

Multiple Agency Fiscal Note Summary

Bill Number: 1549 HB	Title: Greenhouse emissions eval.
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Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Attorney General	0	149,000	0	79,000	0	0
Total \$	0	149,000	0	79,000	0	0

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Attorney General	.6	0	149,000	.3	0	79,000	.0	0	0
Department of Ecology	4.6	1,588,985	1,588,985	2.6	742,244	742,244	.0	0	0
Total \$	5.2	1,588,985	1,737,985	2.9	742,244	821,244	0.0	0	0

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Linda Steinmann, OFM	Phone: 360-902-0573	Date Published: Final 2/14/2019
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 55769

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Revised

Bill Number: 1549 HB	Title: Greenhouse emissions eval.	Agency: 100-Office of Attorney General
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
Legal Services Revolving Account-State 405-1	92,000	57,000	149,000	79,000	
Total \$	92,000	57,000	149,000	79,000	

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.7	0.4	0.6	0.3	0.0
Account					
Legal Services Revolving Account-State 405-1	92,000	57,000	149,000	79,000	0
Total \$	92,000	57,000	149,000	79,000	0

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: Robert Hatfield	Phone: 360-786-7117	Date: 01/29/2019
Agency Preparation: Amy Soth	Phone: 509-456-3123	Date: 02/08/2019
Agency Approval: Nick Klucarich	Phone: 360-586-3434	Date: 02/08/2019
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/10/2019

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.

Bill Summary: This bill directs the Department of Ecology (DOE) to adopt rules governing the evaluation of greenhouse gas emissions under chapter 43.21C RCW. It also adds a new section to this chapter.

Section 1 – Adds a new section to RCW 43.21C setting out rules that DOE must establish. DOE is required to adopt a rule process for evaluating the impacts of greenhouse gas emissions by July 1, 2020. The legislation is very specific as to what the rules must address with respect to direct and indirect emissions, the threshold levels for emissions, the process for evaluating emissions and the process for mitigating emissions. The rules must also include methodologies for addressing cumulative effects, prediction of emission trends and consideration of the global life cycle. The rule must also establish a methodology by which the impacts of climate change are considered.

Section 2 – Adds a new section to RCW 43.21C that requires that by July 1, 2020, DOE will submit a report containing inventory and anticipated trends for emissions. The report shall be updated every three years.

Section 3: -- Adds a new section to RCW 43.21C that prior to adopting the required rules, DOE will consult with Indian Tribes as well as other stakeholders from agriculture, forestry, environment interest organizations, environmental justice organizations, cities, counties, port districts and business interest groups.

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.

Cash receipts are assumed to equal the Legal Service Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agency is DOE. The AGO will bill DOE for all legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency's fiscal note. Appropriation authority is necessary in the AGO budget.

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.

AGO Agency Assumptions:

1. This bill is assumed effective 90 days after the end of the 2019 legislative session.
2. This request does not include cost of living salary increases identified in the Governor's proposed 2019-21 budget.
3. The AGO's Counsel for Environmental Protection (CEP) has reviewed this bill and determined it will not increase or decrease the division's workload. This bill does not create any new causes of action under state law,

and does not affect the CEP role under RCW 80.50.080. Any new legal services are assumed to be nominal and costs are not included in this request.

Assumptions for the AGO Ecology Legal Services for DOE:

1. The AGO will bill DOE for legal services based on the enactment of this bill.
2. Section 1 of this bill will amend several State Environmental Policy Act (43.21C RCW) sections and require DOE to finish rulemaking by July 1, 2020. This rulemaking must establish a new process to evaluate the environmental impacts of greenhouse gas emissions. In FY 2020 through FY 2022, based on similar rulemaking, the AGO anticipates 0.25 Assistant Attorney General (AAG) will be required to provide ongoing legal advice and guidance to adopt and implement the rule, including potential challenges to the rule.
3. Section 2 will require DOE to submit a report to the standing committees of the legislature by July 1, 2020, to include inventories of and anticipated trends for emissions. DOE will be required to update the report every three years thereafter. In FY 2020, FY 2023 and every three years thereafter, 0.10 AAG will be required to provide legal advice and guidance to DOE while it prepares the report for submittal to the legislature.
4. Section 3 will require DOE to engage in government-to-government consultation with Indian Tribes consistent with 43.376 RCW prior to adopting the rule required by Section 1 of this bill. DOE will be required to convene and consult a stakeholder group. In FY 2020, the AGO anticipates 0.05 AAG will be required to provide legal advice and guidance to DOE when convening and consulting with the stakeholder advisory group.
5. Total workload impact:
FY 2020: 0.40 AAG and 0.20 Legal Assistant (LA) at a cost of \$92,000.
FY 2021 and FY 2022: 0.25 AAG and 0.13 LA at a cost of \$57,000.
FY 2023: 0.10 AAG and 0.05 LA at a cost of \$22,000.

Note: Agency administration support FTEs are included in the tables below, using a Management Analyst 5 as a representative classification.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
405-1	Legal Services Revolving Account	State	92,000	57,000	149,000	79,000	0
Total \$			92,000	57,000	149,000	79,000	0

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.7	0.4	0.6	0.3	
A-Salaries and Wages	59,000	37,000	96,000	51,000	
B-Employee Benefits	20,000	13,000	33,000	18,000	
C-Professional Service Contracts					
E-Goods and Other Services	11,000	7,000	18,000	10,000	
G-Travel	1,000		1,000		
J-Capital Outlays	1,000		1,000		
Total \$	92,000	57,000	149,000	79,000	0

III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
Assistant Attorney General	103,560	0.4	0.3	0.3	0.2	
Legal Assistant 3	51,004	0.2	0.1	0.2	0.1	
Management Analyst 5	77,614	0.1	0.1	0.1	0.0	
Total FTEs		0.7	0.4	0.6	0.3	0.0

III. D - Expenditures By Program (optional)

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Ecology Division (ECY)	92,000	57,000	149,000	79,000	
Total \$	92,000	57,000	149,000	79,000	

Part IV: Capital Budget Impact

NONE

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

Revised

Bill Number: 1549 HB	Title: Greenhouse emissions eval.	Agency: 461-Department of Ecology
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	5.0	4.1	4.6	2.6	0.0
Account					
General Fund-State 001-1	989,325	599,660	1,588,985	742,244	0
Total \$	989,325	599,660	1,588,985	742,244	0

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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

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

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Capital budget impact, complete Part IV.

☒

Requires new rule making, complete Part V.

Legislative Contact: Robert Hatfield	Phone: 360-786-7117	Date: 01/29/2019
Agency Preparation: Jessica Moore	Phone: 360-407-6994	Date: 02/08/2019
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 02/08/2019
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 02/14/2019

Part II: Narrative Explanation

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

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

Under current law, the State Environmental Policy Act (SEPA), chapter 43.21C RCW, provides a way to identify possible environmental impacts that may result from governmental decisions. Ecology is responsible for amendment to SEPA Rules (Chapter 197-11 WAC).

Section 1 of this bill would amend chapter 43.21C RCW and require Ecology to establish a process in rule to evaluate the environmental impacts of greenhouse gas emissions. The rule would be required to include certain elements as listed in the bill.

Section 2 would require Ecology to submit a report to the standing committees of the legislature by July 1, 2020, to include inventories of emissions and anticipated trends for emissions, and how those inventories and trends may be used in environmental reviews. Ecology would be required to update the report every three years thereafter.

Section 3 would require Ecology to engage in government-to-government consultation with Indian Tribes consistent with chapter 43.376 RCW prior to adopting the rule required by section 1 of this bill. Ecology would be required to convene and consult a stakeholder group composed of representatives from agriculture, forestry, environmental interest organizations, environmental justice organizations, cities, counties, port districts, and business interest groups. Ecology would be required to review any comprehensive strategies to achieve reduction goals in chapter 70.235 RCW to ensure consistency with the rule required in section 1.

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.

It is the responsibility of each unit of government to independently comply with SEPA. Ecology has an additional responsibility under SEPA to maintain rules, provide guidelines, and provide technical training regarding applying SEPA.

Under current law and in the existing budget, Ecology does not have any rulemaking capacity for SEPA rule changes. Therefore, these costs are reflected in this fiscal note.

Section 1 of this bill would require rulemaking to be completed by July 1, 2020. Ecology recognizes the bill's requirement to complete rule making by July 1, 2020, however, consistent with assumptions by the Attorney General's Office, due to the anticipated controversial nature of the rule making, and its probable complexity, we are unable to identify an approach that would allow us to meet that deadline. In order to be responsive in our fiscal note to probable rule making costs, we are estimating those costs, but over what we anticipate would require a three year period.

Rulemaking would require a rulemaking lead, technical staff, and economic research staff. The rulemaking lead

would oversee project management, lead rule development, manage stakeholder engagement, and perform other tasks as necessary. Ecology estimates that this work would require 0.85 FTE Environmental Planner 4 in FY 2020, FY 2021, and FY 2022. Technical staff would work with the rulemaking lead to create the rule language and drive the overall policy change of the rulemaking. Ecology estimates that 0.75 FTE Environmental Planner 5, 0.50 FTE Environmental Planner 4) and 0.25 FTE Environmental Specialist 5 would also be required in FY 2020, FY 2021, and FY 2022. Economic research staff would complete economic and regulatory analysis in support of the rule as required by law. Ecology estimates that this work would require 0.10 FTE Regulatory Analyst 2 and 0.25 FTE Economic Analyst 3 in FY 2022.

In addition to technical expertise for SEPA, Ecology assumes that technical expertise would be required from Ecology's Air Quality program. Air Quality technical staff would support fulfillment of the following rule requirements specified in Section 1:

- Establish a greenhouse gas emissions threshold for determination of probable, significant adverse impacts.
- Develop methods to evaluate emissions' impacts.
- Prepare guidance on scope and context for emissions evaluation.
- Provide guidance for addressing greenhouse gas reduction targets for new sources, which accommodates and encourages new technologies to reduce emissions.
- Provide an emissions calculation framework.
- Develop a method for identifying reasonable mitigation measures when appropriate.

Assuming that published materials and scientific literature are readily available to support the requirements described above, Ecology estimates that this work would require 0.75 FTE Environmental Planner 5 in FY 2020, FY 2021, and FY 2022 to serve as the technical lead for implementing these requirements in coordination with the Shorelands and Environmental Assistance rulemaking lead. This position would evaluate available research and data to develop methods and guidelines. Ecology estimates another 0.50 FTE Environmental Specialist 5 in FY 2020, FY 2021, and FY 2022 would provide the necessary technical support and data analysis to support the development of methods and guidance.

Section 1 also specifies that the rule should do the following:

- Provide guidance on how to evaluate market substitution or displacement effects.
- Establish thresholds for consideration of global life-cycle emissions.

Ecology assumes that we would contract for outside technical expertise. Based on a recent state contract that relied on greenhouse gas emissions life-cycle analysis, Ecology estimates a \$250,000 contract in FY 2020 for development of thresholds for consideration of global life-cycle emissions and of guidance on how to evaluate market substitution and displacement effects.

In consultation with the Office of the Attorney General (ATG), Ecology assumes that Assistant Attorney General (AAG) and Legal Assistant expertise would be required to create and implement the rule. The ATG estimates that this work would require 0.25 FTE from FY 2020 to FY 2022.

Section 2 would require Ecology to submit a report to the legislature by July 1, 2020, providing greenhouse gas inventories and projected trends for various sectors and analysis of how this information may be used for environmental reviews. Ecology estimates that this work would require 0.75 FTE Environmental Specialist 5 to prepare greenhouse gas inventory and projected trends data for this report in FY 2020. In FY 2023 and every three fiscal years ongoing, Ecology estimates that 0.5 FTE Environmental Specialist 5 would be required to update the report with current information.

In consultation with the ATG office, Ecology estimates that 0.10 AAG, in FY 2020 and FY 2023, would be required to provide legal advice and guidance to Ecology while we prepare the report for submittal to the legislature.

Section 3 would require Ecology to engage in government-to-government consultation with Indian Tribes consistent with chapter 43.376 RCW prior to adopting the rule required by section 1 of this bill. Ecology would be required to convene and consult a stakeholder group composed of representatives from agriculture, forestry, environmental interest organizations, environmental justice organizations, cities, counties, port districts, and business interest groups. Ecology would be required to review any comprehensive strategies to achieve reduction goals in chapter 70.235 RCW to ensure consistency with the rule required in section 1.

In consultation with the ATG, Ecology estimates that 0.05 AAG would be required in FY 2020, to provide legal advice and guidance to Ecology when convening and consulting with the stakeholder advisory group.

Ecology also assumes that some rulemaking could be required at a later date to ensure consistency with the reduction goals in chapter 70.235 RCW. However, there is no reliable basis to create an estimate. Therefore, no costs are included at this time for this possible scenario.

Notes on costs by object:

Salary estimates are current biennium actual rates at Step L.

Benefits are the agency average of 37.1% of salaries.

Personal services contracts: \$250,000 is included in FY 2020 for development of thresholds for consideration of global life-cycle emissions and of guidance on how to evaluate market substitution and displacement effects.

Goods and Services are the agency average of \$4,230 per direct program FTE.

Consistent with the AAG fiscal note, \$92,000 in FY 2020, \$57,000 in FY 2021 and FY 2022, and \$22,000 in FY 2023, is included in object E for AAG support for this bill.

Travel is the agency average of \$2,577 per direct program FTE.

Equipment is the agency average of \$1,319 per direct program FTE.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 29.7% of direct program salaries and benefits, and is shown as object 9. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT Specialist 2.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	989,325	599,660	1,588,985	742,244	0
Total \$			989,325	599,660	1,588,985	742,244	0

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	5.0	4.1	4.6	2.6	
A-Salaries and Wages	344,156	288,723	632,879	352,651	
B-Employee Benefits	127,682	107,116	234,798	130,833	
C-Professional Service Contracts	250,000		250,000		
E-Goods and Other Services	110,403	72,230	182,633	97,826	
G-Travel	11,211	9,278	20,489	11,469	
J-Capital Outlays	5,738	4,749	10,487	5,871	
9-Agency Administrative Overhead	140,135	117,564	257,699	143,594	
Total \$	989,325	599,660	1,588,985	742,244	0

III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
ECONOMIC ANALYST 3	77,618				0.1	
ENVIRONMENTAL PLANNER 4	77,618	1.4	1.4	1.4	0.7	
ENVIRONMENTAL PLANNER 5	85,671	1.5	1.5	1.5	0.8	
ENVIRONMENTAL SPEC 5	73,910	1.5	0.8	1.1	0.6	
FISCAL ANALYST 2		0.4	0.4	0.4	0.2	
IT SPECIALIST 2		0.2	0.2	0.2	0.1	
REGULATORY ANALYST 2	75,683				0.1	
Total FTEs		5.0	4.1	4.6	2.6	0.0

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.

Section 1 would require Ecology to establish a process in rule to evaluate the environmental impacts of greenhouse gas emissions.