this impact would be \$1.2 Million in FY20, \$1.2 Million in FY21, \$1.38 Million in FY22, and \$1.56 Million in FY23.

SECTION 502

This section requires that the WA Department of Health, with consultation from the UW Department of Environmental and Occupational Health Sciences housed in the UW School of Public Health, to develop a cumulative impact analysis that ranks and maps vulnerable populations that are highly impacted by fossil fuel pollution and climate change. The designation of highly impacted communities will be updated on a periodic basis.

In order to comply with these requirements, DEOHS faculty and student time will be needed to advise the Washington Department of Health on development of the cumulative impact analysis, including attending meetings organized by the Department of Health to meaningfully work with and receive information from vulnerable communities. Per consultation with the WA Department of Health, UW DEOHS will require support from research staff at the UW Climate Impacts Group for the provision and interpretation of locally-specific climate change impacts projections, including attendance at meetings organized by the Department of Health to meaningfully work with and receive information from vulnerable communities.

This will require a 0.25 faculty principal investigator (annual salary \$149,580, benefits rate 24.9%) and a 0.5 graduate student research assistant (annual salary \$63,000, benefits rate 18.4%), along with the graduate student tuition payments for three academic quarters per year (\$17,874) from DEOHS. It will also require a 0.04 FTE Climate Impacts Group science coordinator (annual salary \$104,400, benefits rate 32.5%), 0.08 FTE research scientist (annual salary \$93,600, benefits rate 32.5%) and 0.17 FTE research specialist (annual salary \$68,400, benefits rate 32.5%). It will require funds for the DEOHS and CIG faculty, student, science coordinator and research scientist to travel to community meetings (assuming three or four meetings in Spokane, WA or similar distance/location, annual total \$12,000 including flights, lodging, and rental car).

Costs would occur on an annual basis and begin in FY19. The total fiscal impact for Section 502 is \$144,717 per fiscal year.

SECTION 602

602(1) states that the Department of Ecology must develop an implementation plan for expenditures using extensive public involvement and considering the best available science on climate risks, resilience, and risk management. The department must consult with the Climate Impacts Group at the University of Washington in developing the implementation plan and funding criteria.

In consultation with Ecology, UW assumes that the department would consult with the UW Climate Impacts Group four times during FY 2019, six times during FY 2020 and twice annually thereafter to receive input on development of the implementation plan and funding criteria. UW assumes these would be full-day meetings in Olympia, each requiring one full day of preparation. UW assumes that the Director of the Climate Impacts Group would participate in the meetings, and would direct Climate Impacts Group staff and faculty in analysis of the existing resilience investment plans and best practices in grant-making for climate resilience to support the development of the implementation plan and funding criteria.

This will require 0.05 FTE in FY19, 0.07 FTE in FY20 and 0.02 FTE in FY21-23 for the Director of the Climate Impacts Group (annual salary \$124,800, benefits rate 32.5%), 0.17 FTE in FY19 for a strategic communications lead (annual salary \$85,200, benefits rate 32.5%), 0.05 FTE in FY19-20 for a resilience specialist (annual salary \$109,200, benefits rate 32.5%) and 0.21 FTE in FY19-20 for faculty (annual salary \$168,000, benefits rate 24.9%). Travel costs between Seattle and Olympia for the staff members, which would include the use of a University Fleet vehicle would be \$180 for four trips in FY19, \$270 for six trips in FY20, and \$90 for two trips each year in FY21-23.

Costs would occur on an annual basis and begin in FY19. The total fiscal impact for Section 602(1) is \$78,939 in FY19, \$63,144 in FY20, and \$3,397/fiscal year in FY21-23.

602(2) states that the Department of Ecology must consult with the Recreation and Conservation Office and the Climate Impacts Group and Ocean Acidification Center at the UW in developing the implementation for investments under this subsection (2)(f).

In consultation with Ecology, UW assumes this subsection would require 4 full-day meetings in Olympia annually with Ecology and the Recreation and Conservation Office, each requiring 1 full day of preparation, for a total of 8 days per person per year. UW assumes that the Director of the Climate Impacts Group and the Co-Directors of the WA Ocean Acidification Center would participate in the meetings.

This would require 0.03 FTE for the Director of the Climate Impacts Group (annual salary \$124,800, benefits rate 32.5%) and 0.03 for each of the Co-Directors of the WA Ocean Acidification Center (0.06 FTE for both Co-Directors, annual salary \$145,000, benefits rate 32.5%). Travel costs would be \$180 per year for four trips between Seattle and Olympia for the three staff members, which would include the use of a University Fleet vehicle.

Costs would occur on an annual basis and begin in FY19. The total fiscal impact for Section 602(2)(f) is \$16,668 per fiscal year.

602(7) states that DOE must consult with the UW CIG, establish a citizen advisory group, and must seek input from the panel created in Section 805. We assume the work in subsection 7 will be folded into the meetings and FTE from subsections 1 and 2. If that assumption is incorrect, then there will be additional workload and costs for 602(7).

SECTION 603

This section states that the Department of Natural Resources must develop an implementation plan for expenditures using extensive public involvement and considering the best available science on climate risks, resilience, and risk management. The department must consult with the UW Climate Impacts Group at in developing the implementation plan and funding criteria.

In consultation with the Department of Natural Resources, the UW assumes that the department would consult with the UW Climate Impacts Group four times during FY 2019, six times during FY20 and twice annually thereafter to receive input on development of the implementation plan and funding criteria. UW assumes these would be full day meetings in Olympia. UW assumes that the Director of the Climate Impacts Group would participate in the meetings, and would direct Climate Impacts Group staff and faculty in analysis of the existing resilience investment plans and best practices in grant-making for climate resilience to support the development of the implementation plan and funding criteria.

This will require 0.05 FTE in FY19, 0.07 FTE in FY20 and 0.02 FTE in FY21-23 for the Director of the Climate Impacts Group (annual salary \$124,800, benefits rate 32.5%), 0.17 FTE in FY19 for a strategic communications lead (annual salary \$85,200, benefits rate 32.5%), 0.05 FTE in FY19-20 for a resilience specialist (annual salary \$109,200, benefits rate 32.5%) and 0.21 FTE in FY19-20 for faculty (annual salary \$168,000, benefits rate 24.9%). Travel costs between Seattle and Olympia for the staff members, which would include the use of a University Fleet vehicle would be \$180 for four trips in FY19, \$270 for six trips in FY20, and \$90 for two trips each year in FY21-23.

Costs would occur on an annual basis and begin in FY19. The total fiscal impact for Section 603(1) is \$78,939 in FY19, \$63,144 in FY20, and \$3,397/fiscal year in FY21-23.

603(9) states that the Department of Natural Resources must consult with the UW CIG and seek input from the panel created in Section 805 in the development of the funding program and in the review and selection of projects to be funded under this section. We assume the work in subsection 9 will be folded into the meetings and FTE from subsection 1. If that assumption is incorrect, then there will be additional workload and costs for 603(9).

TOTALS

The total cost for 2S SB 6203, not including the carbon tax in Section 102, is estimated at approximately \$319,262 in FY19, \$287,674 in FY20, and \$168,180/fiscal year in FY21-23.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		2.1	1.1	1.5	1.2
A-Salaries and Wages		227,543	227,543	313,174	219,214
B-Employee Benefits		61,305	61,305	81,852	56,678
C-Professional Service Contracts					
E-Goods and Other Services		17,874	17,874	35,748	35,748
G-Travel		12,540	12,540	25,080	24,720
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	\$319,262	\$319,262	\$455,854	\$336,360

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
Co-Directors, Ocean Acidification Center	145,000		0.1	0.0	0.1	0.1
Director, Climate Impacts Group	124,800		0.1	0.1	0.1	0.1
Faculty	168,000		0.4	0.2	0.2	
Faculty Principal Investigator	149,580		0.3	0.1	0.3	0.3
Graduate Student Research Assistant	63,000		0.5	0.3	0.5	0.5
Research Scientist	93,600		0.1	0.0	0.1	0.1
Research Specialist	68,400		0.2	0.1	0.2	0.2
Resilience Specialist	109,200		0.1	0.1	0.1	
Science Coordinator	104,000		0.0	0.0	0.0	0.0
Strategic Communications Lead	85,200		0.3	0.2		
Total FTEs			2.1	1.1	1.5	1.2

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: 6203 2S SB	Title: Carbon pollution	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	1.7	0.8	1.2	1.2
Account					
General Fund-State 001-1	0	335,000	335,000	500,000	500,000
Total \$	0	335,000	335,000	500,000	500,000

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: 02/23/2018
Agency Preparation: Maggie McFadden	Phone: 509-335-1614	Date: 02/26/2018
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 02/26/2018
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 03/01/2018

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 102 establishes the carbon pollution tax on Washington state for (i) the sale or use of all fossil fuels, except fossil fuels used to generate electricity in the state, or (ii) the generation within or import for consumption to this state of electricity generated through the combustion of fossil fuels.

Section 102 (1) (c) sets the initial tax rate to \$12 per metric ton of carbon dioxide through June 30, 2021. Beginning July 1, 2021 the department must annually adjust the previous year's tax rate by one dollar and eighty cents per metric ton until reaching thirty dollars per metric ton of carbon dioxide.

Section 105 (1) (b) requires the Washington State University extension energy program to report its estimated administrative costs directly associated with the carbon pollution tax to the Department of Commerce each year at least one month before the deadline report required under this section.

Section 106 requires that the Washington State University extension energy program provide technical assistance, if requested, to the Department of Revenue as may be necessary for the department to effectively administer the carbon tax program.

Section 401 (2) (bi) the Department of Commerce must consider the recommendation of Washington State University extension energy program in section 405 of this act in determining the award amount offered for a given project and the appropriate process or method for awarding proposals in that program area.

Section 401 (3) requires the Washington State University extension energy program to consult with the Department of Commerce and the Department of Ecology in the design and operation of the carbon reduction fund and must follow the guidelines and obligations set forth in the implementation plan created in section 405 of this act.

Section 405 (a) requires the WSU Energy Program, in partnership with the Department of Commerce to complete a clean energy investment study to recommend appropriate award amounts per ton of CO₂ equivalent of greenhouse gas emission reductions for a variety of clean energy, efficiency, and other project types by June 30, 2019. By March 1, 2021, and by March 1st of each odd-numbered year thereafter, the Washington State University Energy Program and the Department of Commerce must update the recommended amounts per metric ton of emission reductions for the following two-year period.

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 anticipated cash receipts from 2SSB 6203.

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 105 (1) (b) requires the Washington State University extension energy program to report its estimated administrative costs directly associated with the carbon pollution tax to the Department of Commerce each year

at least one month before the deadline report required under this section. WSU anticipates minimal, if any, expenditures as a result of this requirement.

Section 106 requires that the Washington State University extension energy program to provide technical assistance, if requested, to the Department of Revenue as may be necessary for the department to effectively administer the carbon tax program. For purposes of the fiscal note, WSU is estimating that it will cost approximately \$75,000 (salary, benefits and operating costs) and .35 FTE annually to provide this assistance, with the expectation that this amount could vary by year based on the level of technical assistance needed.

Section 401 (2) (bi) The Department of Commerce must consider the recommendations of Washington State University extension energy program in determining the award amounts offered in section 405. WSU assumes this would have no fiscal impact.

Section 401 (3) requires the Washington State University extension energy program to consult with the Department of Commerce in the design of six program areas for investments and the review of proposals with regards to using funds deposited in the Carbon Reduction Investment Fund. For purposes of the fiscal note, WSU is estimating that it will cost approximately \$75,000 (salary, benefits and operating costs) and .35 FTE annually to provide this assistance. Total cost will be determined by the amount of time required to design the program areas and the volume of proposals submitted.

Section 405 (a) requires the WSU Energy Program, in partnership with the Department of Commerce to complete a clean energy investment study to recommend appropriate award amounts per ton of CO2 equivalent of greenhouse gas emission reductions for a variety of clean energy, efficiency, and other project types by June 30, 2019. By March 1, 2021, and by March 1st of each odd-numbered year thereafter, the Washington State University Energy Program and the Department of Commerce must update the recommended amounts per metric ton of emission reductions for the following two-year period. The WSU Energy Program projects that Section 401 will require approximately \$185,000 (salary, benefits and operating costs) and .95 FTE for the first report due June 30, 2019. The subsequent reports are estimated at \$75,000 per year in the even numbered years and \$125,000 per year in the odd numbered years.

For purposes of this fiscal note, WSU did not include the impacts of the proposed carbon tax per Section 102.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		1.7	0.8	1.2	1.2
A-Salaries and Wages		159,510	159,510	239,189	239,189
B-Employee Benefits		98,099	98,099	147,101	147,101
C-Professional Service Contracts					
E-Goods and Other Services		75,191	75,191	111,310	111,310
G-Travel		2,200	2,200	2,400	2,400
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	\$335,000	\$335,000	\$500,000	\$500,000

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
Energy Engineer	98,508		0.3	0.2	0.2	0.2
Energy Program Analyst	89,433		0.9	0.4	0.6	0.6
Energy Program Assistant Director 1	151,165		0.1	0.0	0.0	0.0
Energy Program Assistant Director 2	137,288		0.0	0.0	0.0	0.0
Sr. Energy Engineer	110,536		0.3	0.2	0.3	0.3
Technical Writer	65,577		0.1	0.0	0.0	0.0
Total FTEs			1.7	0.8	1.2	1.2

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

Revised

Bill Number: 6203 2S SB	Title: Carbon pollution	Agency: 467-Recreation and Conservation Funding Board
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Part I: Estimates

☐

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	0.0	0.0	5.3	5.0
Account					
Total \$					

Estimated Capital Budget Impact:

	2017-19		2019-21		2021-23	
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Acquisition	\$0.00	0	1,186,171	58,938,503	36,741,598	40,901,565
Construction	\$0.00	0	0	0	0	0
Other	\$0.00	0	790,780	39,292,335	24,494,398	27,267,710
Total \$	\$0.00	\$0	\$1,976,951	\$98,230,838	\$61,235,996	\$68,169,275

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: 02/23/2018
Agency Preparation: Mark Jarasitis	Phone: 360-902-3006	Date: 03/06/2018
Agency Approval: Wendy Brown	Phone: 360-902-3021	Date: 03/06/2018
OFM Review: Myra Baldini	Phone: (360) 902-0525	Date: 03/06/2018

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 402 specifies funds appropriated from the Energy Transformation Account for the Recreation and Conservation Office to (3) develop procedures and criteria for a program to protect and prevent the loss of ecosystems that provide fish and wildlife habitat and carbon sequestration values and (4) to develop and administer grants through a working forest conservation program.

RCO assumes these programs will be different from existing grant programs and will require their own policy development and technical assistance from a climate specialist for the first year. These grants will not be approved by the Recreation and Conservation Funding Board, but will be considered RCO approved projects.

Section 602(2)(e) specifies the Recreation and Conservation Office to consult with Ecology and the climate impacts group and the University of Washington in developing implementations for investments to adapt and remediate the impacts of ocean acidification. This will be a role specifically for RCO.

This fiscal note differs from the last version due to the difference in the distribution of the Energy Transformation Account. 6203 S SB had a lower amount projected for the Energy Transformation Account compared to 6203 2SSB. RCO is consistent in our administrative rate, and timeline, but the amounts projected to be in the fund are greater in 6203 2SSB.

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

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years				5.3	5.0
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
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	\$0	\$0	\$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
Administrative Assistant 3	44,652				0.5	0.5
Communications Manager - WMS	84,966				0.1	0.1
Fiscal Analyst	50,502				0.1	0.2
Outdoor Grants Manager	78,768				1.0	3.5
Outdoor Grants Manager Senior	86,934				0.3	0.5
Policy Director - WMS	107,616				0.3	0.1
Policy Specialist - WMS	84,066				3.0	
Volunteer Coordinator	52,800				0.1	0.1
Total FTEs					5.3	5.0

Part IV: Capital Budget Impact

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

Construction Estimate	FY 2018	FY 2019	2017-19	2019-21	2021-23
Acquisition				60,124,674	77,643,163
Construction					
Other				40,083,115	51,762,108
Total \$				100,207,789	129,405,271

All of the spending authority will be in RCO's capital budget.

Expenditures for section 402(a) will be in the Energy Transformation Account

FY2020 - \$653,998

FY2021 - \$32,738,627

FY2022 - \$20,407,013

FY2023 - \$22,718,106

Expenditures for administration will not exceed 4.12% of collected funds

FTEs:

FY2020 - 1 Policy Specialist, .05 Policy Director, .2 AA 3, .04 Volunteer Coordinator, .04 Communications Mgr

FY2021 - .6 OGM2, .2 OGM3, .07 Fiscal Analyst, 1 Policy Specialist, .05 Policy Director, .2 AA 3, .04 Volunteer Coordinator, .04 Communications Mgr

FY2022 - 1 OGM2, .2 OGM3, .07 Fiscal Analyst, .2 AA 3, .04 Volunteer Coordinator, .04 Communications Mgr

FY2023 - 1.4 OGM2, .2 OGM3, .07 Fiscal Analyst, .2 AA 3, .04 Volunteer Coordinator, .04 Communications Mgr

The policy specialist and policy director will establish the program and get the manuals written

The AA3 will provide administrative assistance

The volunteer coordinator will provide support regarding program evaluation

The communications manager will prepare and finalize all materials related to this program

The fiscal analyst will provide accounting support

The OGM2s will work on implementing the program, collecting and reviewing applications, getting agreements underway and managing projects

The OGM3 will provide management oversight and guidance for the program

Expenditures in this section include changes to PRISM to establish the new programs and establish the required metrics.

There is also a science review panel to help review the projects for their scientific merits

There is a contract(s) to help RCO staff with the scientific aspects of this program and coordination

There is a contract of \$15,000 for DNR technical assistance for establishing this program

There is funding for the Attorney General to help with easement writing and other legalities that may arise

There is travel to conduct project reviews, inspections and hold workshops as needed

There is rent and goods and services to support the employees

There is a general administrative charge that is not related to FTEs, this will be used to support the agency

Expenditures for section 402(c) will be in the Energy Transformation Account
FY2020 - \$653,998
FY2021 - \$32,738,627
FY2022 - \$20,407,013
FY2023 - \$22,718,106

Expenditures for administration will not exceed 4.12% of collected funds

FTEs:
FY2020 - 1 Policy Specialist, .05 Policy Director, .1 AA 3, .03 Volunteer Coordinator, .03 Communications Mgr
FY2021 - .7 OGM2, .1 OGM3, .07 Fiscal Analyst, 1 Policy Specialist, .05 Policy Director, .1 AA 3, .03 Volunteer Coordinator, .03 Communications Mgr
FY2022 - 1 OGM2, .1 OGM3, .07 Fiscal Analyst, .1 AA 3, .03 Volunteer Coordinator, .03 Communications Mgr
FY2023 - 1.3 OGM2, .1 OGM3, .07 Fiscal Analyst, .1 AA 3, .03 Volunteer Coordinator, .03 Communications Mgr

The policy specialist and policy director will establish the program and get the manuals written
The AA3 will provide administrative assistance
The volunteer coordinator will provide support regarding program evaluation
The communications manager will prepare and finalize all materials related to this program
The Fiscal analyst will provide accounting support
The OGM2s will work on implementing the program, collecting and reviewing applications, getting agreements underway and managing projects
The OGM3 will provide management oversight and guidance for the program
Expenditures in this section include changes to PRISM to establish the new programs and establish the required metrics.
There is also a science review panel to help review the projects for their scientific merits
There is a science contract to help RCO staff with the scientific aspects of this program
There is a contract of \$15,000 for DNR technical assistance for establishing this program
There is funding for the Attorney General to help with easement writing
There is travel to conduct project reviews, inspections and hold workshops as needed
There is rent and goods and services to support the employees
There is a general administrative charge that is not related to FTEs, this will be used to support the agency

Expenditures for section 402(d) will be in the Energy Transformation Account
FY2020 - \$653,998
FY2021 - \$32,738,627
FY2022 - \$20,407,013
FY2023 - \$22,718,106

Expenditures for administration will not exceed 4.12% of collected funds

FTEs:
FY2020 - 1 Policy Specialist, .05 Policy Director, .2 AA 3, .03 Volunteer Coordinator, .03 Communications Mgr
FY2021 - .7 OGM2, .2 OGM3, .06 Fiscal Analyst, 1 Policy Specialist, .05 Policy Director, .2 AA 3, .03 Volunteer Coordinator, .03 Communications Mgr
FY2022 - 1 OGM2, .2 OGM3, .06 Fiscal Analyst, .2 AA 3, .03 Volunteer Coordinator, .03 Communications Mgr
FY2023 - 1.3 OGM2, .2 OGM3, .06 Fiscal Analyst, .2 AA 3, .03 Volunteer Coordinator, .03 Communications Mgr

The policy specialist and policy director will establish the program and get the manuals written
The AA3 will provide administrative assistance
The volunteer coordinator will provide support regarding program evaluation
The communications manager will prepare and finalize all materials related to this program
The Fiscal analyst will provide accounting support

The OGM2s will work on implementing the program, collecting and reviewing applications, getting agreements underway and managing projects
The OGM3 will provide management oversight and guidance for the program
Expenditures in this section include changes to PRISM to establish the new programs and establish the required metrics.
There is also a science review panel to help review the projects for their scientific merits
There is a science contract to help RCO staff with the scientific aspects of this program
There is a contract of \$15,000 for DNR technical assistance for establishing this program
There is funding for the Attorney General to help with easement writing
There is travel to conduct project reviews, inspections and hold workshops as needed
There is rent and goods and services to support the employees
There is a general administrative charge that is not related to FTEs, this will be used to support the agency

Expenditures for section 602(2)(e) will be in the Water and Natural Resources Resilience Account
FY2020 - \$14,957
FY2021 - \$14,957
FY2022 - \$14,957
FY2023 - \$14,957
FTEs in this area are .1 FTE from the policy director for each year, starting in 2020
The other category used above is for projected restoration projects.

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: 6203 2S SB	Title: Carbon pollution	Agency: 477-Department of Fish and Wildlife
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Part I: Estimates

☐

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	0.2	0.1	0.2	0.1
Account					
General Fund-State 001-1	0	31,900	31,900	47,800	31,800
Total \$	0	31,900	31,900	47,800	31,800

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: 02/23/2018
Agency Preparation: Owen Rowe	Phone: (360) 902-2204	Date: 02/23/2018
Agency Approval: Catherine Suter	Phone: 360-902-2196	Date: 02/23/2018
OFM Review: Leslie Connelly	Phone: (360) 902-0543	Date: 02/26/2018

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 602(1) The Department of Ecology may provide grants and loans from the Water and Natural Resources Resilience Account (created in Section 601). Ecology may not financially obligate funds until after an appropriation by the legislature for specific projects and activities. Ecology is directed to consult with appropriate state agencies in developing the funding plan and making funding decisions, and must also consult with the climate impacts group at the University of Washington in developing implementation plans and funding criteria.

Section 602(2) Eligible projects to be funded by the Water and Natural Resources Resilience Account include but are not limited to:

Construction projects that reduce stormwater impacts from existing infrastructure and development;
Reducing risks of flooding by restoring natural floodplain ecological functions;
Improving the availability and reliability of water supplies for in-stream and out-of-stream uses;
Constructing fish barrier correction projects, with priority given for Washington State Department of Transportation projects, or on state or local roadways outside of the court injunction where Ecology is directed to obtain the recommendations of the Fish Passage Barrier Removal Board;
Projects to prepare for sea-level rise and restore and to restore and protect estuaries, fisheries, marine shorelines and inland habitats; and
Increasing the ability to adapt and to remediate the effects of ocean acidification.

Section 602(4) Directs the Department of Ecology to adopt rigorous-performance based criteria and objectives for funding decisions, and incorporate project implementation and monitoring and evaluation requirements into 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.

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.

Section 602, subsections (1 and 2) - 0.1 FTE Environmental Planner 5 beginning in FY19

This staff time represents WDFW's involvement in three meetings per year starting in FY19 to develop project lists for consideration by the legislature, grant and loan implementation plan timelines, and to support the development of implementation monitoring and evaluation criteria for projects funded by the legislature from the Water and Natural Resource Resilience Account.

WDFW assumes supporting the Department of Ecology, other state agencies and partners with the following types of projects:

Flood risk reduction through restoring natural floodplain ecological functions (Sec. 602(2)(b));
Improving the availability and reliability of water supplies for in-stream and out-of-stream uses (Sec. 602(2)(c));
State Department of Transportation fish passage projects under the Culverts Injunction, and state and local fish

passage barriers not subject to the injunction (Sec. 602(2)(d));
 Anadromous fish passage and habitat projects to prepare for sea-level rise (Sec. 602(2)(e)); and
 Ocean acidification remediation projects (Sec. 602(2)(f))

An additional 15 days of work each fiscal year is will be necessary to review and prepare information on proposed projects. Meetings are assumed to be full days and will be held in Olympia. This work is assumed to be ongoing.

Section 602(4) - 0.1 FTE Environmental Planner 5 FY19 and FY20

WDFW assumes that it will assist the Department of Ecology, other state agencies, and partners in adopting performance based criteria and objectives for funding decisions, and incorporate project implementation monitoring and evaluation requirements into the projects. The work in this section will require four full day meetings in FY19 and 12 meetings in FY20, and additional staff time to provide support for this process.

WDFW assumes that when the grant and loan program begins to provide funding for projects that Ecology will subcontract with WDFW to provide technical and permitting expertise in the review and implementation of grant projects. This workload is not represented in this fiscal note. This assumption is based on WDFW's experience working on the Office of Columbia River and Yakima Basin Integrated Plan projects with the Department of Ecology.

Object E, goods and services, includes \$5,400 per FTE, per year, for WDFW standard costs, which cover an average employee's space, supplies, communications, training, and subscription costs per year, as well as central agency costs.

An infrastructure and administrative program support rate of 32.46 percent is included in Object T, and is calculated based on WDFW's federally approved indirect rate.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		0.2	0.1	0.2	0.1
A-Salaries and Wages		17,000	17,000	25,500	17,000
B-Employee Benefits		6,000	6,000	9,000	6,000
C-Professional Service Contracts					
E-Goods and Other Services		1,100	1,100	1,600	1,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		7,800	7,800	11,700	7,800
9-					
Total:	\$0	\$31,900	\$31,900	\$47,800	\$31,800

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
Environmental Planner 5	84,831		0.2	0.1	0.2	0.1
Total FTEs			0.2	0.1	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.

None.

Individual State Agency Fiscal Note

Bill Number: 6203 2S SB	Title: Carbon pollution	Agency: 540-Employment Security Department
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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	0.3	0.2	0.0	0.0
Account					
General Fund-Federal 001-2	0	52,671	52,671	0	0
Total \$	0	52,671	52,671	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:	Phone:	Date: 02/23/2018
Agency Preparation: Garrett Stronks	Phone: 360-902-9452	Date: 02/27/2018
Agency Approval: Sondra Walsh	Phone: 360/902-0023	Date: 02/27/2018
OFM Review: Devon Nichols	Phone: (360) 902-0582	Date: 02/27/2018

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.

This version of the bill has no policy or fiscal impact changes for the Employment Security Department (ESD). Section 504 directs ESD (and business and labor organizations) to assist the Department of Commerce to develop a program and provide assistance to eligible displaced fossil-fuel related industries workers to include, but not limited to, wage, pension, and health benefits replacement based on the average of workers' previous two years of payment and contributions of the same, training and education subsidies of up to the cost of a two-year public community or technical college, peer counseling services, enhanced job placement support, and relocation assistance and expenses. This would require the programmatic expertise of ESD's Employment Connections Division and Unemployment Insurance Customer Support Division. An initial estimate is that the ECD commitment would require up to 0.05 of a WMS 3 manager and up to 0.25 FTE of a program lead (Management Analyst 5) familiar with the structural organization of case-managed employment, training, and income support services similar to those presently provided to eligible dislocated workers by the Trade Adjustment Assistance (TAA) and Trade Readjustment Allowance (TRA) programs.

None of the proposed amendments in the proposed second substitute bill change the fiscal impact on ESD insofar as Section 504 (the one section that impacts ESD) remains unchanged.

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.

N/A

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 implement Section 504, ESD would spend \$52,671 on .05 FTE of a WMS3 position, and .25 FTE of an MA5 position. This cost estimate assumes that assisting the Department of Commerce in accordance with Section 504 would be a one-time activity. The work would be completed by staff with expertise on designing, implementing, and administering case-managed employment, training and income support services.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		0.3	0.2		
A-Salaries and Wages		23,117	23,117		
B-Employee Benefits		8,091	8,091		
C-Professional Service Contracts		12,750	12,750		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		8,713	8,713		
9-					
Total:	\$0	\$52,671	\$52,671	\$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
Management Analyst 5	18,651		0.3	0.1		
WMS 3	4,466		0.1	0.0		
Total FTEs			0.3	0.2		0.0

III. C - Expenditures By Program (optional)

Program	FY 2018	FY 2019	2017-19	2019-21	2021-23
Employment Connections Division (30)		52,671	52,671		
Total \$		52,671	52,671		

Part IV: Capital Budget Impact

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.

N/A

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 6203 2S SB	Title: Carbon pollution
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Potential grant revenue for carbon reduction projects. Jurisdictions operating power utilities would see even greater impacts.
- ☒ Counties: Same as above
- ☒ Special Districts: Public Utility Districts
- ☐ Specific jurisdictions only:
- ☒ Variance occurs due to: Jurisdictions operating power utilities would be most impacted.

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: Number of PUDs receiving carbon credits, proportion of carbon credits to tax obligation, amount of grant funding received by local governments

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Tom Gilmore	Phone: 360-725-5038	Date: 03/05/2018
Leg. Committee Contact:	Phone:	Date: 02/23/2018
Agency Approval: Renee Martine-Tebow	Phone: 360-725-5045	Date: 03/05/2018
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 03/07/2018

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 VERSION:

Part I: The tax rate on carbon emissions would be established at \$12 per metric ton a change from \$10 in the previous version. The annual adjustment rate would be \$1.80, changed from \$2 in the previous version. This portion of the bill also adds an exemption for fossil fuels used to generate electricity.

CURRENT VERSION OF THE BILL:

Part I would establish a twelve dollar pollution tax per metric ton of carbon emitted. This tax would be assessed on the sale of fossil fuels or the sale of electricity generated from fossil fuel combustion. Beginning July 1, 2021 this tax would be increased by one dollar and eighty cents each year until it reached thirty dollars per metric ton of carbon dioxide. This section also establishes exemptions including, the timber industry, biofuels, and agricultural fuel uses.

Part II would establish the clean energy investment fund for investor-owned energy utilities. This section also covers reimbursement programs which would be available to investor owned energy utilities.

Part II would establish the clean energy investment fund for consumer-owned energy utilities. This section establishes that consumer-owned utilities would be eligible for carbon tax credits up to one hundred percent of their tax obligation for approved clean energy improvements, establishing a framework of requirements which would be instituted on the tax credit system.

Part IV would establish the energy transformation account. This account would provide grant funding to programs yield verifiable reductions in carbon pollution in excess of current programs, including specified carbon sequestration projects. Some local governments would be eligible to apply to the grant program.

Part V would require a study of vulnerable communities across Washington, and provide a transition assistance mechanism. This section would also exempt low income individuals from the vehicle licensing fee under RCW 46.17.350 and 46.17.365.

Part VI addresses climate resilience. This section would provide funding for forest resilience and fire prevention, as well as support programs addressing storm water abatement, and forest and natural land programs which improve resource health and climate change resilience. Local governments would be eligible to apply for these grants.

Part VII addresses rural economic development. This section would provide grants for rural development, and provide funding for the development of plans to establish broader rural broadband access.

Part VIII would establish oversight boards. The board membership outlined in this section would not have a direct fiscal impact on local governments.

Part IX would preclude state agencies from imposing a carbon emissions cap.

Part X address incremental energy, and would establish that utilities may not transfer renewable energy credits allocated under RCW 19.285.030 (12) (h).

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.

This bill would have indeterminate impacts on local government expenditures.

Public Utility Districts (PUDs) would be directly impacted through taxation on many of their primary activities. If a PUD elected to participate in the carbon credit program it would still have expenditure impacts through directed spending in clean energy programs. Department of Revenue assumes PUDs will be able to retain 100 percent of their carbon tax liability as carbon tax credits. These credits would still represent expenditures to local governments, they would however be spent on clean energy programs. This impact is indeterminate.

Two cities in the state would be uniquely impacted by this legislation, Ellensburg and Enumclaw. Both cities operate natural gas services which would incur extra costs resulting from the implementation of this bill. It is unclear if these cities would qualify for the same carbon credit programs as PUDs.

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.

This bill would impact local government revenues through tax credits and available grant programs.

PUDs would be eligible to receive tax credits equal to up to 100 percent of their carbon tax liability through approved clean energy improvements. The Department of Revenue assumes that utilities will withhold 100 percent of carbon tax liability as carbon tax credits. These credits would equal the total carbon tax liability for PUDs

Other local governments would be eligible for grant programs for carbon emission mitigation programs. These grants would be competitive in nature, with a wide field of potential recipients. The number of grants awarded to local governments and the value of those grants cannot be predicted and these impacts are indeterminate.

SOURCES:

Department of Commerce
Washington State Association of Counties
Association of Washington Cities
Department of Energy
Alternative Fuels Data Center
Department of Revenue Fiscal Note