Multiple Agency Fiscal Note Summary

Bill Number: 5231 SB	**Title:** Transportation fuel/carbon

Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Attorney General	0	0	97,000	0	0	0	0	0	0
Department of Revenue	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Ecology	0	0	373,731	0	0	1,789,633	0	0	1,789,633
Total $	**0**	**0**	**470,731**	**0**	**0**	**1,789,633**	**0**	**0**	**1,789,633**

Agency Name	2021-23		2023-25		2025-27	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Joint Legislative Audit and Review Committee	.0	8,200	8,200	8,200	.4	212,500	212,500	212,500	.3	229,200	229,200	229,200
Office of Attorney General	.4	0	0	97,000	.0	0	0	0	.0	0	0	0
Department of Commerce	.3	0	0	0	.2	0	0	0	.2	0	0	0
Department of Revenue	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Utilities and Transportation Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Ecology	8.3	2,527,609	2,527,609	2,901,340	5.8	0	0	1,789,633	5.8	0	0	1,789,633
Environmental and Land Use Hearings Office	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Agriculture	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total $	**9.0**	**2,535,809**	**2,535,809**	**3,006,540**	**6.4**	**212,500**	**212,500**	**2,002,133**	**6.3**	**229,200**	**229,200**	**2,018,833**

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

FNPID: 61514

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Joint Legislative Audit and Review Committee	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Utilities and Transportation Commission	.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
Department of Agriculture	.0	0	0	.0	0	0	.0	0	0
Total $	**0.0**	**0**	**0**	**0.0**	**0**	**0**	**0.0**	**0**	**0**

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Lisa Borkowski, OFM	**Phone:** (360) 902-0573	**Date Published:** Final 2/ 1/2021

FNPID: 61514

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 5231 SB	Title: Transportation fuel/carbon	Agency: 014-Joint Legislative Audit and Review Committee

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	0.0	0.0	0.4	0.3
Account					
General Fund-State 001-1	4,100	4,100	8,200	212,500	229,200
Total $	4,100	4,100	8,200	212,500	229,200

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: 01/15/2021
Agency Preparation: Jennifer Sulcer	Phone: 360-786-5181	Date: 01/19/2021
Agency Approval: Keenan Konopaski	Phone: 360-786-5187	Date: 01/19/2021
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 01/20/2021

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 bill directs the Department of Ecology (Ecology) to adopt rules establishing a Clean Fuels Program. The rules must reduce the greenhouse gas emissions per unit of transportation fuel energy to 10 percent below 2017 levels by 2028, and 20 percent below 2017 levels by 2035. Certain categories of fuel are excluded.

The bill has specific rule-making requirements including compliance monitoring and the ability to trade and bank credits. The bill allows certain fees to continue to be deposited in the Multimodal Transportation Fund if the low-carbon fuel standards follow explicit legislative authorization.

The program must start January 1, 2023. Ecology also must publish annual reports beginning May 1, 2025 that includes information about credits and deficits, volumes of transportation fuel and mean prices per credit, estimated costs or savings, reductions in greenhouse gas emissions, and estimated cost per ton of emissions reductions. The Department of Commerce must develop a periodic fuel supply forecast to project the availability of fuels necessary to comply with the Clean Fuels Program.

JLARC ANALYSIS

Section 13 of the bill mandates a JLARC study to be completed by December 1, 2029. The study must analyze the impacts of the program over the initial five years, including:

- Costs and benefits, including environmental and public health benefits, for participants in the program or those most impacted by air pollution. The analysis must assess the costs and benefits of changes in:
  - o Levels of greenhouse gas emissions and criteria air pollutants.
  - o Fuel prices.
  - o Total employment in categories of industries generating credits or deficits.
- An evaluation of the information calculated and reported in the annual reports required of the Department of Ecology.
- A summary of estimated total statewide costs and benefits of the program, including state agency administrative costs and compliance costs of regulated entities.

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.

JLARC assumes a two-phase approach to this audit. This fiscal note includes costs only for Phase 1. The cost of Phase 2 cannot be estimated until Phase 1 is complete.

The bill requires answering several complex questions about the costs and benefits of a low-carbon fuel standard from multiple perspectives. Such analyses require highly specialized skills, modeling, and knowledge.

- In Phase 1, JLARC staff will monitor the bill's implementation. Staff also will work with consultants to develop methodologies for the required modeling and analysis to support the study and the estimated funding needed in Phase 2.

• In Phase 2, JLARC staff would contract with consultants to conduct analysis to support the study. That work would take place in calendar years 2027 through 2029.

Phase 1 details:
Beginning in fiscal year 2022, JLARC staff will work with the Department of Ecology to understand the processes, rules, and reporting structure it is using to implement the bill.

Beginning in fiscal year 2024, JLARC staff will begin contracting with consultants that have relevant expertise to help us identify the methods and data requirements for the full study. The consultants also will assist with monitoring implementation and reviewing reports and data produced by Ecology.

Beginning in fiscal year 2025, JLARC staff and the consultants will begin to assess available data sources and develop the potential methodologies for the full study. JLARC staff anticipate providing a briefing report to the Legislature in January 2026. This report will outline how the questions could be addressed and identify the funding needed for consultants to perform the required modeling and analysis to support the study.

JLARC estimates its costs to be divided between a) JLARC staff costs, and b) the costs associated with engaging external experts to assist JLARC staff in completing its assignment.

a) JLARC estimates its costs based on audit months (approximately $20,300 per audit month). JLARC estimates it will take 13 audit months to complete Phase 1 (monitoring implementation and working with consultants to develop the methodologies and costs to conduct the study in Phase 2). These audit months do not include Phase 2 completion of the required analysis, which will be conducted at a time beyond that covered by this fiscal note.

b) Consultant Costs: JLARC anticipates engaging consultant(s) to assist with developing methods and identifying the data requirements for the full study. Consultants also will be engaged to assist with reviewing data and program implementation during the initial five years of the program. We estimate consultant costs of $194,000.

JLARC assumes comparable consultant efforts and costs made available for previous studies, and estimated costs reflect JLARC's recent experience in contracting with external entities for similar work.

JLARC ASSUMES THAT THE ASSIGNMENT IN THIS PROPOSED BILL MAY REQUIRE ADDITIONAL RESOURCES. JLARC WILL ASSESS ALL OF THE ASSIGNMENTS MANDATED IN THE 2021 LEGISLATIVE SESSION. BASED ON ALL LEGISLATION THAT IS PASSED, JLARC MAY SUBSEQUENTLY DETERMINE THAT IT CAN ABSORB THE COSTS FOR THIS PROPOSED BILL IN ITS BASE BUDGET, IF THE WORKLOAD OF OTHER ENACTED LEGISLATION DOES NOT EXCEED CURRENT STAFFING LEVELS.
HOWEVER, ADDITIONAL RESOURCES TO COVER CONSULTANT COSTS OF $194,000 WOULD NEED TO BE PROVIDED.

JLARC Audit Months: JLARC calculates its staff resources in "Audit Months" to estimate the time and effort to undertake and complete its studies. An "Audit Month" reflects a JLARC analyst's time for a month, together with related administrative, support, and goods/services costs. JLARC's anticipated 2021-23 costs are calculated at approximately $20,300 per audit month.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	4,100	4,100	8,200	212,500	229,200
		Total $	4,100	4,100	8,200	212,500	229,200

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years				0.4	0.3
A-Salaries and Wages	2,500	2,500	5,000	85,100	69,800
B-Employee Benefits	800	800	1,600	26,800	22,000
C-Professional Service Contracts				76,500	117,500
E-Goods and Other Services	700	700	1,400	22,100	18,200
G-Travel	100	100	200	2,000	1,700
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 $	4,100	4,100	8,200	212,500	229,200

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 2022	FY 2023	2021-23	2023-25	2025-27
Research Analyst	113,827				0.3	0.2
Support staff	77,705				0.1	0.1
Total FTEs					0.4	0.3

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

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5231 SB	Title: Transportation fuel/carbon	Agency: 100-Office of Attorney General

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
Legal Services Revolving Account-State 405-1	49,000	48,000	97,000		
Total $	49,000	48,000	97,000		

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.4	0.4	0.4	0.0	0.0
Account					
Legal Services Revolving Account-State 405-1	49,000	48,000	97,000	0	0
Total $	49,000	48,000	97,000	0	0

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

- [ ] If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- [X] 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: 01/15/2021
Agency Preparation: Bruce Turcott	Phone: (360) 586-2738	Date: 01/19/2021
Agency Approval: Dianna Wilks	Phone: 360-709-6463	Date: 01/19/2021
OFM Review: Lisa Borkowski	Phone: (360) 902-0573	Date: 01/27/2021

Part II: Narrative Explanation

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

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

Section 1 is a statement of legislative findings.

Section 2 is a new section containing definitions.

Section 3 is a new section requiring Department of Ecology (DOE) to adopt rules to establish standards that reduce greenhouse gas emissions in transportation fuels used in Washington.

Section 4 is a new section containing criteria for rules adopted by DOE under Section 3.

Section 5 is a new section containing exemptions from the DOE rules for certain transportation fuels.

Sections 6 and 7 are new sections containing additional criteria for the DOE rules.

Section 8 is a new section requiring certain producers, importers, distributors, users, and retailers of transportation fuels to register with DOE and document transfer of ownership. DOE may adopt rules.

Section 9 is a new section requiring expenditure of revenues by electric utilities on transportation electrification. DOE may adopt rules.

Section 10 is a new section requiring DOE to post an annual report beginning May 1, 2025 and submit annual recommendations to the legislature.

Section 11 is a new section requiring the Department of Commerce (COM) to consult with DOE and the Department of Agriculture (WSDA) to develop a periodic fuel supply forecast.

Section 12 is a new section requiring DOE to adopt rules to establish a fee schedule. The clean fuels program account is created.

Section 13 is a new section requiring the Joint Legislative Audit and Review Committee conduct an analysis and submit a report to the legislature by December 1, 2029.

Section 14 amends RCW 46.25.100 to add criteria to the distribution of certain commercial driver's license fees.

Section 15 amends RCW 46.20.202 to add criteria to the distribution of enhanced driver's license and enhanced identicard fees.

Section 16 amends RCW 46.25.052 to add criteria to the distribution of commercial learner's permit fees.

Section 17 amends RCW 46.25.060 to add criteria to the distribution of commercial driver's license fees.

Section18 amends RCW 70A.15.3150 to make violations this act a gross misdemeanor.

Section 19 amends RCW 70A.15.3160 to make violations this act subject to civil penalties.

Section 20 amends RCW 19.112.110 to provide that this act prevail in the event of conflict.

Section 21 amends RCW 19.112.120 to provide that this act prevail in the event of conflict.

Section 22 adds Sections 1 through 13 to a new chapter in title 70A RCW.

Section 23 is a severability section.

This law is assumed effective July 1, 2021 for this 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.

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

The client agency is the Department of Ecology. The Attorney General's Office (AGO) will bill all clients for 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 agencies' 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.

Attorney General's Office (AGO) Agency Assumptions:

1. This bill is assumed effective 90 days after the end of the 2021 legislative session.

2. Total workload impact in this request includes standard assumption costs for good & services, travel, and capital outlays for all FTE identified.

3. Agency administration support FTE are included in the tables below, using a Management Analyst 5 as a representative classification.

4. The AGO Agriculture & Health Division (AHD) has reviewed this bill and determined it will not significantly increase the division's workload in representing the Department of Commerce (COM). A minimal level of legal services will be required to assist COM in implementing its responsibilities under this bill. AHD assumes legal services will be limited to a review of an interagency agreement with Department of Ecology (DOE) required under Section 12. New legal services are assumed to be nominal and costs are not included in this request.

5. The AGO Utilities & Transportation Division has reviewed this bill and determined it will not significantly increase or decrease the division's workload in representing the Utilities & Transportation Commission (UTC). The implementation of the bill is unlikely to require legal advice or services. New legal services are assumed to

be nominal and costs are not included in this request.

Assumptions for the AGO Ecology (ECY) Division's Legal Services for DOE:

1. The AGO will bill DOE for legal services based on the enactment of this bill.

2. In FY 2022, 0.2 Assistant Attorney General (AAG) will be used in advising DOE on rulemaking efforts to establish standards that reduce carbon intensity in transportation fuels under Section 3(1), and to establish fees and payment schedules under Section 12(1). The rulemaking to establish carbon intensity standards under Section 3(1) is anticipated to be a complex undertaking that will involve significant legal advice and AAG engagement.

3. In FY 2023, 0.2 AAG will be used in advising DOE on rulemaking efforts to establish standards that reduce carbon intensity in transportation fuels under Section 3(1), and to establish fees and payment schedules under Section 12(1). The rulemaking to establish carbon intensity standards under Section 3(1) is anticipated to be a complex undertaking that will involve significant legal advice and AAG engagement.

4. Starting in FY 2024, legal services associated with the enactment of this bill are assumed nominal and will be provided with existing resources.

5. Total workload impact:
FY 2022 and FY 2023: 0.2 AAG and 0.1 Legal Assistant (LA) at a cost of $48,000 per FY.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
405-1	Legal Services Revolving Account	State	49,000	48,000	97,000	0	0
		Total $	49,000	48,000	97,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.4	0.4	0.4		
A-Salaries and Wages	32,000	32,000	64,000		
B-Employee Benefits	10,000	10,000	20,000		
E-Goods and Other Services	6,000	6,000	12,000		
J-Capital Outlays	1,000		1,000		
Total $	49,000	48,000	97,000	0	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 2022	FY 2023	2021-23	2023-25	2025-27
Assistant Attorney General	108,600	0.2	0.2	0.2		
Legal Assistant 3	54,108	0.1	0.1	0.1		
Management Analyst 5	88,644	0.1	0.1	0.1		
Total FTEs		0.4	0.4	0.4		0.0

III. D - Expenditures By Program (optional)

Program	FY 2022	FY 2023	2021-23	2023-25	2025-27
Ecology Division (ECY)	49,000	48,000	97,000		
Total $	49,000	48,000	97,000		

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

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5231 SB	Title: Transportation fuel/carbon	Agency: 103-Department of Commerce

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.3	0.2	0.3	0.2	0.2
Account					
Total $					

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: 01/15/2021
Agency Preparation: Michael Breish	Phone: 360-725-3159	Date: 01/19/2021
Agency Approval: Joyce Miller	Phone: 360-725-2710	Date: 01/19/2021
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 01/20/2021

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 11 adds a new section requiring the Department of Commerce (department), in coordination with the Department of Ecology (Ecology) and the Department of Agriculture (Agriculture), to develop a periodic fuel supply forecast that projects the availability of program complying fuels. This forecast must include estimates of whether sufficient credits will be available for an upcoming compliance period. Requirements of the forecast include fuel volume estimates, banked credits and deficits from previous periods, and necessary credit compliance estimates. The department must finalize the forecast no later than 90 days prior to the start of a compliance period.

Section 12 adds a new section requiring the Department of Ecology, in consultation with the department, to prepare a biennial workload analyses and provide an opportunity for public review. The bill allows Ecology to charge program registrants and reporters a fee after a public process. Ecology's fees must also recover any of the costs associated with the department's fuel supply forecast report. Ecology must enter into an inter-agency agreement with the department to conduct this work and reimburse all cost associated with forecast and workload analysis.

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 is no impact to the department. The department does not collect the fee associated with this legislation.

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 department assumes all cost would be reimbursed through an interagency agreement with the Department of Ecology.

Sections 11 and 12 add new sections requiring the department to develop a Periodic Fuel Supply Forecast and Biennial Workload Analysis. The department assumes that all components of the periodic fuel supply forecast will be researched and completed for the first forecast period by the end of fiscal year 2022, and that the forecast will be updated annually.

0.3 FTE EMS2 Energy Policy Specialist (600 hours) in FY22 and 0.2 FTE EMS2 Energy Policy Specialist (350 hours) each year from FY23-FY27 to research the availability of fuels and the availability of credits. Staff will finalize the fuel supply forecast annually, compile the workload analysis data and produce the report.

Salaries and Benefits:
FY22: $43,964
FY23-FY27: $30,116 per fiscal year

Goods and Services:
FY22: $3,782

FY23-FY27: $2,524 per fiscal year

Inter-agency Reimbursement:
FY22: ($62,694)
FY23-FY27: ($42,879) per fiscal year

Intra-agency Reimbursement:
FY22: $14,948
FY23-FY27: $10,239 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, and central services charges.
Intra-agency Reimbursement-Agency administration costs (e.g., payroll, HR, IT,) are funded under a federally approved cost allocation plan.
==============================

Total Costs

FY22-FY27: $0

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.3	0.2	0.3	0.2	0.2
A-Salaries and Wages	33,318	22,878	56,196	45,756	45,756
B-Employee Benefits	10,646	7,238	17,884	14,476	14,476
C-Professional Service Contracts					
E-Goods and Other Services	3,782	2,524	6,306	5,048	5,048
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements	(62,694)	(42,879)	(105,573)	(85,758)	(85,758)
T-Intra-Agency Reimbursements	14,948	10,239	25,187	20,478	20,478
9-					
Total $	0	0	0	0	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 2022	FY 2023	2021-23	2023-25	2025-27
EMS Band 2	111,060	0.3	0.2	0.3	0.2	0.2
Total FTEs		0.3	0.2	0.3	0.2	0.2

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

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Department of Revenue Fiscal Note

Bill Number: 5231 SB	Title: Transportation fuel/carbon	Agency: 140-Department of Revenue

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

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

Estimated 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:

[X] 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).

[X] Capital budget impact, complete Part IV.

[ ] Requires new rule making, complete Part V.

Legislative Contact:		Phone:	Date: 01/15/2021
Agency Preparation:	Preston Brashers	Phone: 360-534-1473	Date: 01/18/2021
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 01/18/2021
OFM Review:	Ramona Nabors	Phone: (360) 902-0547	Date: 01/21/2021

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 SB 5231, 2021 Legislative Session.

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

OVERVIEW
The intent of the bill is to create a low-carbon fuel standard to reduce levels of air pollutants, reduce greenhouse gas (GHG) emissions, and create jobs related to clean fuel technologies.

The Department of Ecology (Ecology) shall establish standards (the Clean Fuels Program) to reduce the carbon intensity of transportation fuels in Washington, as measured by the life-cycle GHG emissions per unit of fuel energy. The Clean Fuels Program must take effect by January 1, 2023. By December 31, 2031, Ecology must adopt standards that are consistent with the state achieving the emissions reductions established in RCW 70A.45.020.

The Clean Fuels Program developed by Ecology must include:
- GHG emission standards to be met by participants.
- Provisions for achieving the emissions reductions established in RCW 70A.45.020, including the allowance of credits for the production or import of fuels with carbon intensity below Ecology standards or for GHG-reducing activities.
- Methods for assigning compliance obligations and tracking and verifying tradable credits.
- Mechanisms for certain persons involved in transportation fuel supply chain activities that are not directly subject to the fuel standards to elect to participate in the program.
- Cost containment mechanisms, such as the development of a credit clearance market whereby emitters that would not otherwise meet the Clean Fuels Program's emissions standards may purchase credits to meet compliance obligations.

Credit Generating Activities
Participants in the Clean Fuels Program may generate credits from GHG emissions-reducing activities, including:
- Carbon capture and sequestration,
- Fueling electric vehicles with electricity certified as zero-carbon, or
- Use of smart vehicle charging technology in fueling vehicles when the carbon intensity of the electric grid is low.

Entities Registering for the Clean Fuels Program
Producers and importers of transportation fuels that do not qualify to generate credits are required to register for the Clean Fuels Program. In addition, other entities must register in order to participate in the Clean Fuels Program and to generate or trade credits.

Exemptions
The Clean Fuels Program generally does not apply to the following, except in certain instances where producers and importers of such transportation fuels elect to register for the program:
- Transportation fuels exported from Washington,
- Electricity,
- Fuels used in volumes below thresholds set by Ecology,
- Fuels used in aircraft, marine vessels, railroad locomotives, and the operation of military tactical vehicles, or
- Until December 31, 2027, special fuel and dyed special fuels used off-road to transport logs, in construction work, mining and timber harvest operations, and for agricultural purposes.

Reports

Ecology must post annual reports beginning May 1, 2025, on the program-wide number of credits and deficits generated and volumes and average price per credit for each transportation fuel in the program.

EFFECTIVE DATE
The bill takes effect 90 days after final adjournment of the session in which it was 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 Department of Ecology will administer the Clean Fuels Program and associated cost containment mechanisms such as the credit clearance market described in Section 4(6).
- A carbon credit clearance market allows participants in the Clean Fuels Program to buy and sell credits at prices established by Ecology. Such credits may also be traded in secondary markets.
- The Department of Revenue currently administers the business and occupation (B&O) tax, which is a tax on the gross proceeds of sales and the gross income of a business.
- The B&O tax applies to most types of business receipts.
- Unless a specific B&O exemption is created for sales of carbon credits to other entities, such sales will qualify as a taxable event under the B&O tax and will be taxed at the services and other activities tax rate of 1.5% or 1.75%, as described in RCW 82.04.290.
- Given that there is currently no data to estimate the buying, selling, or trading of carbon credits in Washington, the revenue impact to the state general fund from any B&O taxes collected as a result of the sale of carbon credits is indeterminate.

REVENUE ESTIMATES

TOTAL REVENUE IMPACT:

State Government (cash basis, $000): Indeterminate.

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

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.

Because it is not clear to what degree this legislation may impact the Department, expenditures to implement this legislation are indeterminate.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

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

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. C - 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 dexcribe potential financing methods

NONE

None.

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5231 SB	Title: Transportation fuel/carbon	Agency: 215-Utilities and Transportation Commission

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.

☐ 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: 01/15/2021
Agency Preparation:	Amanda Hathaway	Phone: 360-664-1249	Date: 01/19/2021
Agency Approval:	Amanda Hathaway	Phone: 360-664-1249	Date: 01/19/2021
OFM Review:	Jenna Forty	Phone: (564) 999-1671	Date: 01/19/2021

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 9 applies to investor-owned utilities. However, it appears that all requirements and reporting will be developed by and reported to the Department of Ecology. The UTC assumes there will be no fiscal impact.
Section 9 (2): Ecology would be able to adopt requirements, in consultation with electric utilities, for the expenditure of revenues from credits earned under the Clean Fuels Program that are applicable to fifty percent of revenues not subject to the requirements of section 9 (1).
Section 9 (3): Electric utilities electing to participate in the Clean Fuels Program would be required to submit annual accounting and descriptions of expenditures and revenues generated by an electric utility from credits earned from the electricity supplied to retail customers by an electric utility under the Clean Fuels Program.

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.

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

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

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: 5231 SB	Title: Transportation fuel/carbon	Agency: 461-Department of Ecology

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
Clean Fuels Program Account-State NEW-1		373,731	373,731	1,789,633	1,789,633
Total $		373,731	373,731	1,789,633	1,789,633

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	8.5	8.0	8.3	5.8	5.8
Account					
General Fund-State 001-1	1,643,378	884,231	2,527,609	0	0
Clean Fuels Program Account-State NEW-1	0	373,731	373,731	1,789,633	1,789,633
Total $	1,643,378	1,257,962	2,901,340	1,789,633	1,789,633

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: 01/15/2021
Agency Preparation: Pete Siefer	Phone: 360-407-6646	Date: 01/15/2021
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 01/15/2021
OFM Review: Lisa Borkowski	Phone: (360) 902-0573	Date: 01/17/2021

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, Ecology requires facilities and entities selling fossil fuels in Washington that emit at least ten thousand metric tons of carbon dioxide equivalent on an annual basis to report greenhouse gas emissions, per RCW 70A.15.2200 and chapter 173-441 WAC. Also under current law, Ecology's Clean Air Rule, chapter 173-442 WAC provides greenhouse gas emissions standards and reduction pathways for certain stationary sources, petroleum product producers and importers, and natural gas distributors.

This bill would create a program intended to reduce the carbon intensity of transportation fuels used within the state. Transportation fuels are defined in this bill as electricity and fuels for the propulsion of motor vehicles sold or used within the state.

(Note that the Governor's proposed 2021-2023 Biennial Operating Budget includes funding for this proposed legislation under LCF Clean Transportation Fuel Standards.)

Section 2 provides definitions for this act.

Section 3: Ecology would be required to establish rules by January 1, 2023, that limit greenhouse gas (GHG) emissions per unit of transportation fuel energy, as based on carbon intensity values on a lifecycle basis, to ten percent below 2017 levels by 2028 and twenty percent below 2017 levels by 2035. Exported fuels and electricity would be exempt from the emissions requirements specified in this section. Ecology would adopt updated rules by December 31, 2031 to reduce transportation fuel GHG emissions by 2050 to achieve the emissions limits specified in RCW 70A.45.020.

Section 4 specifies requirements for the rules.

Section 4 (1) (c) and (d) would authorize Ecology to require transportation fuel suppliers and participating electric utilities to submit greenhouse gas emissions data different from or additional to data reported or submitted under RCW 70A.15.2200 and chapter 19.29A RCW, if necessary to accurately measure greenhouse gas emissions.

Section 4 (2) would require the rules to provide clean fuels program participants opportunities to demonstrate appropriate carbon intensity values, accounting for production facility emissions and other production cycle sources, if the provisions would not counter the emission reduction goals of the program or create an administrative burden for the department.

Section 4 (3) specifies: (a) methods for assigning compliance obligations and methods for tracking tradable credits; (b) mechanisms that allow credits to be traded and banked for future compliance periods; and (c) procedures for verifying the validity of credits and deficits generated under the clean fuels program.

Section 5 specifies exemptions that should be included and would authorize Ecology to adopt rules specifying standards to qualify for exemptions, and to align implementation of the exemptions for certain dyed special fuels under section 5 (2) with similar fuel exemptions under chapter 82.38 RCW.

Section 6 would authorize the rules adopted under sections 3 and 4 to allow for credits from activities that reduce greenhouse gas emissions associated with transportation. The section provides examples and would require the rules to specify limits to the number of credits that could be earned from these activities.

Section 7: Ecology would be encouraged to align rules with those of states that have transportation fuel carbon standards and have potential supply connections with Washington State. Ecology would be required to establish and periodically consult a stakeholder advisory panel for input on incentives and credits for GHG sequestration related to agricultural and forestry practices.

Section 8: All producers or importers of any amount of transportation fuel ineligible to generate credits consistent with requirements of section 4(3) would be required to register with Ecology. All persons or entities eligible to generate credits under section 4(3) would be required to register with Ecology to participate in the Clean Fuels Program and generate credits. All transfers of transportation fuels for which Clean Fuels Program participation would be required or elected would require documentation in a format approved by Ecology assigning the compliance responsibility and associated credits. Ecology would be authorized to adopt rules requiring periodic reporting from entities associated with the supply chains for participants in the Clean Fuels Program. The rules would be required to establish procedures and timelines consistent with similar programs or programs requiring similar information.

Section 9 (2): Ecology would be able to adopt requirements, in consultation with electric utilities, for the expenditure of revenues from credits earned under the Clean Fuels Program that are applicable to fifty percent of revenues not subject to the requirements of section 9 (1).

Section 9 (3): Electric utilities electing to participate in the Clean Fuels Program would be required to submit annual accounting and descriptions of expenditures and revenues generated by an electric utility from credits earned from the electricity supplied to retail customers by an electric utility under the Clean Fuels Program.

Section 10: Beginning May 1, 2025, and each May 1st thereafter, Ecology would be required to post a report on the department's website summarizing the data and information specified in subsection (1) in this section. Ecology would be required to submit this report to the appropriate committees of the legislature by May 1, 2025 and each May 1st thereafter.

Section 10 (1) (c) would require Ecology to contract with an independent consultant to determine fuel costs or savings attributable to the clean fuels program and to publicize the information in a press release at the same time that the report required in section 10 is posted to the department's website. Ecology would also be required to simultaneously report the cost savings to the Transportation Committees of the House of Representatives and the Senate.

Section 11: Ecology and the Department of Agriculture would provide consultation to the Department of Commerce (Commerce) to support a required periodic fuel supply forecast to project the availability of fuels necessary for compliance with Clean Fuels Program requirements. The fuel supply forecast for a given compliance period would be required by no later than ninety days prior to the start of the compliance period.

Section 12: Ecology would be authorized to require a fee from persons that register or report under the provisions of this act. If Ecology were to elect to require a fee, the department would be required to adopt rules following an opportunity for public comment that would determine the payment schedule and fee amount. The fee amount would be required to be set so that receipts equal but not exceed the projected direct and indirect costs for Ecology's and Commerce's development and implementation of the program. Each biennium, the departments would be required to prepare a biennial workload analysis and provide opportunities for public review and comment. Ecology would enter into an interagency agreement with Commerce to implement this section.

Section 12 would also establish the Clean Fuels Program Account, which would be appropriated, and to which all receipts from fees and penalties received under the program created in this chapter would be deposited. Ecology would only be able to spend funds from this account for carrying out the program created in this chapter.

Section 13 (1) (a): Ecology would provide consultation for a Joint Legislative Audit and Review Committee report, due to the Legislature on December 1, 2029. We assume Ecology's consultation support would begin in FY 2028 or later, which is beyond the scope of this fiscal note.

Sections 18 and 19 would modify RCW 70A.15.3150 and 70A.15.3160 to include this chapter among the provisions applicable for a penalty or civil penalty if violated.

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 cash receipts impact to Ecology under this bill is estimated to be greater than $50,000 in Fiscal Year (FY) 2023 and ongoing for fee revenue under section 12.

Section 12 would authorize Ecology to require a fee from persons that register or report under the provisions of this chapter. Ecology would adopt rules following an opportunity for public comment that would determine the payment schedule and fee amount. The fee amount would be required to be set so that receipts equal but do not exceed the projected direct and indirect costs for Ecology's and Commerce's development and implementation of the program.

Ecology would be required to establish rules by January 1, 2023, under section 3. Ecology assumes the fee authorized in section 12 would start on this date. Based on the start date for fee implementation, Ecology estimates that the last 6 months of FY 2023 expenditures for the Clean Fuels program would be fee-recoverable, and all future expenditures would be funded through fee revenue in the Clean Fuels Program Account.

Per section 12, the fee amount would be set so that receipts equal but do not exceed projected direct and indirect costs for Ecology's and Commerce's development and implementation of the program. Commerce's costs are reflected in this fiscal note under the interagency agreement required for this section. Cash receipts are estimated to equal expenditure estimates in the new Clean Fuels Program Account beginning January 1, 2023. All fee receipts would be deposited in the Clean Fuels Program Account created in section 12.

Under section 12, any penalties received under this program, as prescribed under RCW 70A.15.3160, would also be deposited in the Clean Fuels Program Account. Enforcement actions and penalties are assumed to be limited, but unknown, and therefore are not estimated in this fiscal note.

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 greater than $50,000 in FY 2022 and ongoing for clean fuels program rulemaking, registration and reporting, and implementation.

Clean Fuels Program Criteria Establishment through Rulemaking:

Section 3 would require Ecology to adopt new rules by January 1, 2023, to reduce greenhouse gas (GHG) in transportation fuels used in Washington to ten percent below 2017 levels by 2028 and twenty percent below 2017 levels by 2035.

Per Section 4, Ecology would be authorized to adopt rules requiring transportation fuel suppliers and participating electric utilities to submit greenhouse gas emissions data different from or additional to data reported or submitted under RCW 70A.15.2200 or chapter 19.29A RCW. Ecology assumes this reporting would be necessary to determine and verify compliance with the program.

Section 5 specifies exemptions that should be included and would authorize Ecology to adopt rules specifying standards to qualify for exemptions.

Section 6 would authorize the rules adopted under sections 3 and 4 to allow for credits from activities that reduce greenhouse gas emissions associated with transportation. The section provides examples and would require the rules to specify limits to the number of credits that could be earned from these activities.

Section 7 would provide that Ecology should, with some exceptions, align rules with those of states that have transportation fuel carbon standards and have potential supply connections with Washington State.

Section 8 would authorize Ecology to adopt rules requiring periodic reporting from participants in the Clean Fuels program.

Section 9 (2): Ecology would be able to adopt requirements, in consultation with electric utilities, for the expenditure of revenues from credits earned under the Clean Fuels Program that are applicable to fifty percent of revenues not subject to the requirements of section 9 (1). Ecology assumes that these guidelines would be adopted by rule.

Section 12 would require rulemaking to determine a Clean Fuels Program registration or reporting fee schedule and amount.

Because rules would be required by January 1, 2023, Ecology would plan to use transportation fuel standards programs in California and Oregon as a guide and baseline for rulemaking and adapt them as needed to ensure that all requirements under the chapter are fulfilled.

Ecology estimates that the following staff would be needed to complete the rulemaking in sections 3, 4, 5, 6, 7, 8, 9, and 12, with support from the program implementation staff described below. Rulemaking is assumed to be complete by January 1, 2023. Outreach efforts would be needed to ensure sufficient opportunities for public comments on the program, particularly credit criteria. Based on Oregon and California programs, Ecology estimates ongoing intermittent rulemaking to develop verification programs, update fuels eligible for credits as technology evolves, and update carbon intensity values as new data becomes available.

- A Rulemaking Lead would be required to oversee project management, lead rule development, and manage stakeholder engagement. (Environmental Planner 3, 1.25 FTE in FY 2022, 0.75 FTE in FY 2023, and 0.50 FTE each subsequent odd fiscal year, starting in FY 2025).

- A Technical Lead would be required to work with the rulemaking lead to create the rule language and drive the overall policy change of the rulemaking for the clean fuels program. This position would lead the process to define credit-eligible projects and credit limits, and to analyze credit criteria and limits in Oregon and California. (Environmental Planner 5: 0.50 FTE in FY 2022 and 0.25 FTE in FY 2023).

- Economic Research Staff: Ecology's economist and regulatory analyst would complete economic and regulatory analysis in support of the rule as required by law. FTE to accomplish this work:
    - Regulatory Analyst 2: 0.10 FTE in FY 2023
    - Economic Analyst 3: 0.25 FTE in FY 2023

- Outreach: Because the proposed rulemaking would impact a broad population, we would anticipate strong public interest throughout the rulemaking process. This position would be needed to review and publish documents and manage updates to Ecology's website and other online media throughout the rulemaking process. (Community Outreach & Environmental Education Specialist 4, 0.10 FTE in FY 2022).

The program would hold three public meetings and three public hearings in a rented facility in FY 2022. Facility rental costs are estimated to be $1,000 per meeting.

The Attorney General's Office (AGO) estimated that 0.20 FTE of Assistant Attorney General (AAG) time would be needed to support rulemaking in FY 2022 and FY 2023. AGO support is estimated to cost $49,000 in FY 2022 and $49,000 in FY 2023, and is shown in Object E.

All costs for initial rulemaking are assumed to be spent in the state General Fund, and all costs for future intermittent rulemaking are assumed to be spent in the Clean Fuels Program Account.

Clean Fuels Program Implementation:

Implementation of the Clean Fuels Program would require the following ongoing staff:

- A manager would be needed to provide overall coordination of implementation, to lead efforts to designate an entity to aggregate unused credits, to lead credit market monitoring and assessment of impacts on compliance, and to coordinate with other states, and the advisory stakeholder group required in Section 7. (Washington Management Service 1, 0.40 FTE in FY 2022 and ongoing).

- An Environmental Planner 4 would be needed to lead efforts to track and monitor compliance with the program, support designation of an entity to aggregate unused credits, develop a verification program and criteria, and review verifier reports, assist with monitoring the credit market and assessing impacts on compliance, consult with stakeholders to assess program effectiveness, draft and submit proposed legislative changes annually, prepare annual public report, and coordinate with Commerce on the preparation of the biennial workload analysis and interagency agreement. (Environmental Planner 4, 1.0 FTE in FY 2022 and ongoing).

- An Environmental Planner 3 would be required to assist efforts to track and monitor compliance with the program, assist with review of verifier reports, assist with monitoring the credit market, consult with stakeholders to assess program effectiveness, assist with preparation of proposed legislative changes annually, assist with preparation of the annual public report, and regularly assess the rule and amend it as needed. (Environmental Planner 3, 1.0 FTE in FY 2022 and ongoing).

- An Environmental Engineer 2 would be needed to research and update GHG emissions for transportation fuel pathways, review and approve innovative fuel pathways, update carbon intensity lifecycle analysis modeling tools, provide technical support for the development and analysis of verification program and criteria, consult with Commerce on fuel supply forecast to project availability of fuels necessary for compliance with Clean Fuels Program requirements, per Section 11, and provide technical expertise during rule updates as needed. (Environmental Engineer 2: 0.30 FTE in FY 2022 and ongoing).

- An Environmental Specialist 4 would be required to provide guidance and technical assistance to program participants, review and process quarterly and annual reports, implement routine program audits and assist with program compliance monitoring, assist with routine review of verifier reports, support consultation with Commerce for fuel supply forecast, support interagency agreement management and biennial workload analysis development and publication, and provide support for rule updates as needed. (Environmental Specialist 4: 1.0 FTE in FY 2023 and ongoing).

- A Communications Outreach and Education Specialist 4 would have to update website and outreach materials, assist with stakeholder consultation for program assessment, help maintain effective working relationships with program participants, support the report required in section 10, and provide outreach support for rule updates and public review of workload analyses as needed. (Communications Outreach and Education Specialist 4: 0.30 FTE in FY 2023 and ongoing).

In addition to the staff efforts above, Ecology would contract for outside technical expertise to update carbon intensity modeling tools (Greenhouse Gases Regulated Emissions and Energy Use in Transportation (GREET) and Oil Production Greenhouse Gas Emissions Estimator (OPGEE)) to reflect Washington-specific data and variables. The modeling tools would help forecast the annual fuel supply, ensure sufficient credits are available for compliance, and provide data to evaluate economic impacts. During the 2013 legislative session, E2SSB 5802 committed funds to a study to examine viability of a clean fuel standards program. The OFM fiscal note estimated $175,000 to contract with a consultant for analysis of Washington emissions and energy consumption profile. The consultant preparing the report was Lifecycle Associates, who created the GREET model. While the scope of the project would differ from the analysis conducted in FY 2014, this estimate was used as the basis for estimated contract costs of $200,000 in Object C in FY 2022.

Section 7 would require Ecology to establish and periodically consult a stakeholder advisory panel for input on incentives and credits for GHG sequestration related to agricultural and forestry practices.

Ecology assumes that independent contractors would be required to provide technical expertise related to agriculture and forestry protocols and provide consultation in appointing members of the stakeholder advisory committee to ensure impartial selection and broad representation across the state. The cost for contracts is estimated to be $86,909 in FY 2022. Estimates are based on the cost for 0.50 FTE of Environmental Planner 5 with associated administrative and standard costs.

The Clean Fuels Manager would provide recommendations to the Air Quality Program Manager and Ecology Director to appoint representatives to the group.

An Environmental Planner 5 would convene meetings with the group, provide technical and policy expertise to inform and support the group's recommendations, and coordinate with other state agencies as needed. As the group is being established, from July through December, 2021, this position would work full time, managing the contracts for panel appointments, establishing structure and governance framework for the panel, and developing resources for researching incentives. Beginning in January 2022, 0.50 FTE would be needed on an ongoing basis for continued coordination with the panel and analysis of recommendations. The estimated staff time needed would be 0.75 FTE in FY 2022, and 0.50 FTE in FY 2023 and ongoing thereafter.

The first meeting would be held in January 2022, and meetings would be held quarterly thereafter. Meeting facility cost estimates of $1,000 per meeting are included in Object E, for a cost of $3,000 in FY 2022, and $4,000 in FY 2023 and each fiscal year thereafter.

Section 10 would require Ecology to contract with an independent consultant to determine fuel costs or cost savings attributable to the clean fuels program. Contract costs are estimated to be $75,467 each year in FY 2024 and ongoing each FY thereafter, based on Ecology's costs for 0.50 FTE Economic Analyst 3. This would ensure that the analysis would be completed in time for the first report, which would be required by May 1, 2025.

Section 12 would require Ecology to enter into an interagency agreement with Commerce to implement cost recovery mechanisms through the fee and workload analysis. Commerce's estimated costs in the Clean Fuels Program Account to implement section 11 are included in Object E to reflect the interagency agreement, estimated to be $75,000 in FY 2023 and $50,000 in FY 2024 and ongoing. Efforts to coordinate the interagency agreement and provide opportunities for public review of and comments on biennial workload analyses could be accomplished with the positions listed above.

All costs estimated prior to January 1, 2023, are assumed to be spent in the state General Fund, and all costs estimated from January 1, 2023, and onward are assumed to be spent in the Clean Fuels Program Account.

Clean Fuels Program Registration and Tracking:

Section 4 of the bill would require Ecology to assign and track tradable and bankable compliance obligations and credits from participants in the clean fuels program. Section 8 would require producers and importers of transportation fuels and entities eligible to generate credits to register with Ecology. Section 8 would require Ecology to collect documentation on transactions transferring ownership of compliance obligations and credits related to transportation fuels for which program participation is required, and would allow Ecology to require periodic reporting of information from program participants.

This work would involve creating a registration database to compile information on program participants and track compliance obligations and credits, developing and preparing guidance and training materials for registering program participants, and technical assistance. This work would also involve creating a web-based reporting tool interface to collect data and quarterly and annual reports from program participants, user testing, troubleshooting, ongoing updates and maintenance of the reporting tool, and ongoing technical assistance.

The Washington State Office of the Chief Information Officer (OCIO) would review the required project for level of scope and public impact. Because the project would meet the following criteria related to public impacts, this fiscal note assumes that this project would require OCIO quality assurance (QA) oversight.

The system would be used by all transportation fuel suppliers and energy utilities for the state of Washington, which would include international corporations. Ecology estimates sixty fuel suppliers, ten utilities, and an indeterminate number of clean fuel suppliers and other voluntary participants. Ecology prepared a draft economic analysis of a proposed clean fuel program in 2015. The analysis estimated fifty to one-hundred regulated parties (clean fuel credit buyers), fifty to one-hundred credit generators (clean fuel credit sellers), and twenty-five to fifty brokers (facilitators of clean fuel credit transactions). California has 322 registered parties and Oregon has 202 registered parties in their clean fuel standards programs.

Based on Commerce estimates, utilities may be able to earn credit-based revenue exceeding one million dollars each year. The data in this system would have financial impact for the state's economy.

The estimated costs for the project without QA criteria are described first, and followed by incremental cost estimates for the QA requirements.

Without QA requirements, the project would take one year, starting on January 1, 2022, and concluding with system rollout on January 1, 2023, the start date of the Clean Fuels Program. This would require the following staff:

- Developer - IT App Development-Senior/Specialist (0.50 FTE in FY 2022, 0.50 FTE in FY 2023, and 0.30 FTE in FY 2024 and ongoing): This position would prepare the coding and technical systems implementation and ongoing maintenance of the system.

- IT App Development – Manager (0.10 FTE in FY 2022 and 0.10 in FY 2023): This position would provide overall project supervision and guidance.

With QA requirements, additional staff and costs that would be required:

The project would need to start by July 2021 to ensure that the project and quality assurance review are complete before the program's start date of January 1, 2023.

- Developer – IT Application Development Sr./Specialist would have to start on July 1, 2021, to prepare the coding and technical systems implementation and ongoing maintenance of the system: (0.50 FTE in FY 2022).

- Project Management - IT Application Development Sr./Specialist: OCIO requires a staff person of this job classification to serve in the project management role for IT projects that have a substantial public impact. This position would conduct business analysis, research end-user needs, coordinate with Oregon and California, which have similar systems, and serve as project contact for the QA reviewer. (Project Management - IT Application Development Sr./Specialist: 1.0 FTE in FY 2022 and 0.50 FTE in FY 2023).

Ecology would be required to contract with an OCIO-approved QA reviewer to analyze project management and implementation. Based on pricing for a current Ecology IT project, the contract costs are estimated to be $51,802 in FY 2022 (includes readiness assessment ($9,945), project QA plan ($4,127), and seven periodic assessments at $5,390 per report) and $32,340 in FY 2023 (five assessments and a post implementation report at $5,390 each).

All project costs for system development and Quality Assurance, estimated prior to January 1, 2023, are assumed to be spent in the state General Fund. Ongoing system maintenance costs are assumed to be spent in the Clean Fuels Program Account.

SUMMARY:

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

Clean Fuels Program Criteria Establishment through Rulemaking:
FY 2022: $332,119 and 2.13 FTE
FY 2023: $252,985 and 1.55 FTE
FY 2025 and subsequent odd-numbered fiscal years thereafter: $72,041 and 0.58 FTE

Clean Fuels Program Implementation:
FY 2022: $831,395 and 3.97 FTEs
FY 2023: $747,462 and 5.18 FTEs
FY 2024 and ongoing thereafter: $797,929 and 5.18 FTEs

Clean Fuels Program Registration and Tracking:
FY 2022: $479,864 and 2.42 FTEs
FY 2023: $257,515 and 1.27 FTEs
FY 2024 and ongoing thereafter: $60,867 and 0.35 FTEs

Notes on costs by object:

Salary estimates are current biennium actual rates at Step L.
Benefits are the agency average of 36.7% of salaries.
Personal Service Contracts include $200,000 in FY 2022 for outside technical expertise to forecast fuel supplies and update modeling tools, $86,909 in FY 2022 and $75,467 each year in FY 2024 and ongoing to determine fuel cost savings. Also included are $51,802 in FY 2022 and $32,340 in FY 2023 for quality assurance management and review for the Clean Fuels Tracking System development.
Goods and Services are the agency average of $4,144 per direct program FTE, plus rulemaking facility costs of $6,000 in FY 2022 and stakeholder meeting facility costs of $4,000 in FY 2023 and ongoing each fiscal year thereafter. Also included is an interagency agreement with Department of Commerce estimated to be $75,000 in FY 2023 and $50,000 in FY 2024 and ongoing.
Consistent with ATG estimates, $49,000 in FY 2022 and FY 2023 is included in Object E for AAG support for this bill.
Travel is the agency average of $2,182 per direct program FTE.
Equipment is the agency average of $1,201 per direct program FTE.
Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 27.4% 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 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	1,643,378	884,231	2,527,609	0	0
NEW-1	Clean Fuels Program Account	State	0	373,731	373,731	1,789,633	1,789,633
		Total $	1,643,378	1,257,962	2,901,340	1,789,633	1,789,633

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	8.5	8.0	8.3	5.8	5.8
A-Salaries and Wages	685,572	600,212	1,285,784	835,270	835,270
B-Employee Benefits	251,606	220,280	471,886	306,546	306,546
C-Professional Service Contracts	338,711	32,340	371,051	150,934	150,934
E-Goods and Other Services	85,665	156,802	242,467	149,854	149,854
G-Travel	16,148	15,165	31,313	22,041	22,041
J-Capital Outlays	8,887	8,348	17,235	12,129	12,129
9-Agency Administrative Overhead	256,789	224,815	481,604	312,859	312,859
Total $	1,643,378	1,257,962	2,901,340	1,789,633	1,789,633

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 2022	FY 2023	2021-23	2023-25	2025-27
COM OUTREACH & ENV ED SP 4	70,956	0.1	0.3	0.2	0.3	0.3
ECONOMIC ANALYST 3	82,344		0.3	0.1		
ENVIRONMENTAL ENGINEER 2	82,344	0.3	0.3	0.3	0.3	0.3
ENVIRONMENTAL PLANNER 3	78,408	2.3	1.8	2.0	1.3	1.3
ENVIRONMENTAL PLANNER 4	86,484	1.0	1.0	1.0	1.0	1.0
ENVIRONMENTAL PLANNER 5	95,484	1.3	0.8	1.0	0.5	0.5
ENVIRONMENTAL SPEC 4	70,956		1.0	0.5	1.0	1.0
FISCAL ANALYST 2		0.7	0.7	0.7	0.5	0.5
IT APP DEVELOP-JOURNEY		0.4	0.4	0.4	0.3	0.3
IT APP DEVELOP-MANAGER	123,636	0.1	0.1	0.1		
IT APP DEVELOP-SR/SPEC	112,176	2.0	1.0	1.5	0.3	0.3
REGULATORY ANALYST 2	80,292		0.1	0.1		
WMS BAND 1	87,000	0.4	0.4	0.4	0.4	0.4
Total FTEs		8.5	8.0	8.3	5.8	5.8

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

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

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.

Sections 3 through 9 and 12 of the bill would require complex rulemaking because they create a new program that would have broad public interest and would institute a new fee. Rulemaking to establish the program would need to be complete by January 1, 2023. Ongoing intermittent rulemaking each odd year thereafter would be required to develop verification programs, update fuels eligible for credits, and update carbon intensity values.

SB 5231 Clean Fuel Standard: Department of Ecology Fiscal Note Expenditure Overview

1/15/2021

OPERATING BUDGET	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Rulemaking (Sections 3 through 9, 12)	**332,119**	**252,985**	**0**	**72,041**	**0**	**72,041**
Total FTEs	2.1	1.6	0.0	0.6	0.0	0.6
Staff costs	280,119	203,985	0	72,041	0	72,041
AAG (0.2 FTE) (Object E)	49,000	49,000				
Public Meeting Facility Costs (Object E)	3,000					
Clean Fuels Program Implementation (Sections 2-13)	**831,395**	**747,462**	**797,929**	**797,929**	**797,929**	**797,929**
Total FTEs	4.0	5.2	5.2	5.2	5.2	5.2
Staff costs	541,486	668,462	668,462	668,462	668,462	668,462
Professional Services Contracts	286,909		75,467	75,467	75,467	75,467
IAA with Commerce (Section 12)		75,000	50,000	50,000	50,000	50,000
Meeting Facilities, Section 7 Stakeholder Advisory Mtgs	3,000	4,000	4,000	4,000	4,000	4,000
IT Systems for Registration and Reporting (Sections 4 & 8)	**479,864**	**257,515**	**60,867**	**60,867**	**60,867**	**60,867**
Baseline Subtotal	***123,730***	***123,730***	***60,867***	***60,867***	***60,867***	***60,867***
QA Requirements Subtotal	***356,134***	***133,785***				
Total FTEs	2.4	1.3	0.4	0.4	0.4	0.4
Baseline FTE	*0.7*	*0.7*	*0.4*	*0.4*	*0.4*	*0.4*
Additional FTE for QA Requirements	*1.7*	*0.6*				
Staff costs	428,062	225,175	60,867	60,867	60,867	60,867
Basline Staff Costs	*123,730*	*123,730*	*60,867*	*60,867*	*60,867*	*60,867*
Additional Staff Costs for QA Requirements	*304,332*	*101,445*				
Professional Services Contract for QA Review	51,802	32,340				
ECOLOGY TOTAL OPERATING FTEs	**8.5**	**8.0**	**5.5**	**6.1**	**5.5**	**6.1**
ECOLOGY TOTAL OPERATING EXPENDITURES	**1,643,378**	**1,257,962**	**858,796**	**930,837**	**858,796**	**930,837**

*Total FTEs include 0.15 FTE administrative overhead. Staff costs include salary and benefits, travel, equipment, goods and services, and administrative overhead.

Individual State Agency Fiscal Note

Bill Number: 5231 SB	Title: Transportation fuel/carbon	Agency: 468-Environmental and Land Use Hearings Office

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.

☐ 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: 01/15/2021
Agency Preparation:	Nina Carter	Phone: 360 664-9171	Date: 01/20/2021
Agency Approval:	Nina Carter	Phone: 360 664-9171	Date: 01/20/2021
OFM Review:	Lisa Borkowski	Phone: (360) 902-0573	Date: 01/27/2021

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.

Summary:
Companion bill to HB 1091. This fiscal note for SB 5231 is identical to the FN for HB 1091.

SB 5231 supports clean transportation fuel technologies through a program that reduces the carbon intensity of fuel used in Washington.

Sec. 1 and 2 are the intent and definitions sections.

Sec. 3-8: Ecology must adopt rules applicable each year through 2050 to reduce carbon intensity in transportation fuels. Various requirements for the rules are defined in Section 4.

Sec. 9 addresses revenues and credits from electric utilities.

Sec.10 and 11 and address reporting requirements for Ecology and fuel supply forecasts.

Sec. 12 may require fees to be paid to the by persons participating in the program and requires Ecology to adopt rules if fees are imposed. A clean fuels account is created in the State Treasury.

Sec. 14-17 amends Chapters 46.20 and 46.25 RCW to accommodate the clean fuels program.

Sec.18 and 19 amend RCW 70A.15.3150 and .3160 to accommodate the clean fuels program. These statutes are used to appeal any enforcement action or penalties imposed by Ecology. Appeals are heard by the Pollution Control Hearings Board.

Sections 20 and 21 change the Department of Licensing provisions to accommodate the clean fuels program.

Fiscal Impact of HB 1091:

Sections 18 and 19 may generate appeals to the PCHB, but at this time the Board does not assume fiscal impacts.

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

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5231 SB	Title: Transportation fuel/carbon	Agency: 495-Department of Agriculture

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.

☐ 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: 01/15/2021
Agency Preparation:	Timothy Elliott	Phone: 360-902-1984	Date: 01/19/2021
Agency Approval:	Nicholas Johnson	Phone: (360) 902-2055	Date: 01/19/2021
OFM Review:	Leslie Connelly	Phone: (360) 878-4371	Date: 01/20/2021

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.

Senate Bill 5231 directs the Department of Ecology (DOE) to adopt a rule establishing a Clean Fuels Program to limit greenhouse gas emissions per unit of transportation fuel energy to 10 percent below 2017 levels by 2028 and 20 percent below 2017 levels by 2035. This proposed legislation has no impact on the Washington State Department of Agriculture (WSDA).

Sec. 11. In consultation with the DOE and WSDA, the Department of Commerce must develop a periodic fuel supply forecast to project the availability of fuels necessary for compliance with clean fuels program requirements.

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 proposed legislation has no cash receipt impact on WSDA.

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 WSDA is minimal. This task would require additional time from WSDA Motor Fuel Quality program to provide assistance to Department of Commence. This should be within the scope of work of the Motor fuel quality program and could be absorbed by WSDA.

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

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5231 SB	**Title:** Transportation fuel/carbon

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- [ ] Cities:
- [ ] Counties:
- [ ] Special Districts:
- [ ] Specific jurisdictions only:
- [ ] Variance occurs due to:

Part II: Estimates

- [x] 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:

None

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Vellinga	Phone: 360-725-5038	Date: 01/18/2021
Leg. Committee Contact:	Phone:	Date: 01/15/2021
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/18/2021
OFM Review: Lisa Borkowski	Phone: (360) 902-0573	Date: 01/18/2021

Part IV: Analysis

A. SUMMARY OF BILL

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

This bill requires the Department of Ecology to establish the Clean Fuels Program to reduce the carbon intensity of transportation fuels in Washington, as measured by the life-cycle GHG emissions per unit of fuel energy. The Clean Fuels Program must take effect by January 1, 2023. By December 31, 2031, Ecology must adopt standards that are consistent with the state achieving the emissions reductions established in RCW 70A.45.020.

The bill would take effect 90 days after final adjournment of the session in which it was 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.

This bill would not impact local government expenditures.

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 not impact local government revenues.

Sources:

Department of Commerce fiscal note
Department of Revenue fiscal note