

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2652 P S HB	<b>Title:</b> Renewable ammonia
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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 Agriculture	Non-zero but indeterminate cost and/or savings. Please see discussion.					
<b>Total \$</b>	0	0	0	0	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
Department of Ecology	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Agriculture	.5	155,800	155,800	.8	155,800	226,300	.5	0	141,000
<b>Total \$</b>	0.5	155,800	155,800	0.8	155,800	226,300	0.5	0	141,000

## Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Department of Agriculture	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	0.0	0	0	0.0	0	0	0.0	0	0

## Estimated Capital Budget Breakout

NONE

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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2652 P S HB	<b>Title:</b> Renewable ammonia	<b>Agency:</b> 461-Department of Ecology
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. 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.
- ☒ 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: 02/04/2020
Agency Preparation: Matthew Vandrush-Borgacz	Phone: 360-407-6646	Date: 02/06/2020
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 02/06/2020
OFM Review: Lisa Borkowski	Phone: (360) 902-0573	Date: 02/06/2020

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.

Under current law, the Department of Ecology (Ecology) monitors and reports statewide greenhouse gas (GHG) emissions, and it tracks and reports on progress towards meeting statewide GHG reduction limits. Ecology also monitors and issues a report on GHG emissions from state agencies and universities, and on progress towards meeting state agency GHG reduction limits.

This bill would establish standards governing the production, labeling, advertising, and carbon emissions reduction potential of ammonia produced using renewable resources. The Department of Agriculture (Agriculture) would be required to adopt rules and enforce labeling requirements. This bill would also provide authority but does not require Agriculture to adopt rules establishing a program for certifying manufacturers and processors as meeting the standards required for labeling renewable ammonia.

Section 5 (2)(d) would allow the rules certifying manufacturers and processors to include a conversion factor or calculation for carbon emissions attributable to the production and use of renewable ammonia, if that rulemaking is in cooperation with Ecology and at the request of a manufacturer or processor.

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.

The expenditure impact to Ecology under this bill is estimated to be less than \$50,000 but indeterminate to implement the requirements of section 5(2)(d).

Section 5(2)(d): Ecology assumes developing a conversion factor or calculation and certification for carbon emissions attributable to the production and use of renewable ammonia would require Ecology staff to conduct research or make assessments and coordinate with Agriculture.

In consultation with Agriculture, Ecology assumes it is unknown if and when Agriculture would begin rulemaking provided for under section 5. Additionally, if that rulemaking were to begin, it is unknown if any renewable ammonia manufacturers or processors would request a conversion factor or calculation and certification for carbon emissions. The fiscal impact to Ecology is therefore indeterminate.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

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

III. B - Expenditures by Object Or Purpose

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

**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**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2652 P S HB	<b>Title:</b> Renewable ammonia	<b>Agency:</b> 495-Department of Agriculture
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

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

### Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	1.0	0.5	0.8	0.5
<b>Account</b>					
General Fund-State 001-1	0	155,800	155,800	155,800	0
Agricultural Local Account-Non-Appropriated 126-6	0	0	0	70,500	141,000
<b>Total \$</b>	0	155,800	155,800	226,300	141,000

### 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: Robert Hatfield	Phone: 360-786-7117	Date: 02/04/2020
Agency Preparation: Robin Schoen-Nessa	Phone: (360) 902-2011	Date: 02/06/2020
Agency Approval: Natasha Roberts	Phone: (360) 902-1988	Date: 02/06/2020
OFM Review: Leslie Connolly	Phone: (360) 902-0543	Date: 02/07/2020

## 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.*

The proposed Substitute House Bill 2652 differs from HB 2652 as follows:

- \*modifies definitions for certification, renewable ammonia and renewable natural gas
- \*removes the definition for green ammonia, producer, registrant and sustainable ammonia
- \*authorizes the WSDA director to deny, suspend or revoke a certification for violations of this act or rules adopted.
- \*authorizes WSDA in cooperation with Department of Ecology (ECY) to calculate and certify the reduction of carbon emissions.
- \*removes the requirement that WSDA create a registry that is accessible by the public and adds maintains a list that is accessible.

HB 2652 directs the Washington State Department of Agriculture (WSDA) to create a certification and labeling program for renewable ammonia and to create a registry of manufacturers, processors, producers, and products that have received certification.

New Section 2: creates a lists definitions for the chapter

New Section 3 (1) states to be labeled renewable/green/sustainable ammonia it must meet the standards in the chapter and rules and adopted rules by WSDA.

New Section 4: (1) directs WSDA to adopt rules in conformity of RCW 34.05. (2)(a) directs WSDA to issue orders for violation of the chapter or adopted rules (2)(b) impose and collection of civil fine not exceeding (i) the estimated cost of investigation and enforcement action and (ii) one thousand dollars.

New Section 5: (1) authorizes WSDA to adopt rules to establish a program for certifying manufacturers and processors as meeting state standards for labeling renewable ammonia. (2)(c) requires WSDA to maintain a list that is readily accessible by the public of manufacturers, processors, producers and products that have received certification. (2)(d) allows in cooperation with ECY and at request of manufacturer or processor may included calculation and certification of the reduction of carbon emissions. (3) All fees collected must be deposited into the agricultural local fund and are restricted for use solely under this chapter.

New Section 6: (1) confidential business information is exempt from public inspection and copying. (2) Applications must be available for public inspection and copying.

New Section 7: (1) confidential business information is exempt from public disclosure

### 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 4: Cash receipts/Revenue in the form of civil penalty due to violations of chapter. Violation is calculated

on the cost of investigation, administrative and enforcement costs and \$1,000. Unable to quantify potential revenue as it is based on violations. Revenue could be zero if no violations were found.

Section 6: Cash receipts/Revenue in the form of fee schedule. Fee schedule is unspecified, except that it is to provide for the recovery of the full cost of the program. Unclear if the fee schedule is referring to certification fees of manufacturers and processors (Section 6 (1), Section 1 (2)) or certification fees of manufactures, processors, producers and products (Section 6 (2) (c)). Assuming it is the latter, the potential for generating more revenue is greater. However, revenue is dependent on the dollar amount of the fee established, the number of manufactures, processors, producers and products that qualify or wish to be certified. As this is a voluntary program, it is difficult to determine revenue.

## **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.*

WSDA assumes this bill would take effect 90 days after the end of session. WSDA assumes rulemaking would begin in July 2020. WSDA assumes rulemaking would take 24 months.

The expenditure impact for FY 2021 and FY 2022 is based on 1.03 FTE for salary, benefits, and all associated FTE costs including agency administrative overhead. The expenditure impacts includes rulemaking and consultation with the AGO and \$5,000 for a database enhancement to track the new program in the current fertilizer database. WSDA assumes the current process of certifying renewable energy sources established by the Department of Commerce could be used for this program. WSDA anticipates that public and stakeholder input will be critical. WSDA assumes the program would not begin to accept fees under the new fee schedule until the end of FY 2022, since this is a voluntary program it is unknown how many would register. If there is enough interest in the program best case scenario would be the program may be able to be supported by fees FY 2023.

The expenditure impact for FY 2023 is based on 0.51 FTE for salary, benefits, and all associated FTE costs including agency administrative overhead. The expenditure impact includes certification and compliance staff and maintenance of the database.

Agency Administrative Overhead (payroll, HR, IT and Financial Services) is calculated at the agency indirect rate of 22.2% of direct program salaries and benefits, and is shown as object 9.

Section 1 creation of certification and labeling program: Expenditures related to development of new program, policy and procedure development, rulemaking, and training of personnel.

Section 2: definitions: Expenditures related to rulemaking.

Section 3: standards of criteria, conducting evaluations in retail establishments: Expenditures related to rulemaking, including, policy and procedure development and travel expense for compliance personnel.

Section 4: adoption of rules, compliance and inspections, fines for violations: Expenditures related to rulemaking, policy and procedure development and travel expenditures for compliance personnel.

Section 5: adoption of rules: Expenditures related to rulemaking, policy and procedure development and travel

expense for compliance personnel, expenditures for AGO consultation.

Section 6: confidential business information: Expenditures related to rulemaking, policy and procedure development, registry system (database) and IT costs for development and maintenance of secure electronic system for confidential business information data and storage.

Section 7: confidential business information: Expenditures related to rulemaking, policy and procedure development, registry system (database) and IT costs for development and maintenance of secure electronic system for confidential business information data and storage.

## 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	0	155,800	155,800	155,800	0
126-6	Agricultural Local Account	Non-Appropriated	0	0	0	70,500	141,000
<b>Total \$</b>			0	155,800	155,800	226,300	141,000

### III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		1.0	0.5	0.8	0.5
A-Salaries and Wages		73,800	73,800	110,500	73,400
B-Employee Benefits		28,900	28,900	42,900	28,000
C-Professional Service Contracts		5,000	5,000	6,000	2,000
E-Goods and Other Services		21,700	21,700	27,900	12,400
G-Travel		3,000	3,000	4,000	2,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service		600	600	900	600
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-Agency Administrative Overhead		22,800	22,800	34,100	22,600
<b>Total \$</b>	0	155,800	155,800	226,300	141,000

### 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
Administrative Regulations Analyst 4	79,944		0.0	0.0	0.0	
Agricultural Chemical Specialist Senior - Cert Spe	68,892		0.5	0.3	0.4	0.3
Agricultural Chemical Specialist Senior - Comp Spe	68,892		0.5	0.3	0.4	0.3
WMS 02 - Program Manager	83,124		0.0	0.0	0.0	0.0
<b>Total FTEs</b>			1.0	0.5	0.8	0.5

### 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.*

HB 2652 gives the authority to adopt rules for administration and a fee schedule to sustain the renewable ammonia program.