

Multiple Agency Fiscal Note Summary

Bill Number: 1205 2S HB	Title: Plastic Bags
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Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	4,593,000	4,600,000	9,786,000	9,800,000	9,586,000	9,600,000
Total \$	4,593,000	4,600,000	9,786,000	9,800,000	9,586,000	9,600,000

Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other		1,881,001		3,960,000		3,960,000
Local Gov. Other	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.					
Local Gov. Total		1,881,001		3,960,000		3,960,000

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.8	176,100	176,100	.1	6,600	6,600	.0	0	0
Department of Ecology	1.0	0	283,444	1.6	0	416,094	.9	0	195,174
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
Total \$	1.8	176,100	459,544	1.7	6,600	422,694	0.9	0	195,174

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 Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Environmental and Land Use Hearings Office	.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

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Prepared by: Lisa Borkowski, OFM	Phone: (360) 902-0000	Date Published: Final 1/23/2020
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Department of Revenue Fiscal Note

Bill Number: 1205 2S HB	Title: Plastic Bags	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2020	FY 2021	2019-21	2021-23	2023-25
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax		4,293,000	4,293,000	9,186,000	8,986,000
GF-STATE-State 01 - Taxes 05 - Bus and Occup Tax		300,000	300,000	600,000	600,000
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax		7,000	7,000	14,000	14,000
Total \$		4,600,000	4,600,000	9,800,000	9,600,000

Estimated Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.0	0.5	0.8	0.1	
Account					
GF-STATE-State 001-1	134,900	41,200	176,100	6,600	
Total \$	134,900	41,200	176,100	6,600	

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: Tracey OBrien	Phone: 360-786-7152	Date: 01/07/2020
Agency Preparation: Diana Tibbetts	Phone: 360-534-1520	Date: 01/15/2020
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 01/15/2020
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 01/22/2020

Request # 1205-1-1

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.

An ACT Relating to reducing pollution from plastic bags by establishing minimum state standards for the use of bags at retail establishments.

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

In order to reduce waste, litter, and marine pollution, conserve resources, and protect fish and wildlife, this bill:

- Prohibits the use of single-use plastic carryout bags.
- Requires a pass-through charge on certain paper carryout bags and other reusable bags.
- Requires the use of recycled content bags.
- Encourages retail establishments to supply and use reusable and recycled content paper carryout bags.

Retail establishments must collect a pass-through charge of at least ten cents for every recycled content paper carryout bag or reusable carryout bag made from film plastic that they provide. The pass-through charge is a taxable retail sale which must be shown on receipts provided to customers. The pass-through charge is not required to be collected:

- If as of January 1, 2019, local regulations allow retail establishments to provide restricted bags from existing inventory until one year after the effective date of the bill.
- From people who have a voucher or electronic benefits card issued under one of the following programs:
 - Women, infants, and children (WIC)
 - Temporary assistance for needy families (TANF)
 - Federal supplemental nutrition assistance program (SNAP, also known as basic food)
 - Washington state food assistance program (FAP)

This bill preempts local plastic bag ordinances, but allows localities to increase the fee above the minimum 10 cents.

The null and void clause in Section 8 refers to specific funding provided by July 1, 2019.

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

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 2019 dates in sections 6 and 8 will be changed to 2020. The language in this bill will be amended to reflect the intent. An amended fiscal note will be prepared to reflect the actual language of the bill if the bill is not amended, once referred out of committee.
- All Washington retailers will collect a pass-through charge of 10-cents per bag.
- Washington residents use bags at the same per capita rate as consumers in the rest of the country.
- Washington residents in cities currently banning plastic bags use them at a rate of 40 percent of residents in cities without bans.
- An additional two percent of the Washington state population will reside in cities that currently ban plastic bags each year.
- The Washington population will grow at the same rate as projected by the Office of Financial Management.
- The United States population will grow at the same rate as projected by the U.S. Census Bureau.
- Fiscal Year 2021 reflects 11 months of cash collections due to the July 1, 2020 assumed effective date.

DATA SOURCES

- U.S. Census Bureau, National Population Projections Datasets, 2017
- Washington State Office of Financial Management, State Population Forecast, November 2019
- BagLaws.com
- Municipal Research and Services Center, mrsc.org

REVENUE ESTIMATES

This bill increases state revenues by an estimated \$4.6 million in the 11 months of impacted collections in Fiscal Year 2021, and by \$4.9 million in Fiscal Year 2022, the first full year of impacted collections. This bill also increases local revenues by an estimated \$1.9 million in the 10 months of impacted collections in Fiscal Year 2021, and by \$2.0 million in Fiscal Year 2022, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2020 -	\$ 0
FY 2021 -	\$ 4,600
FY 2022 -	\$ 4,900
FY 2023 -	\$ 4,900
FY 2024 -	\$ 4,800
FY 2025 -	\$ 4,800

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

FY 2020 -	\$ 0
FY 2021 -	\$ 1,900
FY 2022 -	\$ 2,000
FY 2023 -	\$ 2,000
FY 2024 -	\$ 2,000
FY 2025 -	\$ 2,000

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:

- This bill affects 50,000 taxpayers.
- Taxpayers will report pass through charges under their predominant activity line code.
- Products exempt from sales tax are still subject to the pass through charge, if a chargeable bag is used.
- Pass through charges will not apply to donation centers or non-business individuals.

FIRST YEAR COSTS:

The Department will incur total costs of \$134,900 in Fiscal Year 2020. These costs include:

Labor Costs - Time and effort equates to 1.0 FTEs.

- Create a special notice and update web content.
- Respond to additional telephone questions, email and written correspondence.
- Resolve errors on tax returns and complete amended returns.

Object Costs - \$45,000.

Request # 1205-1-1

- Printing and Postage.

SECOND YEAR COSTS:

The Department will incur total costs of \$41,200 in Fiscal Year 2021. These costs include:

Labor Costs - Time and effort equates to 0.5 FTEs.

- Respond to additional telephone questions, email and written correspondence.

ONGOING COSTS:

Ongoing costs for the 2021-2023 Biennium equal \$6,600 and include similar activities described in the second year costs.

Time and effort equates to 0.05 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.0	0.5	0.8	0.1	
A-Salaries and Wages	55,300	26,500	81,800	4,200	
B-Employee Benefits	16,600	8,000	24,600	1,300	
E-Goods and Other Services	56,500	5,200	61,700	900	
J-Capital Outlays	6,500	1,500	8,000	200	
Total \$	\$134,900	\$41,200	\$176,100	\$6,600	

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 2020	FY 2021	2019-21	2021-23	2023-25
EXCISE TAX EX 2	52,536		0.1	0.1		
TAX INFO SPEC 1	42,132	0.7	0.3	0.5	0.1	
TAX POLICY SP 4	86,064	0.3	0.1	0.2		
Total FTEs		1.0	0.5	0.8	0.1	

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

NONE

None.

Part V: New Rule Making Required

Request # 1205-1-1

Bill # 1205 2S HB

Individual State Agency Fiscal Note

Bill Number: 1205 2S HB	Title: Plastic Bags	Agency: 461-Department of Ecology
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Part I: Estimates

☐ 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	0.0	2.0	1.0	1.6	0.9
Account					
Waste Reduction/Recycling/Litter Control-State 044-1	0	283,444	283,444	416,094	195,174
Total \$	0	283,444	283,444	416,094	195,174

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: Tracey OBrien	Phone: 360-786-7152	Date: 01/07/2020
Agency Preparation: My-Hanh Mai	Phone: 360-407-6996	Date: 01/15/2020
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 01/15/2020
OFM Review: Lisa Borkowski	Phone: (360) 902-0000	Date: 01/15/2020

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.

1205 2SHB is the same bill version as 1205 2SHB from the 2019 regular session. As currently written, this bill contains a null and void clause in section 8 that would require funding by July 1, 2019, which would make this bill null and void, and Ecology would therefore have no fiscal impact. However, in consultation with OFM and legislative staff, Ecology is showing the fiscal impact of this bill assuming a technical change to the date to 2020 will be made.

This bill relates to reducing pollution from plastic bags by establishing minimum state standards for the use of bags at retail establishments. Single-use plastic carryout bags are currently banned in 37 local jurisdictions in Washington State.

Section 3 would prohibit a retail establishment from providing a customer, or a person at an event, a single-use plastic carryout bag, or a paper carryout bag or reusable carryout bag made of film plastic that doesn't meet recycled content requirements. A retail establishment is banned from using or providing certain polyethylene or other non-compostable plastic bags.

A retail establishment may provide a reusable or a recycled content carryout bag at the point of sale, for a charge of up to ten cents for every bag it provides. A retail establishment must collect and retain all revenue from pass-through charges. The pass-through charge would be a taxable retail sale.

A retail establishment may provide a bag restricted under this bill from existing inventory until one year after the effective date of this section, if allowed by local regulations. Upon request by the Department of Ecology (Ecology), a retail establishment must provide proof that the bags were acquired prior to the effective date of this section.

Section 5 would authorize Ecology to adopt rules as necessary to implement, administer, and enforce this chapter. Ecology would be authorized to include a form on its website or establish a telephone hotline to receive complaints that allege violations, and provide education and outreach to inform retail establishments, consumers, and other interested individuals about the requirements of this chapter. A violation of this chapter would be subject to a civil penalty of up to two hundred fifty dollars per day. These penalties would be appealable to the Pollution Control Hearings Board.

Section 8 would provide that this act is null and void if funding is not provided for education and outreach activities required under section 5 from the Waste Reduction, Recycling, and Litter Control Account (WRRLCA) by July 1, 2019. This fiscal note assumes a null and void date of July 1, 2020.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Section 5 would authorize Ecology to assess a civil penalty of up to two hundred fifty dollars per violation per day. Ecology assumes that if retail establishments are out of compliance, we would send a written warning letter to them to bring them into compliance. It is assumed that it is the intent of the bill to provide for penalties in

order to ensure compliance. Ecology assumes no revenue associated with infractions.

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.

Note: With the null and void clause as written in section 8, this bill would be null and void and Ecology would have no fiscal impact. However, Ecology is showing the fiscal impact of this bill assuming the technical change to the date to July 1, 2020, will be made.

The expenditure impact to Ecology under this bill is estimated to be greater than \$50,000 in Fiscal Year (FY) 2021 and ongoing to implement the requirements of section 5.

Section 5 would authorize Ecology to adopt rules to implement, administer, and enforce this chapter. Ecology assumes one two-year rulemaking would be required, starting on July 1, 2020. Ecology further assumes this ban would affect many stakeholders; hence, professional facilitation would be required at stakeholder meetings.

Developing rules is estimated to require:

0.6 FTE of an Environmental Planner 4 (EP4) in FY21 and FY22 (rule writer), to oversee the rulemaking process to comply with the Administrative Procedures Act; prepare rule development and communication plan; prepare and file CR-101; work with technical staff to draft rule language, coordinate and conduct four stakeholder meetings, public outreach; file CR-102 and hold two public hearings with webinars access; work with economist on economic analysis; work with technical staff to finalize rule language; and file CR-103 for adoption.

0.5 FTE of an Environmental Specialist 4 (ES4) in FY21 and FY22 (technical expert), to provide technical support to rule writer; manage facilitator contract, identify stakeholders, coordinate stakeholder meetings and public outreach, draft rule language, and respond to stakeholder questions.

0.5 FTE of a Community Outreach & Environmental Education Specialist 3 (COEES 3) in FY21 and FY22 (outreach specialist) would consult with the program communications manager to design and carry out the statewide outreach and education campaign; plain talk documents, such as hearing notices, FAQs, and response to comments; provide publication numbers; and post documents to website.

Upon consultation with the Attorney General Office (AGO), Ecology assumes AAG support would not be required for rulemaking, general implementation advice, or enforcement. Ecology assumes no enforcement actions and that Ecology would get compliance through education and outreach.

0.25 FTE of an Economic Analyst 3, and 0.1 FTE of a Regulatory Analyst 2 in FY22 (Economic Research Staff), to complete economic and regulatory analysis in support of the rule as required by law.

Based on past experiences, Ecology estimates a professional facilitation contract would cost \$30,000 in FY21 and \$10,000 in FY22. In addition, Ecology estimates \$6,200 per year for travel and facility rental costs in FY21 and FY22, and \$5,000 per year for educational materials in FY21 and FY22.

Based on experience implementing other product stewardship programs, Ecology assumes it would need to create a website to provide education and outreach to inform retail establishments, consumers, and other interested

individuals about the ban, and to receive complaints that allege violations. Ecology estimates 0.1 FTE of an IT App Development – Entry level would be required to develop this website in FY21. Ongoing maintenance would be done within existing resources.

Ongoing education and outreach to small businesses, consumers, and retail associations would require 0.4 FTE of a COESS 3 in FY23, 0.3 FTE in FY24, and 0.2 FTE per year in FY25 and FY26.

Rule implementation, technical assistance, complaint follow-up, and enforcement would require 0.5 FTE of an ES4 beginning in FY 23 and ongoing.

SUMMARY: The expenditure impact to Ecology under this bill is as follows:

RULEMAKING AND INITIAL OUTREACH is estimated to require
FY 2021: \$283,444 AND 1.96 FTEs; FY 2022: \$300,713 and 2.24 FTEs.

IMPLEMENTATION, TECHNICAL ASSISTANCE, AND ONGOING OUTREACH is estimated to require
FY 2023: \$115,381 and 1.04 FTEs; FY 2024: \$103,518 and 0.92 FTEs; FY 2025: \$91,656 and 0.81 FTEs.

Notes on costs by object:

Salary estimates are current biennium actual rates at Step L.

Benefits are the agency average of 36.6% of salaries.

Professional Service Contracts includes \$30,000 in FY21 and \$10,000 in FY22 for professional facilitation.

Goods and Services are the agency average of \$5,724 per direct program FTE. Also includes \$5,000 per year for educational materials in FY21 and FY22.

Travel is the agency average of \$2,787 per direct program FTE. Also includes \$6,200 per year for travel and facility rental costs in FY21 and FY22.

Equipment is the agency average of \$1,637 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 App Development – Journey.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
044-1	Waste Reduction/Recycling /Litter Control	State	0	283,444	283,444	416,094	195,174
Total \$			0	283,444	283,444	416,094	195,174

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		2.0	1.0	1.6	0.9
A-Salaries and Wages		126,992	126,992	206,563	101,570
B-Employee Benefits		46,479	46,479	75,603	37,175
C-Professional Service Contracts		30,000	30,000	10,000	
E-Goods and Other Services		14,730	14,730	21,313	8,586
G-Travel		10,939	10,939	14,145	4,181
J-Capital Outlays		2,784	2,784	4,667	2,456
9-Agency Administrative Overhead		51,520	51,520	83,803	41,206
Total \$	0	283,444	283,444	416,094	195,174

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
COM OUTREACH & ENV ED SP 3	61,219		0.5	0.3	0.5	0.3
ECONOMIC ANALYST 3	82,342				0.1	
ENVIRONMENTAL PLANNER 4	86,483		0.6	0.3	0.3	
ENVIRONMENTAL SPEC 4	70,959		0.5	0.3	0.5	0.5
FISCAL ANALYST 2			0.2	0.1	0.1	0.1
IT APP DEVELOP-ENTRY	90,117		0.1	0.1		
IT APP DEVELOP-JOURNEY			0.1	0.1	0.1	0.0
REGULATORY ANALYST 2	80,291				0.1	
Total FTEs			2.0	1.0	1.7	0.9

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

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 5 would authorize Ecology to adopt rules for the purpose of implementing, administering, and enforcing this chapter. Ecology assumes rules would be required for enforcement.

Individual State Agency Fiscal Note

Bill Number: 1205 2S HB	Title: Plastic Bags	Agency: 468-Environmental and Land Use Hearings Office
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Part I: Estimates

☒ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

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

Legislative Contact: Tracey OBrien	Phone: 360-786-7152	Date: 01/07/2020
Agency Preparation: Kay Brown	Phone: (360) 664-9160	Date: 01/16/2020
Agency Approval: Nina Carter	Phone: 360 664-9171	Date: 01/16/2020
OFM Review: Lisa Borkowski	Phone: (360) 902-0000	Date: 01/16/2020

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 bill restricts the provision of single-use plastic carryout bags by retail establishments and requires a pass-through charge on recycled content paper carryout bags and reusable carryout bags. It also requires the use of recycled content bags.

In Section 5, Ecology is provided enforcement authority to implement, administer and enforce the restrictions on carryout and in-store bags. Ecology's enforcement must be primarily complaint driven. Ecology is directed to educate retail establishments.

Section 5 also provides that a violation of this chapter is subject to a civil penalty of up to two hundred fifty dollars. Each calendar day of operation or activity in violation of this chapter comprises a new violation. Penalties issued under this section are appealable to the pollution control hearings board.

Section 6 amends RCW 43.21B.110 to provide jurisdiction to the PCHB over appeals of civil penalties imposed pursuant to this Bill.

Ecology assumes the intent of this bill is to provide for penalties to ensure compliance. Therefore, Ecology does not expect penalties to be issued. Based on these assumptions, the PCHB concludes that it can handle any appeals generated by this bill within its existing workload without additional staffing.

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 - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

Part V: New Rule Making Required

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1205 2S HB	Title: Plastic Bags
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Part I: Jurisdiction—Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Increase in revenue; costs to adopt an ordinance.
- ☒ Counties: Same as above.
- ☒ Special Districts: Increase in revenue.
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

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:

Estimated revenue impacts to:

Jurisdiction	FY 2020	FY 2021	2019-21	2021-23	2023-25
City		553,621	553,621	1,165,516	1,165,516
County		662,948	662,948	1,395,680	1,395,680
Special District		664,432	664,432	1,398,804	1,398,804
TOTAL \$		1,881,001	1,881,001	3,960,000	3,960,000
GRAND TOTAL \$					9,801,001

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 01/23/2020
Leg. Committee Contact: Tracey OBrien	Phone: 360-786-7152	Date: 01/07/2020
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/23/2020
OFM Review: Lisa Borkowski	Phone: (360) 902-0000	Date: 01/23/2020

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

In order to protect vital goals related to Washington's ecology, natural environment, wildlife conservation efforts and pollution reduction strategies, this legislation will prohibit single-use plastic bags. It would require a 10 cent pass-through charge for retailers on recycled content paper carryout bags and reusable carryout bags made of film plastic. This is meant to encourage shoppers to bring their own reusable bags. In addition to standardizing reusable bag use, this bill encourages the education and provisions of reusable and recycled content paper carryout bags by retail establishments. Any compostable film bag that a retailer provides to customers for products, including products bagged in other stores prior to checkout, must be tinted green or brown, and be labeled compostable.

Through this legislation, retail establishments must keep all revenue from pass-through charges. The pass-through charge is a taxable retail sale. A retail establishment must show all pass-through charges on any receipt it provides to customers. In this bill, retailers may not provide polyethylene or other noncompostable green or brown tinted plastics that will not decompose; these plastics may be labeled as to imply that they will decompose. Retailers who sell or provide polyethylene or other noncompostable plastic bags, are in violation of the law and are subject to civil penalties. Appeal hearings would be heard by the Pollution Control Hearings Board.

The Department of Ecology has the authority to enforce the provisions of this bill including the its implementation, administration, and civil enforcement of any violations that may occur.

This bill preempts local plastic bag ordinances. It also allows for fees above the minimum 10 cents. The bill takes effect 90 days after final adjournment of the session in which it is enacted.

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.

All local jurisdictions with carryout bag ordinances in effect as of January 1, 2019, will be preempted January 1, 2020. There are 37 jurisdictions that have bag ordinances in place; changing the ordinance to comply with this new legislation would cost between \$21,666 and \$84,160 (explained below).

Using the Local Government Fiscal Note ordinance calculator, we assume modifying the current ordinances to be a simple ordinance. Factors that go into a simple ordinance change are: drafting the ordinance, holding a hearing, producing a staff report, conducting a legislative board/council meeting and publishing the ordinance. The estimated cost to local jurisdictions for a simple ordinance change is \$585.5 per jurisdiction; however, if there is a hearing associated with the ordinance the price would be \$2,274.60 per jurisdiction.

Using these figures, the price range for enacting a new plastic bag ban would be: \$21,666.10 to \$84,160.20. ($\$585.57 \times 37$ jurisdictions = \$21,666.10; $\$2,274.60 \times 37$ jurisdictions = \$84,160.20)

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 increases local revenues by an estimated \$1.9 million in the 10 months of impacted collections in Fiscal Year 2021, and by \$2.0 million in Fiscal Year 2022, the first full year of impacted collections.

ASSUMPTIONS

- The 2019 dates in sections 6 and 8 will be changed to 2020. The language in this bill will be amended to reflect the intent. An amended fiscal note will be prepared to reflect the actual language of the bill if the bill is not amended, once referred out of committee.
- All Washington retailers will collect a pass-through charge of 10-cents per bag.
- Washington residents use bags at the same per capita rate as consumers in the rest of the country.
- Washington residents in cities currently banning plastic bags use them at a rate of 40% of residents in cities without bans.
- An additional two percent of the Washington state population will reside in cities that currently ban plastic bags each year.
- The Washington population will grow at the same rate as projected by the Office of Financial Management.
- The United States population will grow at the same rate as projected by the U.S. Census Bureau.
- Fiscal Year 2021 reflects 11 months of cash collections due to the July 1, 2020 assumed effective date.

DATA SOURCES:

U.S. Census Bureau, National Population Projections Datasets, 2017

Washington State Office of Financial Management, State Population Forecast, November 2019

BagLaws.com

Municipal Research and Services Center, mrsc.org

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

FY 2020 - \$ 0

FY 2021 - \$ 1,900

FY 2022 - \$ 2,000

FY 2023 - \$ 2,000

FY 2024 - \$ 2,000

FY 2025 - \$ 2,000

Jurisdiction

County

FY20 - \$0

FY21 - \$662,948

FY22 - \$697,840

FY23 - \$697,840

FY24 - \$697,840

FY25 - \$697,840

City

FY20 - \$0

FY21 - \$553,621

FY22 - \$582,758

FY23 - \$582,758

FY24 - \$582,758

FY25 - \$582,758

Special District

FY20 - \$664,432

FY21 - \$699,402

FY22 - \$699,402

FY23 - \$699,402

FY24 - \$699,402

FY25 - \$699,402

METHODOLOGY:

The distributions in this note for cities, counties, and special districts are based on DOR data for local sales and use tax distributions from Calendar Year 2018. Mitigation payments and distributions to hospital benefit zones are not factored into this distribution. This results in a distribution of 35.24% to counties, 29.43% to cities, and 35.32% to special districts. The 1% DOR administrative fee has also been deducted.

SOURCES:

Department of Revenue Fiscal Note

Department of Revenue Local Tax Distributions (2018)

Local Government Fiscal Note Program “Local Sales and Use Tax Distribution Model” (2020)

Note: School district impacts, including construction costs, operating costs, levy shifts, and other revenue impacts are described in fiscal notes prepared by the OSPI School District Fiscal Note process. Local Government Fiscal Notes include impacts to all other local governments (cities, counties, special districts).

DATA SOURCES

Department of Revenue, FN 2S HB 1205, 2020

Department of Commerce

House Bill Analysis, 2S HB 1205, 2019

Local Government Fiscal Note program "Unit Costs" (2020)