Multiple Agency Fiscal Note Summary

Bill Number: 5126 S SB	**Title:** Climate commitment act

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	120,000	0	0	120,000	0	0	120,000
Department of Ecology	0	0	237,341,284	0	0	973,255,435	0	0	1,030,522,869
Department of Ecology	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Total $	**0**	**0**	**237,461,284**	**0**	**0**	**973,375,435**	**0**	**0**	**1,030,642,869**

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	Fiscal note not available					
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
Office of the Governor	Fiscal note not available											
Office of Attorney General	.4	0	0	120,000	.4	0	0	120,000	.4	0	0	120,000
Department of Commerce	.2	66,029	66,029	66,029	.0	0	0	0	.1	40,350	40,350	40,350
Office of Financial Management	Fiscal note not available											
Department of Revenue	Fiscal note not available											
Utilities and Transportation Commission	.4	0	0	118,083	.0	0	0	0	.4	0	0	118,083
Department of Health	.0	0	0	0	.0	0	0	0	.0	0	0	0
University of Washington	.0	1,832,360	1,832,360	1,832,360	.0	3,466,613	3,466,613	3,466,613	.0	3,409,734	3,409,734	3,409,734
Washington State University	.3	1,717,614	1,717,614	1,717,614	.5	3,800,149	3,800,149	3,800,149	.5	4,351,919	4,351,919	4,351,919
Department of Transportation	Fiscal note not available											
Department of Ecology	42.6	4,583,128	4,583,128	19,950,920	42.6	9,151,743	9,151,743	19,071,394	41.7	0	0	18,396,221
Department of Ecology	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Environmental and Land Use Hearings Office	.0	0	0	0	.0	145,800	145,800	145,800	.0	145,800	145,800	145,800
Total $	**43.9**	**8,199,131**	**8,199,131**	**23,805,006**	**43.5**	**16,564,305**	**16,564,305**	**26,603,956**	**43.1**	**7,947,803**	**7,947,803**	**26,582,107**

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	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of the Governor	Fiscal note not available								
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
Office of Financial Management	Fiscal note not available								
Department of Revenue	Fiscal note not available								
Utilities and Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Health	.0	0	0	.0	0	0	.0	0	0
University of Washington	.0	0	0	.0	0	0	.0	0	0
Washington State University	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	Fiscal note not available								
Department of Ecology	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
Total $	0.0	0	0	0.0	0	0	0.0	0	0

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	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Breakout

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

Prepared by: Lisa Borkowski, OFM	**Phone:** (360) 902-0573	**Date Published:** Preliminary 3/ 8/2021

Individual State Agency Fiscal Note

Bill Number: 5126 S SB	Title: Climate commitment act	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	60,000	60,000	120,000	120,000	120,000
Total $	60,000	60,000	120,000	120,000	120,000

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.4	0.4	0.4	0.4	0.4
Account					
Legal Services Revolving Account-State 405-1	60,000	60,000	120,000	120,000	120,000
Total $	60,000	60,000	120,000	120,000	120,000

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:	Kim Cushing	Phone: (360) 786-7421	Date: 02/26/2021
Agency Preparation:	Michael Shinn	Phone: 360-759-2122	Date: 03/04/2021
Agency Approval:	Edd Giger	Phone: 360-586-2104	Date: 03/04/2021
OFM Review:	Tyler Lentz	Phone: (360) 790-0055	Date: 03/05/2021

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 2 is a definitions section, and including defining Department as the Department of Ecology (ECY), and climate commitment as the process and institutional mechanism to achieve greenhouse gas limits in RCW 70A.45.020. Allowance, asset controlling supplier, cost burden, and electricity importer are defined, and imported electricity and vulnerable populations definitions are amended.

Section 3 requires ECY to use the Department of Health's environmental health disparities map to make a high priority list of overburdened communities, analyze and monitor greenhouse gas emissions there, and beginning in 2025 conduct biannual reviews to determine if emissions are being reduced in those communities. Stricter air quality standards may be adopted if emissions are not decreasing.

Section 4 requires agencies using climate investment account funds to provide at least 35 percent of funding to overburdened communities. Annual reporting is required to the environmental justice and equity advisory panel.

Section 5 requires the Office of Equity to establish an Environmental Justice and Equity Advisory Panel, with membership composition set forth.

Section 7 requires ECY to implement a program for a greenhouse gas emissions cap for covered entities.

Section 8 sets budgets and timelines, requiring ECY to commence the program by January 1, 2023.

Section 9 defines covered entities.

Section 10 calls for ECY adopting rules for registry of covered entities.

Section 11 creates auctions for greenhouse gas allowances, with ECY required to adopt rules to implement.

Section 16 requires ECY to adopt rules for setting floor auction prices of allowances, and for holding auctions.

Section 17 requires ECY to adopt rules for offset projects and credits.

Section 18 requires ECY to establish an assistance program for offsets on federally recognized Tribal lands.

Section 20 sets up enforcement of submitting allowances to meet compliance obligations, including penalties of allowances and fines.

Section 22 requires ECY to adopt rules, including emergency rules, to implement Sections 7-21.

Section 24 amends RCW 70A.15.2200 to require rules be adopted to implement Section 7.

Section 25 requires the Governor to create a comprehensive program to implement the state's climate commitment.

Section 26 requires the Governor to convene a climate commitment task force.

Section 31 makes the act effective immediately.

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 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 agency's fiscal note. Appropriation authority is necessary in the AGO budget.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Attorney General's Office (AGO) Agency Assumptions:

1. This bill has an emergency clause and is assumed to be effective immediately.

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

5. The AGO Transportation & Public Construction Division (TPC) has reviewed this bill and determined it will not significantly increase the division's workload in representing the Washington State Department of Transportation (WSDOT). This bill creates a cap and invest program to reduce, over time, greenhouse gas emissions. The substitute bill made a number of changes, a few affecting WSDOT. The most prominent change includes specifying amounts from auction proceeds be directed to the Forward Flexible Account and the Climate Investment Account. TPC expects to devote minimal legal resources to WSDOT in its implementation of this bill, should it be enacted. New legal services are nominal and costs are not included in this request.

Assumptions for the AGO Ecology (AGO-ECY) Division's Legal Services for the Department of Ecology (ECY):

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

2. This bill requires ECY to engage in several complex rulemakings from FY 2022 to FY 2023 to implement the Cap and Trade Program. AGO-ECY assumes 0.25 Assistant Attorney General (AAG) to provide legal research and advice on the complex issues raised by this rulemaking, and by the implementation and enforcement of the Cap and Trade Program.

3. Beginning in FY 2024, AGO-ECY estimates one appeal every two years of ECY enforcement actions taken as a result of this bill. AGO-ECY assumes a need for 0.25 AAG. Additional rulemaking and advice is included in this projection.

4. Beginning in FY 2025, AGO-ECY assumes a need for advice on the implementation and enforcement of the Cap and Trade Program.

5. Total workload impact in FY 2022 and in each FY thereafter: 0.25 AAG and 0.13 Legal Assistant (LA) at a cost of $60,000 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	60,000	60,000	120,000	120,000	120,000
		Total $	60,000	60,000	120,000	120,000	120,000

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	0.4	0.4
A-Salaries and Wages	40,000	40,000	80,000	80,000	80,000
B-Employee Benefits	12,000	12,000	24,000	24,000	24,000
E-Goods and Other Services	7,000	8,000	15,000	16,000	16,000
J-Capital Outlays	1,000		1,000		
Total $	60,000	60,000	120,000	120,000	120,000

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 2022	FY 2023	2021-23	2023-25	2025-27
Assistant Attorney General	108,600	0.3	0.3	0.3	0.3	0.3
Legal Assistant 3	54,108	0.1	0.1	0.1	0.1	0.1
Management Analyst 5	88,644	0.1	0.1	0.1	0.1	0.1
Total FTEs		0.4	0.4	0.4	0.4	0.4

III. D - Expenditures By Program (optional)

Program	FY 2022	FY 2023	2021-23	2023-25	2025-27
Ecology Division (ECY)	60,000	60,000	120,000	120,000	120,000
Total $	60,000	60,000	120,000	120,000	120,000

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: 5126 S SB	Title: Climate commitment act	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	0.2	0.1	0.2	0.0	0.1
Account					
General Fund-State 001-1	45,854	20,175	66,029	0	40,350
Total $	45,854	20,175	66,029	0	40,350

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:	Kim Cushing	Phone: (360) 786-7421	Date: 02/26/2021
Agency Preparation:	Marla Page	Phone: 360-725-3129	Date: 03/04/2021
Agency Approval:	Joyce Miller	Phone: 360-725-2710	Date: 03/04/2021
OFM Review:	Gwen Stamey	Phone: (360) 902-9810	Date: 03/05/2021

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.

Differences between the substitute and the original bill:

Section 4 requires agencies to conduct an environmental justice assessment rather than analysis, and to establish a minimum of not less than thirty-five percent and a goal of forty percent of total investments from the Climate Investment Account to provide direct and meaningful benefits to vulnerable populations when allocating funds or administering grants or programs.

Section 9 adds the requirement that Department of Ecology (Ecology) in consultation with the Department of Commerce (department) and Utilities and Transportation Committee (UTC) to adopt a methodology by October 1, 2026 for addressing imported electricity associated with a centralized electricity market. The baseline for first compliance period is moved from 2017-2021 to 2015-2019.

Summary of the substitute bill:
Climate Commitment Act - Establishes a cap and trade program for greenhouse gas (GHG) emissions. Directs Governor to prepare a strategic plan for climate which could affect future agency roles. Ecology establishes and operates the cap and trade program. Allowances are auctioned and the Legislature appropriates the revenue.

Section 9 requires Ecology in consultation with the department and UTC to adopt a methodology by October 1, 2026 for addressing imported electricity associated with a centralized electricity market.

Section 13(2)(a)(b) requires Ecology in consultation with the department and UTC, to adopt rules to establish the methods and procedures to mitigate the impact on rates or charges on citizens of the state for electricity services and to adopt an allocation schedule. The rules must be adopted by October 1, 2022.

Section 13(2)(c) requires Ecology in consultation with the department and UTC, to adopt rules for provision of allowances for the second compliance period at no cost to citizens of the state for electricity services, and must be consistent with a forecast that is approved by the appropriate governing board or UTC. The rule must be adopted by October 1, 2026.

Section 13(2)(d) requires Ecology in consultation with the department and UTC, to adopt rules for provision of allowances for the compliance periods contained within calendar years 2031 through 2040. The rule must be adopted by October 1, 2028

Section 26 states the governor shall convene a Climate Commitment Task Force with state agencies, other governments, and stakeholders, and must develop preliminary recommendations by November 1, 2021. By December 1, 2021, the governor's office must submit a report to the legislature with the findings and recommendations of the climate commitment task force.

Effective date is assumed to be 90 days after adjournment of the session in which this bill is passed.

II. B - Cash receipts Impact

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

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

It is assumed the department will have a member appointed to the Climate Commitment Task Force to review the Governor's plan for a comprehensive climate program. The task force is assumed to meet twice a month, July thru December 2021.

The bill also states Ecology will consult with the department for rulemaking to adopt rules in order to mitigate the impact on rates or charges on citizens of the state for electricity services, and in developing a methodology for attributing emissions to electricity purchased in centralized electricity markets imported from other states.

To complete this work, the department estimates:

0.1 FTE Assistant Director (208 hours) in FY22 to assist with development and recommendations to the legislature on the establishment of a state comprehensive climate, energy, and resilience program to implement the state's climate commitment.

0.1 FTE EMS2 Energy Policy Specialist (208 hours) in FY22-FY23, and 0.1 FTE EMS2 Senior Energy Policy Specialist (208 hours) in FY26-FY27, and 0.1 FTE EMS2 Senior Energy Policy Specialist (208 hours) in FY28-FY29 to coordinate with Ecology and consult on rulemaking and development of methodologies for attributing emissions.

Salaries and Benefits
FY22: $33,411
FY23: $14,655
FY26-FY27: $14,655 per fiscal year

Goods and Other Services
FY22: $1,083
FY23: $537
FY26-FY27: $537 per fiscal year

Intra-agency Reimbursement:
FY22: $11,360
FY23: $4,983
FY26-FY27: $4,983 per fiscal year

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

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Total Estimated Costs
FY22: $45,854
FY23: $20,175

FY26-FY27: $20,175 per fiscal year

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	45,854	20,175	66,029	0	40,350
		Total $	45,854	20,175	66,029	0	40,350

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.2	0.1	0.2		0.1
A-Salaries and Wages	25,601	11,106	36,707		22,212
B-Employee Benefits	7,811	3,549	11,360		7,098
C-Professional Service Contracts					
E-Goods and Other Services	1,082	537	1,619		1,074
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	11,360	4,983	16,343		9,966
9-					
Total $	45,854	20,175	66,029	0	40,350

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	0.1	0.1	0.1		0.1
EMS Band 4	144,948	0.1		0.1		
Total FTEs		0.2	0.1	0.2		0.1

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: 5126 S SB	Title: Climate commitment act	Agency: 215-Utilities and Transportation Commission

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	0.5	0.3	0.4	0.0	0.4
Account					
Public Service Revolving Account-State 111-1	80,550	37,533	118,083	0	118,083
Total $	80,550	37,533	118,083	0	118,083

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:	Kim Cushing	Phone: (360) 786-7421	Date: 02/26/2021
Agency Preparation:	Amanda Hathaway	Phone: 360-664-1249	Date: 03/04/2021
Agency Approval:	Amanda Hathaway	Phone: 360-664-1249	Date: 03/04/2021
OFM Review:	Jenna Forty	Phone: (564) 999-1671	Date: 03/04/2021

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 4 establishes requirements for an environmental justice assessment and reporting for state agencies allocating funds from the Climate Investment Account. Section 6 establishes tribal consultation requirements for those agencies. For the purposes of this fiscal note, the Utilities and Transportation Commission (UTC) assumes it is not an implementing agency under these sections and that there will be no fiscal impact from these sections.

Section 8 establishes the compliance periods of the program, beginning with 2023-2026, then 2027-2030, followed by annual program budgets for 2031-2040.

Section 9(2) requires the Department of Ecology to consult with the UTC in the adoption of a methodology for addressing imported electricity from any linked jurisdiction by October 1, 2026. The UTC assumes this consultation will occur between April 1 and September 30, 2026.

Section 13(2)(a) requires Ecology to consult with the UTC in the development of rules establishing the methods and procedures for allocation of allowances to electrical companies. The rules must be adopted by October 1, 2022. UTC assumes this consultation will occur between April 1 and September 30, 2022.
Section 13(2)(b) requires the UTC to approve each utility's forecast of supply and demand and the resulting cost burden for the 2023-2026 compliance period. UTC assumes this approval should be provided to Ecology by July 1, 2022, so that Ecology can include the results in its rules. UTC assumes it will provide rulemaking consultation to Ecology on the resulting allocation schedule between July 1 and September 30, 2022.

Section 13(2)(c) requires the UTC to approve each utility's forecast of supply and demand and the resulting cost burden for the 2027-2030 compliance period. UTC assumes this approval should be provided to Ecology by July 1, 2026, so that Ecology can include the results in its rules. UTC assumes it will provide rulemaking consultation to Ecology on the resulting allocation schedule between July 1 and September 30, 2026.

Section 13(2)(d) requires the UTC to approve each utility's forecast of supply and demand and the resulting cost burden for the compliance periods from 2031 through 2040. UTC assumes this approval should be provided to Ecology by July 1, 2028, so that Ecology can include the results in its rules. UTC assumes the fiscal impact will be considered in a later biennium.

Section 14(1)(a) requires the Department of Ecology to consult with the Utilities and Transportation Commission (UTC) in the development of rules establishing the methods and procedures to allocate allowances to natural gas companies. The rules must be adopted by October 1, 2022. The UTC assumes this consultation will occur between April 1 and September 30, 2022.
Section 14(1)(b) requires Ecology to consult with the UTC in the adoption of an allocation schedule by October 1, 2022, for the first two compliance periods. UTC assumes this consultation will occur between April 1 and September 30, 2022.

Section 14(1)(c) requires Ecology to consult with the UTC in the adoption of an allocation schedule by October 1, 2028, for the compliance periods from 2031 through 2040. UTC assumes the fiscal impact will be considered in a later biennium.

Section 26 establishes a Climate Commitment Task Force. For the purposes of this fiscal note, UTC assumes it is not appointed to this task force and that there will be no fiscal impact from this section.

II. B - Cash receipts Impact

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

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.

Rulemaking consultation with Department of Ecology

FY 2022 and 2023
Section 13(2)(a) requires Ecology to consult with the UTC in the development of rules establishing the methods and procedures for allocation of allowances to electrical companies. The rules must be adopted by October 1, 2022. UTC assumes this consultation will occur between April 1 and September 30, 2022. UTC assumes this will include the rulemaking consultation on the allocation schedule required by Section 13(2)(b).

Section 14(1)(a) requires the Department of Ecology to consult with the Utilities and Transportation Commission (UTC) in the development of rules establishing the methods and procedures to allocate allowances to natural gas companies. The rules must be adopted by October 1, 2022. The UTC assumes this consultation will occur between April 1 and September 30, 2022.
Section 14(1)(b) requires Ecology to consult with the UTC in the adoption of an allocation schedule by October 1, 2022, for the first two compliance periods. UTC assumes this consultation will occur between April 1 and September 30, 2022.

FY 2026 and 2027
Section 9(2) requires the Department of Ecology to consult with the UTC in the adoption of a methodology for addressing imported electricity from any linked jurisdiction by October 1, 2026. The UTC assumes this consultation will occur between April 1 and September 30, 2026.

Section 13(2)(c) requires Ecology to consult with the UTC on the adoption of an allocation schedule by October 1, 2026. UTC assumes it will provide rulemaking consultation to Ecology on the allocation schedule between July 1 and September 30, 2026.

FY 2022, 2023, 2026, 2067 -
$37,533 (Asst Director Regulatory Services, 0.02 FTE; Policy Advisor, 0.06 FTE; Resource Planning Manager, 0.06 FTE; Regulatory Analyst 3, 0.10 FTE; Director Policy, 0.02 FTE)

Approve forecast of supply and demand for three utilities

Section 13(2)(b) requires the UTC to approve each utility’s forecast of supply and demand and the resulting cost burden for the 2023-2026 compliance period. UTC assumes this approval should be provided to Ecology by July 1, 2022, so that Ecology can include the results in its rules.

Section 13(2)(c) requires the UTC to approve each utility’s forecast of supply and demand and the resulting cost burden for the 2027-2030 compliance period. UTC assumes this approval should be provided to Ecology by July 1, 2026, so that Ecology can include the results in its rules.

FY 2022, 2026
$43,017 (Administrative Law Judge, 0.02 FTE; Commissioner, 0.01 FTE; Asst Director Regulatory Services, 0.02 FTE; Resource Planning Manager, 0.02 FTE; Regulatory Analyst 3, 0.12 FTE; Attorney General, 0.02 FTE; Director Policy, 0.01 FTE; Director Regulatory Services, 0.01 FTE; Policy Advisor, 0.04 FTE)

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
111-1	Public Service Revolving Account	State	80,550	37,533	118,083	0	118,083
		Total $	80,550	37,533	118,083	0	118,083

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.5	0.3	0.4		0.4
A-Salaries and Wages	54,796	25,533	80,329		80,329
B-Employee Benefits	19,178	8,936	28,114		28,114
C-Professional Service Contracts					
E-Goods and Other Services	6,576	3,064	9,640		9,640
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	80,550	37,533	118,083	0	118,083

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
Administrative Law Judge	111,996	0.0		0.0		0.0
Asst. Director, Regulatory Services	115,908	0.0	0.0	0.0		0.0
Attorney General	188,400	0.0		0.0		0.0
Commissioner	149,028	0.0		0.0		0.0
Director, Policy	114,744	0.0	0.0	0.0		0.0
Director, Regulatory Services	126,504	0.0		0.0		0.0
Policy Advisor	109,284	0.1	0.1	0.1		0.1
Regulatory Analyst 3	90,883	0.2	0.1	0.2		0.2
Resource Planning Manager	87,924	0.1	0.1	0.1		0.1
Total FTEs		0.5	0.3	0.4		0.4

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: 5126 S SB	Title: Climate commitment act	Agency: 303-Department of Health

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:	Kim Cushing	Phone: (360) 786-7421	Date: 02/26/2021
Agency Preparation:	Jayme Hills	Phone: 360-338-2900	Date: 03/04/2021
Agency Approval:	Carl Yanagida	Phone: 360-789-4832	Date: 03/04/2021
OFM Review:	Danielle Cruver	Phone: (360) 522-3022	Date: 03/05/2021

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.

This substitute bill moves language regarding the use of the Department of Health's (DOH) health disparities map from section 26(2)(c) to Section 3(a).

Section 3(a): Adds a new section stating the Department of Commerce must utilize DOH's environmental health disparities map and complementary data to identify a high priority list of overburdened communities where the list emissions or concentrations of greenhouse gas emissions and criteria pollutants are occurring when conducting their environmental justice review. This bill does not direct DOH to do any work, therefore there is no fiscal impact.

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.

None

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

None

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5126 S SB	Title: Climate commitment act	Agency: 360-University of Washington

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
Account						
General Fund-State	001-1	50,000	1,782,360	1,832,360	3,466,613	3,409,734
	Total $	50,000	1,782,360	1,832,360	3,466,613	3,409,734

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).

[ ] Capital budget impact, complete Part IV.

[ ] Requires new rule making, complete Part V.

Legislative Contact:	Kim Cushing	Phone: (360) 786-7421	Date: 02/26/2021
Agency Preparation:	Jessie Friedmann	Phone: 206-685-8868	Date: 03/04/2021
Agency Approval:	Kelsey Rote	Phone: 2065437466	Date: 03/04/2021
OFM Review:	Breann Boggs	Phone: (360) 485-5716	Date: 03/08/2021

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.

SSB 5126 seeks to institutionalize and operationalize the greenhouse gas limits by expressly providing such authority under chapter 70A.15 RCW, the Clean Air Act, to enact emission standards, and create a cap on greenhouse gas emissions, as part of a comprehensive state climate, energy, and resilience program.

We assume that the following Sections would have a fiscal impact:

Section 7 - Sets a cap on greenhouse gas emissions
Section 8 - Discusses program budget & timelines
Section 11 - Discusses auction allowances
Section 23 - Creates the environmental justice assessment within the Climate Investment Account

The Substitute makes the below changes that are relevant to the UW:

- Section 8 moves the baseline for the first compliance period from 2017-2021 to 2015-2019.

II. B - Cash receipts Impact

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

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.

Our current expenditure estimates are based on the following assumptions:

-- There would be no additional reporting burden under SSB 5126 as UW already reports greenhouse gas emissions to the Department of Ecology (DOE). If, however, the UW would need to conduct additional or more detailed reporting, the UW would need additional staff time to run a compliance program (likely 1 FTE environmental engineer, with salary and benefits of approx. $108,000 per year).
-- The UW would not be responsible for allocating funds from the climate investment account, and would thus not have expenses associated with conducting an environmental justice assessment. If the UW was responsible for allocating costs from this account, there would be indeterminate expenses associated with performing this assessment per lead agency assumptions.
-- If DOE chose to adopt rules regarding emission assumptions for electricity, there may be greater expenditures to cover the cost of additional allowances.
-- Emissions that would be subject to this bill are those associated with the UW's power plant and contiguous properties.
-- Offsets would not be used to cover any of the UW's compliance obligation.
-- The UW would not be considered a substantive contributor to cumulative pollution. However, if this assumption is incorrect, we estimate a cost between $10,000-$30,000 to hire a consultant to calculate emissions inventories, conduct air dispersion modeling, and write a health impact assessment each time that UW is determined to meet this classification."

We estimate that the following expenditures would be necessary in order for the UW to comply with allowance and compliance provisions set forth in this bill:
-- $100,000 spread equally between the latter half of FY22 and early half of FY23 to retain a consultant with expertise in cap & trade compliance, greenhouse gas allowances, and allowance auctions. Currently, the UW does not employ anyone with experience or knowledge of cap & trade policies in-house. This fee is estimated based on previous consultants hired by the University to implement comparable programs.
-- Allowances to cover UW's emissions levels. For the purpose of fiscal note, and per guidance from DOE, we have used baseline emissions averages from the 2015-2019 time period. Under the assumption that emissions remain constant, and given the provided emission reduction pathways, calendar year allowance obligations will be:

2023: $1,732,360
2024: $1,736,025
2025: $1,730,588
2026: $1,717,102
2027: $1,692,632

These estimates are based on the estimated allowance prices provided by DOE. Please note that the proposed law regulates emissions based on calendar year reporting, as opposed to fiscal year reporting. As such, actual expenditures will be not be cleanly aligned with either calendar or fiscal years, as the UW will likely purchase allowances at times in which UW receives the best price, as is allowable under the bill. Allowance costs are detailed in the "Good & Services" line of the Expenditures table.

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	50,000	1,782,360	1,832,360	3,466,613	3,409,734
		Total $	50,000	1,782,360	1,832,360	3,466,613	3,409,734

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	50,000	50,000	100,000		
E-Goods and Other Services		1,732,360	1,732,360	3,466,613	3,409,734
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	50,000	1,782,360	1,832,360	3,466,613	3,409,734

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: 5126 S SB	Title: Climate commitment act	Agency: 365-Washington State University

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	0.5	0.3	0.5	0.5
Account					
General Fund-State 001-1	0	1,717,614	1,717,614	3,800,149	4,351,919
Total $	0	1,717,614	1,717,614	3,800,149	4,351,919

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:	Kim Cushing	Phone: (360) 786-7421	Date: 02/26/2021
Agency Preparation:	Anne-Lise Brooks	Phone: 509-335-8815	Date: 03/04/2021
Agency Approval:	Chris Jones	Phone: 509-335-9682	Date: 03/04/2021
OFM Review:	Breann Boggs	Phone: (360) 485-5716	Date: 03/08/2021

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.

Substitute Senate Bill 5126 would do the following:

Sec. 7 creates a carbon pollution cap, allowances, and an auction for reducing greenhouse gas emissions that is capable of being integrated with emissions reduction programs in other jurisdictions.

Sec. 8 requires the program to commence January 1, 2023 and the state to review greenhouse emissions allowances on an annual basis.

Sec. 10 establishes compliance requirements for covered and opt-in entities.

Sec. 20 imposes monetary penalties if compliance is not achieved, up to $10,000 per day per violation.

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.

Washington Department of Ecology provided floor price assumptions by calendar year based on the current pricing used in California's program. Based on this assumption and WSU's 2019 reported amount of 79,851mt of eCO2, WSU would spend the following annually to be in compliance with the program:

Year Cost per allowance Annual Total Cost 2023 $ 20.60 $ 1,644,930
2024 $ 22.09 $ 1,763,908
2025 $ 23.68 $ 1,890,872
2026 $ 25.41 $ 2,029,014
2027 $ 27.27 $ 2,177,537

For purposes of the fiscal note, WSU is estimating based on a fiscal year basis, although in practice the allowance costs will change each calendar year.

WSU will require at least 0.5 FTE of a project engineer's time to maintain compliance with the program, including the purchasing of allowances. Annual salary is estimated at $108,000 and benefits at 34.6%.

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	0	1,717,614	1,717,614	3,800,149	4,351,919
		Total $	0	1,717,614	1,717,614	3,800,149	4,351,919

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.5	0.3	0.5	0.5
A-Salaries and Wages		54,000	54,000	108,000	108,000
B-Employee Benefits		18,684	18,684	37,368	37,368
C-Professional Service Contracts					
E-Goods and Other Services		1,644,930	1,644,930	3,654,781	4,206,551
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	0	1,717,614	1,717,614	3,800,149	4,351,919

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
Project Engeneer	108,000		0.5	0.3	0.5	0.5
Total FTEs			0.5	0.3	0.5	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

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: 5126 S SB	**Title:** Climate commitment act	**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
Air Pollution Control Account-State 216-1					2,573,188
Climate Investment Account-State NEW-1				54,814,274	377,949,681
Forward Flexible Account-State NEW-1		237,341,284	237,341,284	918,441,161	650,000,000
Total $		237,341,284	237,341,284	973,255,435	1,030,522,869

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

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	42.0	43.1	42.6	42.6	41.7
Account					
General Fund-State 001-1	0	4,583,128	4,583,128	9,151,743	0
Air Pollution Control Account-State 216-1	0	0	0	0	2,573,188
Model Toxics Control Operating Account-State 23P-1	10,079,810	5,287,982	15,367,792	0	0
Climate Investment Account-State NEW-1	0	0	0	9,919,651	15,823,033
Total $	10,079,810	9,871,110	19,950,920	19,071,394	18,396,221

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

Estimated Capital Budget Impact:

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

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.
- [X] Requires new rule making, complete Part V.

Legislative Contact:	Kim Cushing	Phone: (360) 786-7421	Date: 02/26/2021
Agency Preparation:	Pete Siefer	Phone: 360-407-6646	Date: 03/05/2021
Agency Approval:	Erik Fairchild	Phone: 360-407-7005	Date: 03/05/2021
OFM Review:	Lisa Borkowski	Phone: (360) 902-0573	Date: 03/08/2021

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.

Compared to SB 5126, SSB 5126 has the following substantive changes related to the Department of Ecology (Ecology):

- Section 3 would require Ecology to identify a high priority list of overburdened communities with the highest concentrations of greenhouse gas (GHG) emissions and criteria pollutants, and deploy a community engagement plan to provide communication, outreach, and engagement with overburdened communities in the development of the high priority list, and during the monitoring and review of emissions changes. Ecology would review the status of GHG emissions and criteria pollutants in these communities every two years, beginning in 2025. If emissions are not reduced in these communities, Ecology would be required to adopt more strict air quality standards and limits, reduce offset credit opportunities for sources, and/or revise linkage agreements to encourage reduced emissions.

- Sections 4 and 6 would add requirements for agencies administering funding programs from the Climate Investment Account for activities identified in section 23. Section 4 would require agencies to conduct environmental justice assessments on funding programs, consider recommendations from the Environmental Justice and Equity Advisory Panel, and prepare a community engagement plan to engage with overburdened communities and vulnerable populations. Section 6 would require agencies to consult with tribes on all funding decisions.

- Section 5 would designate the Office of Equity to provide all administrative and staff support for the Environmental Justice and Equity Advisory Panel (Panel). This would remove costs that had been estimated to provide support for the Panel.

- Section 11 would require specified portions of allowance auction revenue to be deposited in the Forward Flexible Account created under this section. This would impact revenue in the Climate Investment Account.

- Section 12 would add covered entities with North American industry classification system (NAICS) codes beginning with 324 to the list of covered entities that would be classified as energy-intensive trade-exposed industries. This would impact estimated auction revenue.

- Section 14 would require natural gas utilities to provide GHG reporting data specified in section 15 (3) to Ecology on or before March 1, 2022, and to continue providing data for each reporting year per section 15 (4) in order to qualify for no-cost allowances.

- Section 18 would require Ecology to establish an assistance program for offset projects on federally recognized tribal lands in Washington. The assistance could include, but would not be limited to, funding or consultation for federally recognized tribal governments to assess proposed offset projects' technical feasibility, investment requirements, development and operational costs, expected returns, administrative and legal challenges, and project risks and pitfalls. Section 18 (2) specifies legislative intent that not less than five million dollars be provided in the biennial operating budget for the purposes of this section.

- Section 21 would encourage Ecology to seek linkage agreements with other jurisdictions. Ecology would be required to conduct a public comment process to obtain input and a review of the linkage agreement by relevant stakeholders and other interested parties.

The changes described above would change the fiscal impacts estimated for the previous version of this bill.

Under current law, RCW 70A.15.2200, the Department of Ecology (Ecology) manages the greenhouse gas (GHG) reporting program, which requires specified large producers of GHG emissions to report annual emissions.

This bill would create a Climate Commitment program for the state of Washington, which would modify requirements of the GHG reporting program and create a market system of tradeable carbon allowances to meet emissions reduction targets.

(Note that the Governor's proposed 2021-2023 Biennial Operating Budget includes funding for this proposed legislation under CIP Climate Commitment Act.)

Section 2:
Section 2 establishes definitions. Biomass-based fuels would need to have demonstrated fifty percent lower lifecycle GHG emissions compared to petroleum-based fuels in order to meet the definition of biomass fuels under the bill. For the purposes of estimating allowance budgets and auction revenue, this fiscal note assumes that all biogenic emissions reported under current GHG reporting rules are exempted from coverage, and that covered entities would be responsible for demonstrating the lower lifecycle emissions in order to benefit from the biomass-based fuels exemption provided under section 9 (6) (d).

Section 3:
Section 3 would require Ecology to use the Department of Health Environmental Health Disparities map and complementary data to identify a high priority list of overburdened communities where the highest concentrations of GHG emissions and criteria pollutants are occurring, identify sources of the emissions, and monitor GHG and criteria pollutant emissions in the overburdened communities. Ecology would review the status of GHG emissions and criteria pollutants in these communities every two years, beginning in 2025. If emissions are not reduced in these communities, Ecology would be required to adopt more strict air quality standards and limits, reduce offset credit opportunities for sources, and/or revise linkage agreements to encourage reduced emissions. Ecology would be required to create and adopt a community engagement plan to provide communication, outreach, and engagement with overburdened communities in the development of the high priority list and polluters, and in the monitoring and review of emissions changes. The plan would include methods to reach those who face participation barriers, language or otherwise.

Section 4:
Agencies allocating funds from, or administering grants funded by, the Climate Investment Account, would be required to conduct an environmental justice assessment meeting criteria specified in this section, consider recommendations by the Environmental Justice and Equity Advisory Panel (Panel), prepare a community engagement plan to engage with overburdened communities and vulnerable populations in allocating funds or administering grants, and would be required to report annually to the Panel and Office of Equity on progress toward meeting environmental justice and environmental health goals.

Section 5:
This section would create the Panel, the members of which would be appointed by the Office of Equity. The Office of Equity would provide all administrative and staff support for the Panel. The Panel would provide

recommendations to the Governor, Legislature, and implementing agencies in the development of the programs established in this bill. In consultation with the Office of Equity and the Environmental Justice Council (Council), the Governor could evaluate ways to effectively coordinate the work of the Panel with the work of the Council to ensure efficient operations and policy alignment across state environmental justice work, subject to enactment of SB 5141.

Section 6:
Agencies allocating funding or administering grant programs from the Climate Investment Account would be required to offer consultation with federally recognized tribes on all funding decisions and programs that affect federally recognized tribes' rights and interests in their tribal lands, independently of any public participation process required by state law, and regardless of whether a tribe requests consultation.

Section 7:
Section 7 would establish requirements for Ecology to implement a cap on GHG emissions and use a carbon allowance trading market to incentivize GHG emissions reductions to meet statewide GHG reduction targets established in statute. Section 7 specifies criteria and requirements for the program.

Section 8:
This bill would establish a cap and trade program that would phase in regulatory requirements for different classes of GHG reporters. Section 8 sets the timing for the regulatory requirements; the first compliance period would start January 1, 2023, and end December 31, 2026, and the second compliance period would start January 1, 2027.

Ecology would be required to set annual GHG allowance budgets, which would be designed to reduce emissions over time in order to meet statewide emission limits established in RCW 70A.45.020. The initial annual allowance budgets, for calendar years 2023 to 2026, would be adopted through rulemaking by October 1, 2022.

The annual program budgets for entities covered during the second compliance period, set to begin January 1, 2027 and end December 31, 2030, would be adopted by October 1, 2026.

The annual program budgets would be set to achieve the share of reductions by covered entities necessary to achieve the 2030, 2040, and 2050 statewide emissions limits established in RCW 70A.45.020.

Ecology assumes that progress toward achieving the 2040 GHG emissions reduction targets would be monitored in the years approaching 2040, and that the rulemaking authority provided in section 22 would authorize a rule at a later date to adjust allowance budgets if needed to achieve the statutory target.

Future evaluations and rulemaking would be required for the 2030 through 2050 calendar years. The costs related to these requirements are beyond the scope of this fiscal note.

Section 9:
Section 9 would designate the criteria for program coverage and criteria for participation.

Section 10:
Section 10 would require Ecology to establish registration procedures by rule and requires the use of a secure, online electronic tracking system.

Section 11:
Ecology would hold a maximum of four auctions for allowances annually. Ecology would adopt by rule: floor prices; ceiling prices; allowance holding limits; and timing to offer allowance price containment reserve auctions. Ecology would also adopt by rule provisions to guard against bidder collusion and minimize the potential for market manipulation. Ecology would engage a qualified, independent contractor to run the auctions and a qualified financial services administrator to hold and evaluate bid guarantees and inform Ecology of bid guarantee values once bids are accepted. Ecology would design auctions to allow linkage with GHG trading programs in other jurisdictions where possible and may conduct auctions jointly with linked jurisdictions, using the same financial services administrator, market monitor, and auction administrator.

Once auction results were verified and approved by Ecology, and successful bidders notified by Ecology, auction proceeds would be collected by the financial services administrator and transferred to the State Treasurer for deposit into the Forward Flexible Account (FFA) or Climate Investment Account (CIA) created in section 23; specific amounts for deposits are specified in section 11.

Section 12:
Section 12 would require Ecology to adopt rules by July 1, 2024 to allocate allowances that would be transferred by covered entities as specified in this section for the first compliance period and for the second and ensuing compliance periods as determined by Ecology to be engaged in emissions intensive, trade-exposed (EITE) processes. These entities would be allocated a given number of no-cost allowances, which would decline each year.

Section 12 (1) specifies criteria for covered entities that would be classified as emissions intensive, trade-exposed (EITE) for the purposes of receiving no-cost allocations of allowances during phase one, and this subsection specifies the specific allocations for calendar years 2023 through 2026.

Section 12 (3) would require Ecology to adopt a rule by January 1, 2024 establishing objective numerical criteria for both emissions intensity and trade exposure for the purpose of identifying EITE manufacturing businesses during the second and subsequent compliance periods. By July 1, 2024, Ecology would be required to adopt rules for allocating allowances that must be transferred by entities determined by the department to be EITE and eligible for allocation of no-cost allowances in this section.

Section 13:
Section 13 would require Ecology, in consultation with the Department of Commerce (Commerce) and the Utilities and Transportation Commission (UTC), to establish in rule by October 1, 2022, allocations of free allowances for electricity providers in order to mitigate potential impacts on electricity rates; by October 1, 2026, Ecology would consult with Commerce and the UTC to adopt rules for allocating allowances to be provided at no cost during the second compliance period for electricity providers.

By October 1, 2028 Ecology would adopt an allocation schedule by rule in consultation with Commerce and the UTC for provision of no-cost allowances to electricity utilities and providers for calendar years 2031 through 2040. Based on an assumption of a 15 month rule, rulemaking would begin July 1, 2027, which would be outside the scope of the fiscal note. Ecology, Commerce, and the UTC would need to prepare a decision package for any costs not covered in carry-forward authority.

Section 14:
Section 14 (1) would require Ecology, in consultation with the UTC, to establish in rule by October 1, 2022,

allocations of free allowances to be distributed to natural gas utilities during the first two compliance periods for the benefit of rate payers. This fiscal note assumes concurrent rulemaking with the rule for section 13 to ensure that allocations are set for the compliance period for natural gas utilities as needed.

By October 1, 2028 Ecology would adopt an allocation schedule by rule in consultation with the UTC for provision of no-cost allowances to natural gas utilities for calendar years 2031 through 2040. Based on an assumption of a 15 month rule, rulemaking would begin July 1, 2027, which would be outside the scope of the fiscal note. Ecology and the UTC would need to prepare a decision package for any costs not covered in carry-forward authority.

In order to qualify for the no-cost allowances, natural gas utilities would be required to provide GHG reporting data specified in section 15 (3) to Ecology on or before March 1, 2022, and would be required to continue providing data for each reporting year per section 15 (4).

Section15:
Section 15 would require Ecology to set an emissions containment reserve price by rule to ensure that the price of allowances remain sufficient to incentivize reductions of GHG emissions. Ecology would withhold allowances from auction when the price falls below the emissions containment reserve price, in order to allow the price to stabilize and ensure achievement of GHG reductions.

Section 16:
Section 16 would require Ecology to adopt by rule floor prices, allowance holding limits, ceiling prices, and timing to offer allowance price containment reserve auctions. During calendar years 2023 through 2026, Ecology would place a minimum of four percent of available allowances in an allowance price containment reserve to assist in containing compliance costs for covered and opt-in entities in the event of unanticipated high costs. Ecology would adopt rules for dedicated allowance price containment reserve auctions when settlement prices in the preceding auction approach adopted auction ceiling prices; Ecology would also set reserve auction floor prices, establish the requirements and schedule for the allowance price containment reserve auctions, and establish the amount of allowances to be placed in the allowance price containment reserve after calendar year 2026.

Section 17:
Section 17 would require Ecology to establish protocols by rule for offset projects and credits that may be used to meet a portion of a covered or opt-in entity's compliance obligation under section 19 in alignment with RCW 70A.45.090 and 70A.45.100, that includes offset project requirements, specifies maximums for offset credit use, and details the use and counting of offset projects on federally recognized tribal lands.

Section 18:
Section 18 would require Ecology to establish an assistance program for offset projects on federally recognized tribal lands in Washington. The assistance could include, but would not be limited to, funding or consultation for federally recognized tribal governments to assess proposed offset projects' technical feasibility, investment requirements, development and operational costs, expected returns, administrative and legal challenges, and project risks and pitfalls. Funding or assistance may be provided upon request by a federally recognized tribe. Section 18 (2) specifies legislative intent that not less than five million dollars be provided in the biennial operating budget for the purposes of this section.

Section 19:
Section 19 would establish four-year compliance cycles.

Section 20:
Section 20 specifies enforcement requirements and penalties. Penalties of four allowances would be applied for each missing allowance. Ecology would be authorized to issue monetary civil penalties described in this section for failure to comply with any provision of this chapter or the rules adopted under this chapter. Monetary penalties would be deposited in the Climate Investment Account.

Section 21:
Section 21 would encourage Ecology to seek linkage agreements with other jurisdictions. Ecology would be required to conduct a public comment process to obtain input and a review of the linkage agreement by relevant stakeholders and other interested parties. Input from the public comment process would be considered before finalizing a linkage agreement.

Section 22:
This section would authorize Ecology to adopt rules to implement the provisions of this chapter. This section would also authorize emergency rules for initial implementation of the program.

Section 23:
This section would establish the Climate Investment Account, an appropriated account to which all receipts from auctions, except for those described in section 11 (7) would be deposited. The section describes the allowable uses of the funds in the account, which include: (a) Ecology's and other agencies' costs to support and administer the program, (b) the working families tax rebate; (c) programs that reduce and mitigate GHG impacts in overburdened communities; (d) clean transportation programs; (e) natural climate resilience solutions as specified in section 23(2)(e)(i)-(x); (f) clean energy transition and assistance programs; and (g) emissions reductions programs.

Section 24:
This section would incorporate the requirements of the proposed cap and trade Program into the Greenhouse Gas (GHG) reporting program, RCW 70A.15.2200 and modify reporting requirements in the current GHG reporting program.

Section 25:
Section 25 would require a comprehensive program to implement the state's climate commitment. The Governor's office would establish the governance structure for implementing the requirements of Section 25.

Section 26:
Section 26 would require the Governor's office to convene a climate commitment task force with state agencies, other governments, and stakeholders by July 1, 2021. The Governor's office would be required to submit findings and recommendations of the task force to the Legislature by December 1, 2021, on the establishment of a state comprehensive climate, energy and resilience program to implement the state's climate commitment in accordance with section 25.

Section 27:
Section 27 would preempt local jurisdictions from implementing a charge or tax based exclusively on quantities of GHG emissions.

Section 30:
Section 30 would suspend the provisions of the act on December 31, 2055 if Ecology were to determine by December 1, 2055 that the 2050 emissions limits of RCW 70A.45.020 have been met for two or more consecutive years. Ecology would be required to provide written notice of the suspension date to affected parties, the Chief Clerk of the House of Representatives, the Secretary of the Senate, the Office of the Code Reviser, and others as deemed necessary. In this event, Ecology would submit a decision package for the sunset of the provisions of the act.

Section 31:
Section 31 would make this act take effect immediately.

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.

This bill would have a significant cash receipts impact beginning in Fiscal Year 2023 and ongoing.

The following changes in SSB 5126 would change GHG emissions allowance auction revenue estimates, compared to SB 5126:

• Section 9 would establish a new selection of GHG data years for calculating share of baseline allowances attributed to covered entities. In the revenue estimates, this shifts the baseline emissions for all entities accordingly.
• Section 9 would exempt carbon dioxide emissions from the combustion of biomass or biofuels. For the revenue estimates, biogenic emissions are excluded to reflect this exemption; biomass-based fuel producers would receive exemptions if able to prove 50% lower lifecycle emissions, compared to petroleum-based fuels; current reporting biomass-based fuel producers had been exempted for being under the emissions threshold in SB 5126 and would continue to be exempted in the current version.
• Section 12 would provide EITE status in the first compliance period for covered entities engaged in petroleum refining; the revenue estimates use an assumption that the intent of this language is to provide EITE status to petroleum refinery facilities located in Washington.

Note regarding the Clean Energy Transformation Act: Revenue estimates do not account for changes in GHG emissions related to the Clean Energy Transformation Act, which could have an indeterminate impact on auction revenue approaching and following calendar year 2030.

Cash Receipts from Purchases of GHG Emissions Allowances:

Under section 11, auction proceeds would be collected by the financial services administrator and transferred to the State Treasurer for deposit as follows:
The initial auction revenue up to the amounts specified below would be deposited in the Forward Flexible Account (FFA), not to exceed $5,200,000,000 over sixteen years, and the remaining proceeds would be deposited into the Climate Investment Account (CIA) created in section 23.
a) FY 2023: first $272,019,000 to the FFA, with the remaining auction revenue to the CIA;
b) FY 2024: first $551,238,000 to the FFA, with the remaining auction revenue to the CIA;
c) FY 2025: first $436,744,000 to the FFA, with the remaining auction revenue to the CIA;

d) FY 2026 through FY 2037: first $325,000,000 to the FFA, with the remaining auction revenue to the CIA;

For fiscal year 2038 and each fiscal year thereafter, fifty percent of auction proceeds would be deposited in the Forward Flexible Account, and the remaining auction proceeds would be deposited in the Climate Investment Account. Auction revenue estimates were calculated based on program requirements as established in the bill, and the following assumptions.

Ecology would be required to set annual GHG allowance budgets, which would be designed to reduce emissions over time in order to meet statewide emission limits established in RCW 70A.45.020. The initial annual allowance budgets for the first compliance period, calendar years 2023 to 2026, would have to be adopted through rulemaking by October 1, 2022. For purposes of revenue assumptions, allowance budgets for the first and second compliance period beginning January 1, 2027 are based on currently available GHG reporting data and the statewide GHG inventory published in accordance with RCW 70A.45.020.

Section 9 would designate the criteria for program coverage and criteria for participation for groups of covered entities that would enter the program during the first and second compliance periods. The first compliance period would begin January 1, 2023, and the second compliance period would begin January 1, 2027.

The average annual eligible emissions from 2015 to 2019 (excluding biogenic emissions, which would be exempted as biomass under section 9) were calculated for all entities meeting the thresholds and criteria for each compliance period, as described in Section 9. The total baseline annual emissions for covered entities in the first compliance period was calculated to be 56.5 MMT CO2e, which is 58% of total statewide emissions.

Statewide emissions would be limited to achieve the reductions specified in RCW 70A.45.020, which are as follows: 45% below 1990 levels by 2030, 70% below 1990 levels by 2040, and 95% below 1990 levels by 2050.

1990 statewide emissions were 90.5 MMT CO2e
The 2035 statewide emissions target is 49.8 MMT CO2e
The 2022 statewide emissions estimate (based on a four-year average of annual emissions for 2015 through 2018 in the Statewide GHG Inventory Report, published January 2021) is projected to be 97.9 MMT CO2e
The goal for emissions reduction from 2023 to 2030 is 49.8 - 97.9 = -48.1 MMT CO2e
The emissions reduction goal for covered entities, based on their 58% share of statewide emissions is calculated to be -36.4 MMT CO2e over the eight-year compliance period through 2030.

Emissions allowances would need to decline by 6.1% each year for all entities incurring coverage obligations during the first compliance period, starting with calendar year 2023. This reduction pathway assumes that non-covered entities would also be voluntarily reducing emissions at a rate proportionate to the regulated/covered entities, based on the non-covered entities' portions of statewide emissions.

The initial allowance budget for January 1 to December 31, 2023, would equal a calculated reduction of 6.1% from the baseline annual emissions for each of the covered entities during this compliance period. This would results in a total allowance budget of 52.9 MMT CO2e. The budget would continue to decrease from the baseline by an additional 6.1% of baseline emissions each successive year.

During the second compliance period, starting on January 1, 2027, the reduction curve for entities continuing from the first compliance period would be remain at 6.1% of initial baseline emissions. For new CO2e emissions that would be added to the program for the second compliance period, the reduction pathway would be 12.3% of baseline emissions each year. The baseline calculated emissions for entities incurring a compliance obligation in the second compliance period is 17.6 MMT CO2e, and the CY 2027 allowance budget would be reduced by 12.3%, adding 15.4 MMT CO2e to the CY 2027 allowance budget.

Each covered entity would need to purchase an allowance for each ton of carbon dioxide it emits.

Per section 11, Ecology would hold a maximum of four auctions for allowances annually. Ecology assumes the auctions for the first period would be conducted January, April, July, and October 2023. The schedule is assumed to remain the same for future compliance periods. Each covered entity would need to purchase an allowance for each ton of carbon dioxide it emits, and Ecology assumes that 100% of all available allowances subject to auction would be sold at each auction.

Section 12 would provide for an allocation of free allowances to be available for Energy Intensive Trade Exposed (EITE) entities, which would decline over time. The annual allocation of allowances for direct distribution to an entity identified as emissions-intensive and trade-exposed during phase one of the program would be equal to the covered entity's proportional obligation of the program budget for phase one established under section 8, multiplied by:
(a) During calendar year 2023, ninety percent;
(b) During calendar year 2024, eighty-five percent;
(c) During calendar year 2025, eighty percent; and
(d) During calendar year 2026, seventy-five percent.

Rulemaking would determine the allocations to be provided in calendar year 2027 and beyond. For purposes of this fiscal note, the allocation of seventy-five percent of EITE entities' allowance budgets (the allocation specified for calendar year 2026) is assumed to continue for future calendar years.

Section 12 (1) (j) would include petroleum refining operations with North American industry classification system (NAICS) codes beginning with "324" as EITE entities. This fiscal note assumes that the intent is to provide EITE status for petroleum refinery facilities located in Washington State. Based on this assumption, the EITE allocations are assumed only for emissions associated with petroleum refining facilities.

Section 13 would provide for an allocation of no-cost allowances to be distributed directly to electricity generators in order to mitigate potential impacts on electricity rates. This fiscal note assumes that all electricity utilities and providers supplying electricity to Washington State rate payers would receive no-cost allowances equivalent to their allowance budgets for each year of program coverage. Investor-owned electricity utilities and providers would be required to consign all no-cost allowances to auction for the benefit of rate payers. Consumer-owned electricity utilities and providers would be allowed to consign no-cost allowances to auction for the benefit of ratepayers.

Section 14 would require Ecology to adopt rules for allocating no-cost allowances to natural gas utilities for the benefit of Washington State rate payers. This fiscal note assumes that all natural gas utilities supplying natural gas to Washington rate payers would receive free allowances equivalent to their allowance budgets for each year of program coverage. Section 14 (2) would require natural gas utilities to consign a specified percentage of the no-cost allowances to auction each calendar year for the benefit of rate payers, prioritizing low-income customers.

Section 15 would authorize establishment of an emissions containment reserve, allowing available allowances to be placed in reserve to meet emissions limits per RCW 70A.45.020.

Section 16 would require Ecology to set a minimum of 4% of the total number of allowances available aside for a price containment reserve during the years 2023 through 2026. The department would establish by rule the amount to be placed in the reserve beginning in the 2026 compliance period. California holds vintage allowances several years back. To provide a conservative estimate, this estimate assumes that 30% of the prior year's reserve will be sold at the prior year floor price each year, leaving unsold allowances in the reserve. This revenue estimate also assumes that Ecology maintains the 4% minimum through the time period for this fiscal estimate.

Ecology would also be required to establish by rule auction floor prices. Allowance floor prices in California are projected to grow approximately 7% per year, from a current price of $16.68 in 2020 to $33.73 in 2030. Ecology assumes that allowance prices in Washington would be equivalent to those in California. Cost of allowances is estimated to start at $20.60 in 2023 and increase by 7% each year in ensuing years. Revenue estimates assume all allowances not in the price containment reserve would be purchased at the estimated floor price for the year.

All allowances are estimated to be purchased at floor prices. Actual prices would vary, based on the conditions of the allowance market. This assumption is intended to result in a minimum revenue estimate.

Section 17 (3) (a), (b), and (e) would provide for regulated entities to meet up to 5% of compliance obligations with offset credits in the first compliance period, and up to 4% of compliance obligations in the second compliance period, and ongoing, for offset projects; entities can apply offset projects on federally recognized tribal land to meet an additional 3% of compliance obligations in the first compliance period and 2% of obligations in the second compliance period. Revenue estimates assume maximum usage of offset credits - offset credits are removed from the net priced allowances.

Over Allocations attributed to COVID-19 – The Rhodium Group published a report on estimated GHG emissions changes in the future, depending on the recovery rates from the COVID-19 pandemic. This study is available at this link (https://rhg.com/research/taking-stock-2020/) and supports an assumption that the carbon market may have excess allowances in the future. Excess allowances are subtracted from the net priced allowances and are based on estimated emissions reductions following a curve informed by the Rhodium Group study. The net effect is a reduction in revenue based on the excess allocations.

Total proceeds from auctions for each calendar year, starting with calendar year 2023, were estimated for each corresponding fiscal year, based on an assumption of all required allowances being purchased equally across each of the four annual auctions.

The fiscal year-based auction revenue is estimated in the Forward Flexible Account and the Climate Investment Account based on the allocations specified in Section 11.

Estimates of revenue from consigned no-cost allowances, sections 13 and 14
The attached revenue tables provide estimates of revenue from allowances consigned to auction for the benefit of rate payers from electricity and natural gas utilities. This revenue would not be transferred to the Treasurer or deposited in a state account but consigned to the utilities to benefit their rate payers. The estimated revenue from consigned auctions is based on an assumption that only investor-owned electricity utilities and providers would consign allowances to auction, as required in section 13, and that consumer-owned electricity utilities and providers would use all no-cost allowances to meet compliance obligations. Consigned allowance revenue from

natural gas utilities assumes that allowances would be consigned to auction in accordance with the requirements and percentages specified in section 14.

Penalty Revenue Assumptions:

Section 20 specifies enforcement requirements and penalties. For the purposes of this fiscal note, enforcement actions and penalties are assumed to be limited, but unknown, and therefore are not estimated in this fiscal note.

Greenhouse Gas Reporting Fee Revenue:

Section 24 would modify GHG reporting requirements, which would influence GHG reporting workload costs and the number of reporting facilities. Ecology assumes that fee modifications related to the changes in section 24 would be set during rulemaking for this section and would incorporate workload changes related to the modification of GHG reporting requirements. The fee changes would take effect in FY 2026.

Under current law, RCW 70A.15.2200, GHG reporting fees are set to equal but not exceed projected direct and indirect costs for Ecology's development and implementation of the program in the forthcoming year. Cash receipts are estimated to equal expenditure estimates for the GHG reporting program in the Air Pollution Control Account in this fiscal note.

SUMMARY: See attached Revenue Table for detail of projected revenue for the Forward Flexible Account and Climate Investment Account.

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 Fiscal Year (FY) 2022 and ongoing to implement the requirements of sections 3, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 21, 22, 24, 25, and 26.

Indeterminate Costs: Please refer to the attachment describing costs that are indeterminate and not included in the expenditure estimate tables.

Note on Funds Designated for Costs: All costs for implementing and administering the act would be eligible in the Climate Investment Account. Because the Climate Investment Account is not estimated to accrue revenue until FY 2025, all costs from January 1, 2023 until June 30, 2024 that would have been eligible for Climate Investment Account funding are assumed to be funded by State General Fund. Eligible costs are assumed in the Climate Investment Account starting July 1, 2024, the beginning of the first fiscal year during which the account is estimated to accrue revenue. Unless otherwise noted for specific sections, costs are estimated in the Model Toxics Control Account - Operating (MTCA-OP) until December 31, 2022, costs in the State General Fund from January 1, 2023 through June 30, 2024, and in the Climate Investment Account starting July 1, 2024.

Staff for Program Coordination and Public Engagement

The proposed legislation would create a highly technical program with broad public interest that would require streamlined, coordinated efforts to implement. The following staff would provide essential support to ensure that requirements of the bill are implemented according to statutory timelines, and that the public is engaged and informed throughout the implementation process.

Policy Manager - Washington Management Service 3 (WMS3) - this position would report to the Air Quality Program Manager and would provide policy support and agency coordination for the implementation of the Climate Commitment Act and for the climate commitment and task force requirements in sections 25 and 26.

This position would coordinate efforts, provide high-level policy advisement, and support government-to-government relations. Ecology estimates that WMS 3 is the most suitable level, because the role would be responsible for the following:
• Making important decisions that require analysis in unknown and unexplored areas having significant effect on clients and citizens;
• Being accountable for providing reliable and professionally sound guidance, consultation, and advice to Ecology executive management at an advanced level of expertise where the impact is highly consequential;
• Having the authority to make judgements having a long term impact on Ecology and the success of the program created in the proposed legislation;
• Providing innovative and highly effective solutions in exceptionally sensitive legal and political circumstances.

The staff time needed is estimated to be 0.75 FTE in FY 2022 and 1.0 FTE in FY 2023 and ongoing thereafter, based on the allocations of time summarized above and in detailed in the relevant sections below.

Cap and Trade Manager - Washington Management Service 2 (WMS2) - this position would coordinate all processes to ensure that timelines and criteria would be met, and would supervise the entire cap and trade program. This position would perform general supervision functions over implementation staff, and coordinate the various reports and timelines required for successful program implementation. The additional staff time needed is estimated to be 1.0 FTE in FY 2022 and ongoing thereafter.

Communications Consultant 5 – this position would serve as agency media lead for the program, managing interview requests, coordinating with program and agency leadership on messaging and strategy, working with stakeholders, and overseeing public engagement for the program. The additional staff time needed is estimated to be 0.5 FTE each year in FY 2022 through FY 2025.

Community Outreach and Environmental Education Specialist 4 (COEES4) – this position would develop and implement statewide public engagement and education for the new program. The COEES4 would organize public meetings, develop educational materials, coordinate with stakeholders, lead development of program implementation and compliance materials, and oversee work of supporting COEES positions dedicated to specific program needs. The additional staff time needed is estimated to be 1.0 FTE in FY 2022 and ongoing thereafter.

Environmental Justice Review - Section 3

Ecology estimates two dedicated positions to create and implement the community engagement plan, work with members of the public to share data and develop criteria for prioritizing overburdened communities to be monitored. Once priority communities are identified, Ecology staff would keep communities apprised of monitoring status, provide technical assistance to sources that are identified in the assessment, and prepare the evaluations required in 2025 and every two years thereafter. These positions would also coordinate with other program and agency staff on follow-up actions based on the findings of the evaluations. This fiscal note assumes that new priority communities would be identified in future years as conditions change, and that community engagement, assessment, monitoring, technical assistance with sources, evaluations, and corrective actions would be ongoing processes.

Environmental Specialist 5 – this position would consult with University of Washington and Department of Health as needed to perform analysis of available air quality monitoring and environmental health disparity data, work with public participants to develop criteria for high priority communities, perform analysis based on chosen criteria, and share preliminary results with communities for consideration. This position would identify monitoring needs, provide outreach and coordinate technical assistance for identified sources in priority communities, coordinate with local air authorities as applicable, prepare evaluations of emissions in priority communities in 2025 and every two years thereafter, provide recommendations for corrective actions as needed, coordinate with air quality program staff to implement and monitor corrective actions, and perform continuing analysis to identify new priority communities as conditions change. The additional staff time needed is estimated to be 1.0 FTE ES 5 in FY 2022 and ongoing.

Community Outreach and Environmental Education Specialist 4 (COEES 4) – this position would lead the development and implementation of the community engagement plan, organize opportunities for public participation on an ongoing basis while high priority communities are monitored for purposes of evaluations, and while corrective actions are taken, if needed. This position would provide education and outreach in overburdened communities to raise awareness of criteria pollutants and their health impacts and coordinate resources to support public access and participation, accessibility, and engagement. The additional staff time needed is estimated to be 1.0 FTE COESS 4 in FY 2022 and ongoing.

Natural Resource Scientist 4 (NRS 4) – this position would provide current data analysis to the Environmental Specialist 5 to support development of the community engagement plan. Once the priority communities were identified, this position would conduct analysis of emissions data in the priority communities, identify key sources, and analyze monitoring data for the required reviews. The estimated staff time needed is 0.06 FTE NR Scientist 4 in FY 2022 and ongoing each fiscal year thereafter.

Ecology estimates ten public meetings in overburdened communities on an annual basis to implement the community engagement plan during the initial and continuing identification of high priority communities, to provide education and outreach, and to inform communities of evaluation results and corrective actions. Facility costs are estimated to be $1,000 per meeting. Translation services would be provided at public meetings; based on a review of prices for DES Master Contract translation services, costs are estimated to be $100 per hour per language. Based on an estimated need for up to six languages per meeting, and two-hour meetings, the estimated cost for translation services is $1,200 per meeting.

In the event that a high priority community requires dedicated monitoring beyond Ecology's ambient air quality monitoring network, Ecology would dedicate staff, equipment, and supplies for each site. Because the high priority communities would be determined through a public process, monitoring needs and costs would be indeterminate. Please refer to the attachment describing indeterminate costs for more information.

High priority communities could be identified in cities under the jurisdiction of a Local Air Authority. In such an event, Ecology would coordinate with the local air authority to ensure mutual agreement on monitoring plans and corrective actions as needed. For purposes of this fiscal note, Ecology assumes full responsibility for the requirements of section 3.

For purposes of this fiscal note, we are assuming that all priority communities would experience a decrease in emissions. In the event that emissions were not reduced, Ecology may need to submit legislative proposals and implement rule changes and corresponding updates to the State Implementation Plan of the Federal Clean Air Act with the Environmental Protection Agency, and coordinate with Local Air Authorities on changes needed in their areas of jurisdiction. The level of changes needed would be determined for each instance of failure to achieve emissions reductions.

First and Second Compliance Period Requirements and Criteria – Rulemaking for Sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 21, and 22

The proposed legislation would establish a cap and trade program that would phase in regulatory requirements for different classes of GHG reporters. Ecology would be required to set annual greenhouse gas allowance budgets, which would be designed to reduce emissions over time in order to meet statewide emission limits established in RCW 70A.45.020. The initial annual allowance budgets for calendar years 2023 through 2026, would have to be adopted through rulemaking by October 1, 2022.

Ecology would adopt revised annual program budgets and include additional covered entities for phase two, covering calendar years 2027 through 2030, by October 1, 2026. Allowance budgets and the reduction pathway would be scaled as necessary to target the 2030 GHG emissions reductions specified in statute.

The proposed legislation would require Ecology to adopt rules by October 1, 2028, which would set annual budgets for calendar years 2031 through 2040 to achieve 2040 emission reduction limits identified in RCW 70A.45.020. Ecology assumes that progress toward achieving the 2040 GHG emissions reduction targets would be monitored in the years approaching 2040, and that the rulemaking authority provided in section 19 would authorize a rule at a later date to adjust allowance budgets if needed to achieve the statutory target.

Future evaluations rulemaking would be required for the 2040 through 2050 calendar years. The costs related to these requirements are not included in the timeframe for this fiscal note; additional expenditure authority for these costs would be requested for that timeframe in a future budget request.

Section 8 would require rulemaking to set allowance auction schedules, allowance budgets, and other criteria and provisions. By October 1, 2028, Ecology would adopt by rule annual budgets for calendar years 2031 through 2040 to achieve 2040 emission reduction limits identified in RCW 70A.45.020. Costs for this rule making cycle are not assumed in this fiscal note. Ecology would submit a budget request in the future as necessary.

Section 9 would designate the criteria for program coverage and define the entities who would have regulatory requirements in each compliance period. Rulemaking would require extensive outreach to impacted entities, and section 10 would require Ecology to establish registration procedures by rule.

Section 11 would require Ecology to adopt by rule provisions to guard against bidder collusion and minimize the potential for market manipulation.

Section 15 would require Ecology to set an emissions containment reserve price by rule to ensure that the price of allowances remain sufficient to incentivize reductions of GHG emissions.

Section 16 would require Ecology to adopt by rule floor prices, allowance holding limits, ceiling prices, and timing to offer allowance price containment reserve auctions.

Section 21 would encourage Ecology to seek linkage agreements with other jurisdictions. Ecology assumes that a memorandum of understanding (MOU) would be prepared in the first year for linkage with California. The process of MOU drafting and approval would take eighteen months. As described later in this fiscal note, linkage with California would require substantial changes in the greenhouse gas reporting program protocols and systems. Ecology would begin making these changes in FY 2022, but estimates that it would take a minimum of four years to change GHG reporting rules and implement the necessary changes to ensure compatible data and successful linkage. Section 21 would require Ecology to conduct a public comment process to obtain input and a review of a proposed linkage agreement by relevant stakeholders and other interested parties. Input from the public comment process would be considered before finalizing a linkage agreement.

Section 22 would authorize rulemaking to implement the provisions of the chapter and emergency rules pursuant to RCW 34.05.350 for initial implementation of the program, and to ensure that reporting and other program requirements are determined early for the purpose of program design and early notice to registered entities with a compliance obligation under the program.

The rulemaking for both the first and second compliance periods would be complex and require extensive outreach to provide sufficient opportunity for public comments during the process. A rulemaking of this nature would normally require a minimum of two and a half years, but the initial process would need to be accelerated to ensure that rules would be adopted by October 1, 2022, and all provisions would be in place to allow time for registration prior to the first auction in January 2023. Initial rulemaking would start July 1, 2021, and end September 30, 2022 (15 months). More staff than normal would be needed to meet this very tight timeline for a large and complex rule. Ecology would need to rely on data as available, and requirements in place in other jurisdictions to establish initial rules; the second rulemaking process would provide an opportunity to refine requirements for Washington, based on available data, program performance, and lessons learned. For the phase two and subsequent decade's allowance budgets, rulemaking would begin on July 1, 2024. The rulemaking process for the second compliance period requirements would end September 30, 2026 (2 years, three months), and rulemaking for the 2030 through 2040 budgets would continue through September 30, 2028 (beyond the scope of this fiscal note). Future rules would require additional resources. Ecology would request needed funding for future rules through the budget process. Rulemaking staff and resources are estimated as follows:

Environmental Planner 3 – under the direction of the WMS2, the rulemaking lead would coordinate the rulemaking timeline, lead rule development, manage stakeholder engagement, and other tasks as necessary for rule changes. The additional staff time needed is estimated to be 1.0 FTE in FY 2022, 0.25 FTE in FY 2023, and 0.85 FTE each year in FY 2025, FY 2026, and FY 2027.

Environmental Planner 5 – these positions would provide policy and technical expertise to support rulemaking, coordinate with other jurisdictions to plan linkage agreements based on the public comments process, ensure rules align with existing programs in other jurisdictions, and coordinate contract agreements with Western Climate Initiative (described below for section 11 regarding auction administration). The additional staff time needed is estimated to be 2.1 FTE in FY 2022, 0.5 FTE in FY 2023, and 2.0 FTE each year in FY 2025, FY 2026, and FY 2027.

Environmental Specialist 5 – these positions would provide technical support, respond to public questions during the rulemaking and linkage agreement development process, and support ongoing data analysis and evaluation. The additional staff time needed is estimated to be 3.1 FTE in FY 2022 and 0.75 FTE in FY 2023, and 3.0 FTE each year in FY 2025, FY 2026, and FY 2027.

Environmental Engineer 5 – this position would provide technical support in rule development and provide technical support to GHG reporters and covered entities during notification and rulemaking. The additional staff time needed is estimated to be 1.0 FTE in FY 2022 and 0.25 FTE in FY 2023, and 1.0 FTE each year in FY 2025, FY 2026, and FY 2027.

Community Outreach and Environmental Education Specialist 3 – this position would provide outreach to ensure that the public is aware of the program and requirements and provided opportunities to participate during rulemaking, as well as support outreach for the public comment process for the proposed linkage agreement in FY 2022. The additional staff time needed is estimated to be 0.6 FTE in FY 2022 and 0.5 FTE in FY 2023, and 0.5 FTE each year in FY 2025, FY 2026, and FY 2027.

The following positions would complete an economic and regulatory analysis of the rule. The additional staff time needed is estimated to be
- Economic Analyst 3 at 0.25 FTE in FY 2023 and 0.25 FTE in FY 2027; and
- Regulatory Analyst 2 at 0.1 FTE in FY 2023 and 0.1 FTE in FY 2027.

Ecology would hold the following numbers of public meetings or hearings for the two rulemaking processes: sixteen events in FY 2022 (four of which dedicated to the review of proposed linkage agreements), five events in FY 2023, four events in FY 2025, four events in FY 2026, and four events in FY 2027. Cost estimates include facility rental costs, estimated at $1,000 per meeting.

The Attorney General's Office (AGO) estimates 0.25 FTE Assistant Attorney General (AAG) and 0.13 FTE Legal Assistant each year in fiscal years 2022 through 2027, would provide and support consultation throughout all rulemakings required for the proposed program and criteria, as well as to support program implementation. AGO support is estimated to cost $60,000 each year from FY 2022 to FY 2027, and is included in Object E. Consistent with the AGO fiscal note estimates and for purposes of simplicity, the AGO time to support all rulemaking functions for this bill are included in this portion of the fiscal note and are referenced where other related rulemaking efforts described below.

Ecology estimates that an independent contractor would be required to provide consultation and guidance on initial rule provisions to guard against bidder collusion and minimize the potential for market manipulation. The cost for this contract is estimated to be $200,000 in FY 2022 and $80,875 in FY 2023, based on Ecology's cost for 1.20 FTE of Environmental Planner 5 (EP5) in FY 2022 and roughly 0.5 FTE EP5 in FY 2023.

Allowance Trading and Tracking Systems – Section 10

Section 10 would require a robust web-based system to provide access to data, verification, and routine monitoring. Ecology assumes we would use existing systems accessible through membership with WCI and used by other jurisdictions with which the state may engage in a linkage agreement. We may need to set-up other systems and accounts, such as an allowance retirement tracking system and on-line notification systems.

Ecology would need to engage in contracts with WCI to provide system development to ensure all modules needed to meet monitoring and compliance requirements specified in the bill be built and running smoothly. When WCI first contracted with CARB, full online systems development took nineteen months and cost $1.6 million, per WCI's 2013 budget document. Estimated costs for system modules and start-up costs for Washington's needs are estimated to be $300,000 in FY 2022 and $150,000 in FY 2023 for system development. These estimates align with Oregon's estimated systems start-up costs with WCI. Ecology estimates the following implementation phases and roles. Detailed position descriptions follow this summary.

Phase 1 – Coordination with WCI, adaptation of systems for Washington, testing, and implementation: July 1, 2011 – December 31, 2022. The first auction would be in January 2023. This would provide eighteen months total to have the allowance trading and tracking systems ready
Project Management: 1.0 FTE IT Application Development - Senior/Specialist (the Washington Office of the Chief Information Officer (OCIO) requires a position at this job classification or equivalent to serve in the project management role for IT projects of this scope)
Technical Expert: 1.0 FTE IT Application Development - Senior/Specialist
Developer: 2.0 FTE IT Application Development - Journey
Phase 2 – Support and troubleshooting for first year of auctions and coordination with QA review contractor: January 1, 2023 – December 31, 2023
Project Management: 1.0 FTE IT Application Development - Senior/Specialist
Technical Expert: 1.0 FTE IT Application Development - Senior/Specialist
Developer: 2.0 FTE IT Application Development – Journey

Phase 3 – Ongoing maintenance, support, and system validation: January 1, 2024 and ongoing
Project Management: 0.5 FTE IT Application Development - Senior/Specialist (for one year – January 1 through December 31, 2024)
Technical Expert: 0.5 FTE IT Application Development - Senior/Specialist (for one year – January 1 through December 31, 2024)
Developer: 1.0 FTE IT Application Development - Journey ongoing

IT Application Development - Senior/Specialist– Project Manager. This position would provide project management for development and deployment of the auction trading and tracking systems, which would require installation and testing of several modules. This position would conduct business analysis and end-user needs, coordinate with other jurisdictions to ensure successful linkages in the development of new trading and tracking modules, and work with WCI to apply their compliance instrument tracking systems to Washington's program during the three phases of systems development, which would focus on registration, verification, and trading. This position would serve as primary contact for systems coordination with WCI and the quality assurance (QA) reviewer described below. The additional staff time needed is estimated to be 1.0 FTE each year in FY 2022 and FY 2023, 0.75 FTE in FY 2024, and 0.25 FTE in FY 2025.

IT Application Development - Senior/Specialist– Technical Expert. This position will have subject matter expertise on the IT infrastructure and operating platforms needed to support installation of the allowance trading and tracking systems. This position would serve as technical lead for implementing coding and application development, guide installation requirements to support linkage agreements, and design protocols for data testing and verification. This position would serve as technical subject matter experts for any questions from the QA reviewer. The additional staff time needed is estimated to be 1.0 FTE each year in FY 2022 and FY 2023, 0.75 FTE in FY 2024, and 0.25 FTE in FY 2025.

IT Application Development - Journey – Developer and Analyst. These positions would implement coding and application development or installation requirements to support linkage agreements, and would provide ongoing maintenance, support, and validation for WCI's systems and modules, particularly the auction platform and CITSS. The additional staff time needed is estimated to be 2.0 FTE in FY 2022, 1.5 FTE in FY 2023, and 1.0 FTE in FY 2024 and ongoing thereafter.

Because of the scope and scale of this project, Ecology would be required to contract with an OCIO-approved QA reviewer to analyze project management and implementation. Based on pricing for a current project, the contract costs are estimated to be $51,842 in FY 2022 (includes readiness assessment, project QA plan, and seven periodic assessments), $64,680 in FY 2023 (twelve assessments), $43,120 in FY 2024 (eight assessments), and $21,560 in FY 2025 (three assessments and a post implementation report).

In addition to the IT resources, Ecology estimates that an Environmental Specialist 5 would consult with AGO staff and develop procedures for handling and safeguarding confidential and personal information provided by market participants, set up communications and a website, and prepare forms and other documents on the use of the on-line systems by December 31, 2022. The additional staff time needed is estimated to be 0.3 FTE ES5 in FY 2022 and 0.15 FTE ES5 in FY 2023.

AGO support cost assumptions related to consultation for handling and safeguarding confidential and personal information are included in the estimates provided above for initial rulemaking.

Implement Auctions and Carbon Market – Sections 11 and 15

Sections 11 and 15 describe the requirements and criteria for administering auctions and containment price reserve auctions. Costs to adopt these criteria by rule are described above. Below are the estimated costs to implement and administer the auctions.

A qualified independent contractor would run the auctions, a qualified financial services administrator would provide financial services related to auctions, and a market monitor would monitor the auctions. For the purposes of this fiscal note, Ecology assumes these services would be provided through the Western Climate Initiative Inc. (WCI), a non-profit organization formed to provide coordinated administrative and technical support to California and other states and provinces implementing emissions trading programs. The services provided by the auction administrator, financial services administrator, and market monitor would include access to electronic forms, applications and standard on-line systems (i.e., compliance instrument tracking system services (CITSS), registration interface, and auction platform). Annual participation dues to WCI covering the costs of these services would be paid starting FY 2022, to ensure the following requirements are met in time for the first auction in January 2023: CITSS is set up for Washington; covered entities are able to apply and register; accounts are set up for registered entities; and the auction administrator, financial services administrator and market monitor are selected and ready to administer the first auction.

The membership cost for services provided by WCI are estimated to cost $770,000 per year. This estimate was established in 2019 legislative session based on our estimated emissions budget for the initial calendar year, and WCI's annual budget at the time. WCI allocates its costs among participating jurisdictions based on their carbon budgets. Ecology assumes additional start-up costs for systems development, and these are described in the expenditure estimates below.

The first auction would be held in January 2023. A maximum of four allowance auctions would be conducted per year under Section 11. Allowance price containment reserve auctions would be held separately when the settlement prices in the preceding auction approach the adopted auction ceiling price, per Section 15.

Because of the volume of revenue that is estimated to be generated through the auctions, Ecology would contract to have an auditor perform an audit of the auction results and accounting data annually for the first five years of the program. Following the first five years, audits would be conducted every two years. If the State Auditor's Office (SAO) has capacity to support the audits, costs are estimated to be $33,250 per audit. If SAO cannot provide an audit team, costs would be $60,000 per audit. This fiscal note assumes contracts with SAO, $33,250 each year from FY 2022 through FY 2026. Costs are estimated in Object E. Cost estimates were provided by SAO and are based on 350 hours of audit work multiplied by the 2019 billing rate of $95 per hour.

CITSS requires a dedicated staff person for each of the roles of Registrar, Administrator, and Auction Authority. Ecology received information from Quebec on their program staffing, and they have two full-time staff dedicated to each role to ensure that a representative for each role is available to support covered entities year-round during business hours. In addition to the services provided through WCI membership and estimated costs for internal auditing, Ecology estimates that the following staff would be needed to manage CITSS and perform auction administration functions, manage contracts and coordinate with WCI and other jurisdictions.

Environmental Planner 5 – This position would manage auction implementation and coordinate with the auction administrator, the financial services administrator, the auction monitor, and other jurisdictions. This position would attend inter-jurisdictional meetings with WCI. The additional staff time needed is estimated to be 1.0 FTE each year in FY 2022 and ongoing thereafter.

Environmental Specialist 4 - these positions would perform the roles of registrar, auction authority, and auction administrator, which are required year-round. Two staff would be dedicated to each role. The additional staff time needed is estimated to be 6.00 FTE in FY 2023 and ongoing thereafter.

Environmental Specialist 4 – additional staffing at this level would be needed to manage contractual agreements with the auction administrator, financial services administrator, and auction monitor, and to ensure funds are transferred to the state treasurer. The additional staff time needed is estimated to be 0.75 FTE in FY 2022 and ongoing thereafter.

Compliance and Market Oversight - Sections 10 and 19

Section 10 would require Ecology to use a secure, online electronic tracking system to register entities in the state program, issue compliance instruments, facilitate program compliance, and support market oversight, and section 19 would establish four-year compliance cycles. Ecology estimates an Environmental Planner 4 would manage the market oversight, monitor market functions and program performance, track auctions, coordinate with other jurisdictions and federal market regulatory agencies, and track compliance. The additional staff time needed is estimated to be 1.0 FTE Environmental Planner 4 each year in FY 2022 and ongoing thereafter.

Identify and Implement Criteria and Allocations for EITE, Electricity Utilities and Providers, and Natural Gas Utilities - Sections 12, 13, and 14

Section 12 (1) specifies criteria for covered entities that would be classified as emissions intensive, trade-exposed (EITE) for the purposes of receiving no-cost allocations of allowances during the first compliance period, and this subsection specifies the specific allocations for calendar years 2023 through 2026. Section 12 would require Ecology to adopt rules by July 1, 2024 to allocate allowances that would be transferred by covered entities specified in this section and additional entities determined by Ecology to be engaged in emissions intensive, trade-exposed (EITE) processes during the second compliance period. These entities would be allocated a given number of free allowances, which would decline starting in calendar year 2027 and each subsequent compliance year. Section 12 (3) would require Ecology to adopt a rule by January 1, 2024 establishing objective numerical criteria for both emissions intensity and trade exposure for the purpose of identifying emissions-intensive trade-exposed manufacturing businesses during phase two and subsequent phases.

Section 12 would require Ecology to adopt rules by December 31, 2029 for EITE criteria and allowances for calendar years 2031 through 2040. The costs related to these requirements are not included in the timeframe for this fiscal note; additional expenditure authority for these costs would be requested for that timeframe in a future budget request and would be based on prior rulemaking experience for these requirements for the prior time periods.

Section 13 would require Ecology to consult with Commerce and the UTC to establish in rule by October 1, 2022 allocations of allowances provided at no cost to electricity utilities. By October 1, 2026, Ecology would consult with Commerce and the UTC to adopt rules for allocating allowances to be provided at no cost during the second compliance period to consumer-owned or investor-owned electricity utilities and providers or electricity providers.

By October 1, 2028, Ecology would adopt an allocation schedule by rule, in consultation with Commerce and the UTC, for the provision of allowances at no cost to consumer-owned or investor-owned electricity utilities and providers for the compliance periods contained within calendar years 2031 through 2040. This allocation would be consistent with a forecast approved by the appropriate governing board or the UTC, of each utility's supply and demand, and the cost burden resulting from the inclusion of the covered entities in the compliance periods. This fiscal note assumes that expenditure authority for rules to adopt allowances for the compliance periods beginning calendar year 2030 would be requested in a future budget request, based on rulemaking experience for the previous compliance periods.

Section 14 would require Ecology to consult with the UTC and adopt rules by October 1, 2022 for allocations of free allowances to be provided to natural gas utilities. Ecology would need to consult with the UTC and adopt rules prior to each subsequent compliance period for natural gas utilities' allowance provisions during the future compliance periods. Ecology assumes that the rule adopted by October 1, 2026 for electricity allowances in the second compliance period would include the allowance provisions for natural gas utilities.

By October 1, 2028, Ecology would consult with the UTC to adopt allocations of no cost allowances for natural gas utilities for calendar years 2030 through 2040. This fiscal note assumes that expenditure authority for rules to adopt allowances for the compliance periods beginning calendar year 2030 would be requested in a future budget request, based on rulemaking experience for the previous compliance periods.

For the rulemaking process that would need to be completed by 2024 to determine the second compliance period EITE allocations and criteria, it is assumed that the rules adopted by January and July 2024 would be based on best available data. Additional, more extensive rulemaking would be needed starting in FY 2025 (beginning July 1, 2024) when the GHG reporting changes are further developed and new GHG data collected as a result of GHG reporting statutory and rule changes. Rule modifications for EITE criteria and allocations would be adopted with allocations of free allowances for electricity and natural gas utilities by October 1, 2026.

Based on these assumptions, the initial rules would require a standard rulemaking process with opportunity for public comments during the process, but rulemaking would need to be accelerated to adopt the allocations for electricity providers by October 1, 2022. Rulemaking would start July 1, 2021. Rulemaking for initial electricity allocations would conclude September 30, 2022 (fifteen months), rulemaking for EITE criteria would conclude December 31, 2023 (two and a half years), and rulemaking for EITE allocations during the second compliance period would conclude June 30, 2024 (three years). The rules would incorporate, to the extent possible, approaches used by other jurisdictions with which Ecology may engage in a linkage agreement.

The second rulemaking process would begin July 1, 2024 and conclude by September 30, 2026 for incorporation in the second compliance period beginning January 1, 2027. This second rulemaking process would incorporate new covered entities and have expanded complexity and public interest. Ecology estimates that this rulemaking effort would require expanded resources and time to ensure capacity for public engagement and balancing stakeholder needs with GHG emissions reduction goals.

This fiscal estimate assumes a contract with third-party experts not financially affiliated with industries under consideration to assist in gathering data and conduct analysis to support rulemaking for both the initial and second rulemaking processes. Rulemaking for criteria and allocations would require the following resources:

Environmental Planner 3 - the rulemaking lead would oversee project management, lead rule development, manage stakeholder engagement, and other tasks as necessary for both rule changes. The additional staff time needed is estimated to be 0.54 FTE in FY 2022, 0.54 FTE in FY 2023, 0.27 FTE in FY 2024, 0.85 FTE each year in FY 2025 and FY 2026, and 0.43 FTE in FY 2027.

Environmental Planner 5 – these positions would provide policy and technical expertise to support rulemaking, conduct ongoing analysis and evaluation and coordination with the UTC and Commerce, as needed, at the FTE level estimated for FY 2024. The additional staff time needed is estimated to be 0.64 FTE in FY 2022, 0.64 FTE in FY 2023, 0.28 FTE in FY 2024, 0.75 FTE each year in FY 2025 and FY 2026, and 0.25 FTE in FY 2027.

Environmental Engineer 5 – this position would lead allocation calculation efforts based on best available data. This position would continue to evaluate allocations on an ongoing basis as reporting data is updated to support linkage agreements at the FTE level estimated for FY 2024. The additional staff time needed is estimated to be 0.5 FTE in FY 2022, 0.65 FTE in FY 2023, 0.35 FTE in FY 2024, 0.75 FTE each year in FY 2025 and FY 2026, and 0.25 FTE in FY 2027.

Environmental Engineer 3 – this position would support allocation calculations and provide technical support for public comments during rulemaking. This position would support ongoing evaluation of EITE allocations at the FTE level estimated for FY 2024. The additional staff time needed is estimated to be 0.5 FTE in FY 2022, 0.65 FTE in FY 2023, 0.35 FTE in FY 2024, 0.75 FTE each year in FY 2025 and FY 2026, and 0.25 FTE in FY 2027.

Community Outreach and Environmental Education Specialist 3 – this position would provide outreach to ensure that the public is aware of the process and provided opportunities to participate during rulemaking. The additional staff time needed is estimated to be 0.25 FTE each year in FY 2022, FY 2023, FY 2024, FY 2025 and FY 2026, and 0.1 FTE in FY 2027.

The following positions would complete an economic and regulatory analysis of the rule. The additional staff time needed is estimated to be
- Economic Analyst 3, 0.25 FTE in FY 2023, 0.25 FTE in FY 2024 and 0.25 FTE in FY 2027; and
- Regulatory Analyst 2, 0.1 FTE in FY 2023, 0.1 FTE in FY 2024 and 0.1 FTE in FY 2027.

Professional services contracts would be required to consult with a third-party expert to assist in gathering data and conduct analysis to support EITE designations. The cost for this contract is estimated to be $53,500 in FY 2022, $107,000 in FY 2023, $40,000 in FY 2025, $90,500 in FY 2026, and $30,000 in FY 2027. The total estimated agreement cost of $160,500 for each rulemaking process is based on Ecology's cost for roughly 0.9 FTE of Environmental Planner 5.

Ecology would hold the following numbers of public meetings or hearings for the two rulemaking processes: two events in FY 2022, two events in FY 2023, one event in FY 2024, five events in FY 2025, five events in FY 2026, and two events in FY 2027. Cost estimates include facility rental costs, estimated at $1,000 per meeting. AGO support costs are included in the estimates provided above for initial rulemaking.

Offset Protocols– Section 17

Ecology would be required to adopt by rule protocols for establishing offset projects and securing offset credits that may be used to meet a portion of a covered or opt-in entity's compliance obligation under Section 19. Section 21 would require Ecology to seek to link its program with other emission trading programs, so Ecology would need to ensure offset protocols align with those of linked programs.

Ecology would review existing protocols, coordinate the review with other state agencies and provinces, develop new or adapt existing protocols, and adopt rules for offset protocols appropriate for Washington. Ecology assumes that initial development of offset protocols would take 2.5 years, starting July 1, 2021, and completing on December 31, 2023. Ecology assumes routine reviews of protocols every three years starting in FY 2027 and subsequent rule updates. Ecology estimates that development of and updates to offset protocols would require the following staff.

Environmental Planner 3 - the rulemaking lead would oversee rulemaking project management, lead rule development, manage stakeholder engagement, and other tasks as necessary for both rule changes. The additional staff time needed is estimated to be 0.5 FTE each year in FY 2022 and FY 2023, 0.25 FTE in FY 2024, and 0.5 FTE in FY 2027 and every three years thereafter.

Environmental Planner 5 – these positions would provide policy analysis, environmental justice analysis and coordination with environmental justice groups, technical expertise to support rulemaking, and analysis of offset protocols in other jurisdictions. They would lead ongoing analysis and evaluation to support intermittent reviews and updates of protocols. The additional staff time needed is estimated to be 0.85 FTE each year in FY 2022 and FY 2023, and 0.55 FTE in FY 2024 and ongoing thereafter.

Environmental Specialist 5 - These positions would support cross-agency communications, support public outreach efforts related to rulemaking, and perform analysis and ongoing evaluation of the offset protocols. The additional staff time needed is estimated to be 1.0 FTE each year in FY 2022 and FY 2023, and 0.75 FTE in FY 2024 and ongoing thereafter.

Environmental Engineer 5 – this position would evaluate criteria and models needed to evaluate GHG emissions reductions of proposed offset projects and provide technical support for the ongoing analysis and evaluation of protocols.   The additional staff time needed is estimated to be 0.75 FTE each year in FY 2022 and FY 2023, and 0.5 FTE in FY 2024 and ongoing thereafter.

Community Outreach and Environmental Education Specialist 3 – this position would provide outreach to ensure that the public is aware of the process and provided opportunities to participate during rulemaking. The additional staff time needed is estimated to be 0.5 FTE in FY 2022, 0.25 FTE in FY 2023, 0.25 FTE in FY 2024, and 0.25 FTE in FY 2027 and every three years thereafter.

The following positions would complete an economic and regulatory analysis of the rule. The additional staff time needed is estimated to be
- Economic Analyst 3 at 0.25 FTE in FY 2024, and 0.25 FTE in FY 2027 and every three years thereafter;
- Regulatory Analyst 2 at 0.1 FTE in FY 2024, and 0.1 FTE in FY 2027 and every three years thereafter.

Ecology would hold three public meetings each year in FY 2022 and FY 2023 and one hearing in FY 2024. Cost estimates include facility rental costs, estimated at $1,000 per meeting. AGO support cost assumptions are included in the estimates provided above for initial rulemaking.

Ecology assumes that independent contractors would be required to provide technical expertise related to forestry protocols, agricultural practices, oceanic sequestration investments and other classes of offset projects. The cost for these contracts are estimated to be $160,500 each year FY 2022 and FY 2023 and $80,250 in FY 2027 and every three years thereafter. Estimates are based on the cost for approximately 0.90 FTE of Environmental Planner 5 with associated administrative and standard costs for the first two fiscal years, and approximately 0.45 FTE EP5 for future intermittent evaluations of the protocols.

Assistance for Offset Projects – Section 18

Section 18 would require Ecology to establish an assistance program for offset projects on federally recognized tribal lands in Washington. The assistance could include, but would not be limited to, funding or consultation for federally recognized tribal governments to assess proposed offset projects' technical feasibility, investment requirements, development and operational costs, expected returns, administrative and legal challenges, and project risks and pitfalls. Funding or assistance may be provided upon request by a federally recognized tribe. Section 18 (2) specifies legislative intent that not less than five million dollars be provided in the biennial operating budget for the purposes of this section.

To meet the stated intent of this section, Ecology assumes we would administer an ongoing grant program in the operating budget beginning in the 2021-23 biennium with a minimum of $5 million per biennium dedicated to grants.

We estimate 1 FTE Environmental Specialist 5 in FY 2022 and ongoing each fiscal year thereafter to develop and implement the grant program, support grant program rulemaking, and coordinate technical support and resources to provide consultation and analysis of technical feasibility, investment requirements, development and operational costs, expected returns, administrative and legal challenges, and project risks and pitfalls.

Also included are costs to establish and maintain the grant program and applications in the agency's grant and loan system ($27,500 in FY 2022 and $7,500 in FY 2023 and each year thereafter shown in object E).

Ecology assumes that we could begin the grant programs without rule changes, but that we would need to do rulemaking to ensure alignment with this bill. Ecology assumes we would conduct rulemaking for the grant program to establish grant funding criteria. Ecology estimates that rulemaking would be moderately complex and generate substantial interest and input from federally recognized tribes. It would require eighteen months, from July 1, 2021 to December 31, 2022, and would require the following staff:

Rulemaking Lead: Ecology estimates that an Environmental Planner 3 would spend 0.5 FTE in FY 2022 and 0.25 FTE in FY 2023 coordinating the rulemaking effort.

Technical Lead: Ecology estimates that an Environmental Engineer 5 would spend 0.25 FTE in FY 2022 and 0.13 FTE in FY 2023 to develop guidance and resources for grantees to evaluate offset project technical feasibility.

Policy Lead: Ecology estimates that an Environmental Planner 5 would spend 0.25 FTE in FY 2022 and 0.13 FTE in FY 2023 to advise on offset projects and assistance practices in other jurisdictions, as well as resources for identifying administrative and legal challenges.

The following positions would complete an economic and regulatory analysis of the rule: Economic Analyst 3, 0.20 FTE in FY 2023; Regulatory Analyst 2, 0.05 FTE in FY 2023. Ecology would hold two public meetings in FY 2022 and one public hearing in FY 2023 for rulemaking. Goods and services estimates include facility rental costs estimated at $1,000 per meeting.

GHG Reporting Modifications – Sections 7, 14, 21, and 24

Sections 7 and 21 would encourage Ecology to seek to enter into linkage agreements with other jurisdictions. A linkage agreement would require coordination of several elements of the carbon pollution market program. Ecology would be required to adopt a rule before executing a linkage agreement. For the purposes of this fiscal note, Ecology assumes that we would work toward entering into linkage agreements with other jurisdictions.

Section 24 would modify Greenhouse Gas (GHG) reporting program requirements in RCW 70A.15.2200 to align with the data requirements and coverage of the proposed GHG cap program proposed in section 7.
The cost estimates for these sections are broken into three components: rulemaking costs, IT systems needs, and GHG reporting data needs.

GHG Reporting Rule Updates
Coverage requirements for the proposed carbon market program and data requirements to fulfil future linkage agreements for sections 7 and 21 would require significant amendments to the existing mandatory GHG emissions reporting rule in order to incorporate data verification requirements and align GHG reporting criteria with those of other states in order to implement linkage agreements in the future. Ecology estimates that this would require complex rulemaking spanning four years. This would provide opportunity for extensive outreach and public comments during the process of revising GHG reporting protocols to incorporate changes in statute and accommodate linkage agreements. The initial rulemaking would start July 1, 2021, and end June 30, 2025 and would need the following staff and resources.

Environmental Planner 3 - the rulemaking lead would coordinate the rulemaking timeline, lead rule development, manage stakeholder engagement, and other tasks as necessary for both rule changes. The additional staff time needed is estimated to be 0.5 FTE in each year from FY 2022 through FY 2025.

Environmental Planner 5 – this position would provide policy and technical expertise to support rulemaking. The additional staff time needed is estimated to be 0.5 FTE in each year from FY 2022 through FY 2025.

Community Outreach and Environmental Education Specialist 3 – this position would provide outreach to ensure that the public is aware of the process and provided opportunities to participate during rulemaking. The additional staff time needed is estimated to be 0.25 FTE in each year from FY 2022 through FY 2025.

The following positions would complete an economic and regulatory analysis of the rule. The additional staff time needed is estimated at
- Economic Analyst 3 at 0.25 FTE in FY 2025;
- Regulatory Analyst 2 at 0.1 FTE in FY 2025.

Ecology would hold six public meetings in FY 2024 and one hearing in FY 2025. Cost estimates include facility rental costs, estimated at $1,000 per meeting. AGO support cost assumptions are included in the estimates provided above for initial rulemaking.

GHG Reporting IT Systems Needs, Sections 21 and 24:
In order to pursue a linkage agreement with California, substantial changes to greenhouse gas reporting systems would be needed to align Washington's Greenhouse Gas Reporting Tool (e-GGRT) with California's system (Cal e-GGRT). Ecology's GHG reporting program protocols and systems align with Environmental Protection Agency (EPA) reporting requirements. California's GHG reporting program is based on different criteria and calculation methods. GHG reporting systems would need to be re-configured to accommodate different data requirements to align with California's system. Ecology assumes in this fiscal note that we would be able to engage in a contract with SAIC, the IT systems contractor that built Cal e-GGRT, and adopt the system for Washington State. If this is not possible, the first and second phases of the timeline described below would need to each be extended by one more year to allow time for Ecology to re-develop the system in-house, and phases one and two would need one more IT Application Development - Journey developer. Under both scenarios, a QA review contract would be required per OCIO for a project of this scale. Ecology estimates the following implementation phases and roles. Detailed position descriptions follow this summary.

Phase 1 – Coordinate with SAIC, Build, Test, and Implement system – 2 years: July 1, 2023 – June 30, 2024;
The estimated start date is July 1, 2023 to allow for sufficient rulemaking to have been accomplished to incorporate data requirements that align with California's reporting program.
Project Management: 1.0 FTE IT Application Development - Senior/Specialist (per OCIO requirements)
Technical Expert: 1.0 FTE IT Application Development - Senior/Specialist
Developer: 1.0 FTE IT Application Development - Journey

Phase 2 – Support and troubleshooting for first year of reporting and coordination with QA review coordinator – because the program will also need to provide technical assistance to reporters, the transition for the new system will require more time. This phase is estimated to last two years: July 1, 2024 – June 30, 2026

Project Management: 0.5 FTE IT Application Development - Senior/Specialist
Technical Expert: 0.5 FTE IT Application Development - Senior/Specialist
Developer: 1.0 FTE IT Application Development - Journey

Phase 3 – Ongoing maintenance, support, and system validation. SAIC updates Cal e-GGRT annually, and a developer would be needed to support these updates, in addition to providing ongoing maintenance and troubleshooting: July 1, 2026 and ongoing
Project Management: 0.5 FTE IT Application Development - Senior/Specialist (FY 2027 only)
Technical Expert: 0.5 FTE IT Application Development - Senior/Specialist (FY 2027 only)
Developer: 1.0 FTE IT Application Development - Journey ongoing

IT Application Development - Senior/Specialist– Project Manager. This position would provide project management for development and deployment of e-GGRT changes, which would require installation and testing. This position would conduct business analysis of program operator and end-user needs, coordinate with California Air Resources Board and SAIC. This position would serve as primary contact for the quality assurance (QA) reviewer described below. The additional staff time needed is estimated to be 1.0 FTE in FY 2024 and 0.5 FTE each year from FY 2025 to FY 2027.

IT Application Development - Senior/Specialist– Technical Expert.   This position will have subject matter expertise on the IT infrastructure and operating platforms needed to support installation of the new e-GGRT system. This position would serve as technical lead for implementing coding and application development, guide installation requirements to support linkage with California, and design protocols for data testing and verification. This position would serve as technical subject matter experts for any questions from the QA reviewer. The additional staff time needed is estimated to be 1.0 FTE in FY 2024 and 0.5 FTE each year from FY 2025 to FY 2027.

IT Application Development – Journey – Developer. This position would implement coding and application development or installation requirements to implement the new e-GGRT system, and would provide ongoing maintenance, support, and validation. The additional staff time needed is estimated to be 1.0 FTE in FY 2024 and ongoing thereafter.

Ecology assumes a contract with SAIC to support adoption of the CAL e-GGRT system for Washington State. When SAIC contracted with CARB to establish the system, the full development cost was approximately $800,000. Estimated costs for system installation and modifications are estimated to be $200,000 in FY 2024 and $100,000 in FY 2025.

Because of the scope and scale of this project, Ecology would be required to contract with an OCIO-approved QA reviewer to analyze project management and implementation. Based on pricing for a current project, the contract costs are estimated to be $57,192 in FY 2024 (includes readiness assessment, project QA plan, and eight periodic assessments), $53,900 in FY 2025 (ten assessments), $43,120 in FY 2026 (eight assessments), and $32,340 in FY 2027 (five assessments and a post implementation report).

GHG Reporting – Data Collection and Technical Support for Reporters – Sections 14 and 24
Section 24 would add certain electricity suppliers as a new class of reporters and add transportation fuel supplier reporting requirements, which would require data conversion. Because tax records are the most reliable source of information to source emissions data for petroleum emissions, the program would need to add staff capacity with sufficient expertise to analyze tax records and calculate emissions information. A linkage agreement with

California would require Ecology to re-assemble the GHG reporting data history and current data to align with California's protocols. Ecology estimates that the following staff would be needed to re-assemble historic data, support testing of the reporting systems platform as it is developed, provide technical support to reporters as reporting criteria and protocols change, and audit GHG data for accuracy.

Environmental Engineer 5 – this position would lead data audits and updates for all non-petroleum-supplier GHG sources, develop and implement GHG calculation updates to support linkage agreements with California, develop audit criteria for third party verifier reports for industrial facilities, and lead data assurance efforts on an ongoing basis. The additional staff time needed is estimated to be 1.0 FTE in FY 2022 and ongoing thereafter.

Environmental Engineer 3 –support GHG calculation updates to support linkage agreements with California, support testing of the new reporting systems platform during development, and audit third party verifier reports for industrial facilities. The additional staff time needed is estimated to be 2.0 FTE in FY 2022 and ongoing thereafter.

Management Analyst 5 – These positions would perform the following functions to support GHG data reporting for petroleum suppliers and third party verification requirements:

-During the first four years, a dedicated position would design GHG calculation protocol and develop a training curriculum for third-party verifiers. Estimated time needed is 1.0 FTE MA5 each year from FY 2022 through FY 2025.

-In order to calculate an accurate allowance budget and adjustments needed to meet future targets, we would need to assemble calculations of current and historical GHG emissions for petroleum suppliers to align with California's protocols. This would require review of tax record data to trace line item transactions associated with delivery of fuel supplies to Washington. In order to protect sensitive information, staff must review these records at fuel suppliers' headquarters offices using the fuel suppliers' systems. The program estimates that fifteen to sixty individual petroleum suppliers would be covered in the program, and a low percentage of covered entities would have headquarters offices in Washington State. Each audit would require at least three weeks for review of transactions associated with fuel supplies to Washington State and calculation of GHG emissions. Estimated time needed is 2.0 FTE MA5 each year in FY 2022 through FY 2025.

-Ecology would need to audit third-party reviews of data on an ongoing basis to ensure that criteria and analysis are accurate; this would include week-long on-site visits with verifiers to observe practices and methods and full-length desk audits each year. Staff would also continue to provide training and certification to third party verifiers on a regular basis to ensure that sufficient qualified verifiers are available to support reporters. Estimated time needed is 2.0 FTE MA5 each year in FY 2026 and ongoing.

The total additional MA5 staff time needed is estimated to be 3.0 FTE in each year from FY 2022 through FY 2025 and 2.0 FTE in FY 2026 and ongoing thereafter.

Travel costs for auditing and technical assistance to petroleum suppliers are indeterminate, estimated between $6,384 and $97,608 per year. Please refer to the indeterminate costs attachment for details.

Section 14 would require natural gas utilities to provide GHG reporting data specified in section 14 (3) to Ecology on or before March 1, 2022 in order to qualify for no-cost allowances; utilities would be required to continue providing data for each reporting year per section 14 (4). These data were required under the Clean Air

Rule, and several natural gas utilities have been submitting this data voluntarily for several years. Reporting infrastructure for this purpose is in place.

The increase in number of reports received would require 0.1 FTE Environmental Specialist 5 (ES5) processing time in FY 2022 to verify prior year data and 0.05 FTE ES5 in FY 2023 and ongoing thereafter to process new ongoing annual data submittals.

Costs for GHG reporting changes for sections 14 and 24 would be paid with Model Toxics Control Account - Operating (MTCA-OP) until December 31, 2022, with State General Fund from January 1, 2023 through June 30, 2024, with the Climate Investment Account from July 1, 2024 through June 30, 2025, and with the Air Pollution Control Account starting July 1, 2025 and ongoing thereafter.

Climate Commitment Support - Sections 25 and 26

Ecology assumes Ecology personnel would provide coordination, administrative support, and technical expertise for the comprehensive program created in section 25. Assumed staffing is as follows:

The WMS 3 position (Policy Manager described above under program coordination) would provide high level coordination with tribes, other agencies, and stakeholders, as needed to support the development of the comprehensive program to implement the state's climate commitment.

An Administrative Assistant 4, 0.5 FTE in FY 2022 and ongoing thereafter, would provide administrative support for the requirements of Sections 25 and 26, which would likely require extensive coordination and meeting planning among multiple agencies/entities and the Governor's Office.

Ecology assumes staff would provide subject matter expertise in the areas of climate policy and GHG emissions, environmental justice, and ecology programs to support resilience planning, such as stormwater planning and floodplains restoration to support development of climate commitment program requirements:
• WMS Band 2 for coordination of Ecology staff consultation and recommendations, 0.1 FTE in FY 2022 and ongoing thereafter;
• Environmental Planner 4, with expertise in stormwater planning, 0.1 FTE in FY 2022 and ongoing thereafter; and
• Environmental Planners 5, with expertise in climate policy and GHG emissions, environmental justice, and floodplains restoration, 0.3 FTE in FY 2022 and ongoing thereafter.

SUMMARY: See attached Expenditure Overview Table for summary of costs by section.

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.
Professional Services Contracts include $1,535,842 in FY 2022, $1,333,055 in FY 2023, $1,070,312 in FY 2024, $985,460 in FY 2025, 903,620 in FY 2026, and $912,590 in FY 2027.
Goods and Services include the agency average of $4,144 per direct program FTE, plus facility costs for meetings of $45,000 in FY 2022, $33,000 in FY 2023, $24,000 in FY 2024, $31,000 each year in FY 2025 and FY 2026, and $28,000 in FY 2027.

Object E includes estimated costs for SAO auditing of $33,250 each year FY 2022 through FY 2026, and Grant application system development and maintenance costs of $27,500 in FY 2022, and $7,500 in FY 2023 and each fiscal year thereafter.
AAG costs of $60,000 in FY 2022 and ongoing thereafter for AAG consultation for rulemaking and appeals are also included in Object E.
Object N includes estimated grant funds of $2,500,000 per fiscal year, starting in FY 2022, to support offset projects evaluation on federally recognized tribal lands.
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	0	4,583,128	4,583,128	9,151,743	0
216-1	Air Pollution Control Account	State	0	0	0	0	2,573,188
23P-1	Model Toxics Control Operating Account	State	10,079,810	5,287,982	15,367,792	0	0
NEW-1	Climate Investment Account	State	0	0	0	9,919,651	15,823,033
		Total $	10,079,810	9,871,110	19,950,920	19,071,394	18,396,221

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

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	42.0	43.1	42.6	42.6	41.7
A-Salaries and Wages	3,217,332	3,227,938	6,445,270	6,427,910	6,205,597
B-Employee Benefits	1,180,764	1,184,660	2,365,424	2,359,049	2,277,463
C-Professional Service Contracts	1,547,842	1,345,055	2,892,897	2,079,772	1,840,210
E-Goods and Other Services	305,170	277,357	582,527	546,441	503,478
G-Travel	79,732	81,939	161,671	161,629	158,093
J-Capital Outlays	43,888	45,099	88,987	88,961	87,013
N-Grants, Benefits & Client Services	2,500,000	2,500,000	5,000,000	5,000,000	5,000,000
9-Agency Administrative Overhead	1,205,082	1,209,062	2,414,144	2,407,632	2,324,367
Total $	10,079,810	9,871,110	19,950,920	19,071,394	18,396,221

In addition to the estimates above, there are additional indeterminate costs 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*

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
ADMINISTRATIVE ASSISTANT 4	56,856	0.5	0.5	0.5	0.5	0.5
COM OUTREACH & ENV ED SP 3	61,224	1.6	1.3	1.4	0.9	0.8
COM OUTREACH & ENV ED SP 4	70,956	2.0	2.0	2.0	2.0	2.0
COMMUN CONSULTANT 5	84,396	0.5	0.5	0.5	0.5	
ECONOMIC ANALYST 3	82,344		0.7	0.4	0.4	0.4
ENVIRONMENTAL ENGINEER 3	78,408	2.5	2.7	2.6	2.6	2.5
ENVIRONMENTAL ENGINEER 5	105,384	3.5	2.8	3.2	2.6	3.0
ENVIRONMENTAL PLANNER 3	78,408	3.0	2.0	2.5	1.6	1.7
ENVIRONMENTAL PLANNER 4	86,484	1.1	1.1	1.1	1.1	1.1
ENVIRONMENTAL PLANNER 5	95,484	5.6	3.9	4.8	3.9	4.4
ENVIRONMENTAL SPEC 4	70,956	0.8	6.8	3.8	6.8	6.8
ENVIRONMENTAL SPEC 5	78,408	6.5	4.0	5.2	4.3	5.8
FISCAL ANALYST 2		3.7	3.8	3.7	3.7	3.6
IT APP DEVELOP-JOURNEY	96,888	2.0	2.0	2.0	2.3	2.0
IT APP DEVELOP-SR/SPEC	112,176	2.0	2.0	2.0	2.5	1.0
IT APP DEV-JOURNEY-ADMIN		1.8	1.8	1.8	1.9	1.9
MANAGEMENT ANALYST 5	88,644	3.0	3.0	3.0	3.0	2.0
NATURAL RES SCIENTIST 4	88,644	0.1	0.1	0.1	0.1	0.1
REGULATORY ANALYST 2	80,292		0.3	0.1	0.2	0.2
WMS BAND 2	95,000	1.1	1.1	1.1	1.1	1.1
WMS BAND 3	112,000	0.8	1.0	0.9	1.0	1.0
Total FTEs		42.0	43.1	42.6	42.6	41.7

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

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

IV. B - Expenditures by Object Or Purpose

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

IV. C - Capital Budget Breakout

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

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

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

NONE

Section 23 would establish the Climate Investment Account. The Climate Investment Account would have allowable uses for agency programs, activities, and projects to include: reducing and mitigating GHG impacts in overburdened communities, clean transportation programs, natural climate resilience solutions as specified in section 23(2)(e)(i)-(x), clean energy transition and assistance programs, and emissions reductions programs. Funding under the current legislation is estimated to be available beginning in FY 2025.

Ecology assumes that some of the investment areas under section 23 would be administered by Ecology. However, the bill does not specify which agency would implement these programs. Therefore, Ecology would have an indeterminate fiscal impact to administer capital projects related to the activities under this section.

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.

Ecology would need to establish new rules in the WAC to establish the program requirements for the cap and trade program, EITE criteria and allocations, and allocations of no-cost allowances for electricity and natural gas utilities as specified in sections 8, 10, 11, 12, 13, 14, 15, and 19.

Ecology would need to establish a new rule for the new grant program created in section 18.

Section 24 would require rulemaking to modify GHG reporting requirements in 173-441 WAC.

Indeterminate Costs, SSB 5126

The following costs are indeterminate and not included in the fiscal impact estimates summarized below.

Section 3 – Environmental Justice Review

Section 3 would require Ecology to identify a high priority list of overburdened communities where the highest concentrations of GHG emissions and criteria pollutants are occurring, identify sources of the emissions, and monitor GHG and criteria pollutant emissions in the overburdened communities. Ecology would review the status of GHG emissions and criteria pollutants in these communities every two years, beginning in 2025. In the event that a high priority community requires dedicated monitoring beyond Ecology's ambient air quality monitoring network, Ecology would dedicate 0.05 FTE Environmental Specialist 4 to conduct monitor maintenance, quality assurance, and data collection per nephelometer monitoring site. Each monitoring site would require $15,000 annually for equipment and consumable supplies per monitoring site. Overall estimated annual costs per monitoring site would be $21,555 per year for staff and associated standard costs, plus supplies and equipment. In the event that dedicated sites would be needed for selected priority communities, Ecology would request funding and authority for these costs in a future decision package. Because the number of communities selected would be determined through a public engagement process, this cost is currently indeterminate.

For purposes of this fiscal note, we are assuming that all priority communities would experience a decrease in emissions. In the event that emissions were not reduced, Ecology may need to submit legislative proposals and implement rule changes and corresponding updates to the State Implementation Plan of the Federal Clean Air Act with the Environmental Protection Agency, and coordinate with Local Air Authorities on changes needed in their areas of jurisdiction. The level of changes needed and future costs associated with this are currently indeterminate.

Section 4 – Environmental Justice Assessments

Section 4 would require agencies allocating funds from the Climate Investment Account, for purposes described in section 23, to conduct an environmental justice assessment, consider recommendations by the Panel, prepare a community engagement plan to engage with overburdened communities and vulnerable populations in allocating funds or administering grants, and report annually to the Panel and Office of Equity on progress. Funding under the current legislation is estimated to be available beginning in FY 2025. Ecology assumes that some of the investment areas under section 23 would be administered by Ecology. However, the bill does not specify which agency would implement these programs. In addition, further guidance would need to be developed by the Council and the Panel to implement the requirements of this section. Therefore, Ecology would have an indeterminate fiscal impact to implement section 4.

Section 6 – Tribal Consultation

Section 6 would require agencies to offer consultation with federally recognized tribes on all funding decisions from the Climate Investment Account, for purposes described in section 23, that affect federally recognized tribes' rights and interests in their tribal lands, independent of any public participation process required by state law and regardless of whether a tribe requests consultation. Funding under the current legislation is estimated to be available beginning in FY 2025. Ecology assumes that some of the investment areas under section 23 would be administered by Ecology. However, the bill does not specify which agency would implement these programs. Therefore, Ecology would have an indeterminate fiscal impact to implement section 6.

Sections 10 and 11 – Auction Revenue management

The cost estimates for auction implementation include a contract with a financial services administrator (FSA), and Ecology assumes that the FSA would transmit auction revenue to the Treasurer via a wire transfer. In the event that Ecology were to be responsible for collection and/or transmittal of auction receipt, we would have costs related to accounts receivable management. Because these costs would depend on information that would become available during program implementation and rulemaking, they are indeterminate for the purposes of this fiscal note.

Section 23 –Climate Investment Account Projects

Ecology assumes that OFM would be the administering agency for the Climate Investment Account, because it would likely be appropriated to multiple agencies to fulfill the allocations and outcomes described in section 23.

The Climate Investment Account would have allowable uses for agency programs, activities, and projects to include: reducing and mitigating GHG impacts in overburdened communities, clean transportation programs, natural climate resilience solutions as specified in section 23(2)(e)(i)-(x), clean energy transition and assistance programs, and emissions reductions programs. Funding under the current legislation is estimated to be available beginning in FY 2025.

Under current law, Ecology has operating and capital budget programs related to several of the funding areas identified under section 23. Ecology assumes that some of the investment areas under section 23 would be administered by Ecology. However, the bill does not specify which agency would implement these programs. Therefore, Ecology would have an indeterminate fiscal impact to the operating and capital budget for implementation of programs.

Ecology assumes some of the investment areas administered under section 23 would be grant programs. Ecology assumes that we could begin the grant programs without rule changes given language in statute and existing rules, but that we would need to do rulemaking for grant programs to ensure alignment with this bill and guidance from the Council and Panel. The costs for this rulemaking are indeterminate pending determination of which programs Ecology would conduct, as well as guidance provided by Council and Panel.

Section 24 - Travel costs for auditing and technical assistance to out of state transportation fuel suppliers

Costs are indeterminate due to uncertainty regarding the number of out of state suppliers and actual travel required. Additionally, the ability and capacity for suppliers to provide secure remote access for sensitive documents differs from supplier to supplier and would render travel costs indeterminate, estimated to range between $6,384 and $97,608 per year, based on the following assumptions.

Audits for third-party reviews of data could require one-week on-site visits with verifiers to observe practices and methods. We estimate between fifteen and sixty fuel suppliers would be required to participate in the program. Based on this, we may need to visit between three and twelve suppliers per year over a five-year period. The costs for a one-week visit are as follows:

Per Diem: $66 per day x 7 days = $462
Lodging: $161 per night x 6 nights = $966
Vehicle rental: $350 per week = $350
Airfare: $350 roundtrip (average)
Total one week cost: $2,128

Based on these costs, the minimum estimated cost would be $6,384 per year for 3 visits x $2,128 per visit.

Ecology may need to perform full-length desk audits each year. It is assumed that desk audits would require three weeks of in-travel status, costed as follows:

Per Diem: $66 per day x 21 days = $1,386
Lodging: $161 per night x 20 nights = $3,220
Vehicle rental: $350 per week x 3 weeks = $1,050
Airfare: $350 roundtrip (average)
Total three week cost: $6,006

Desk audit cost: $6,006 per trip x 12 audits per year = $72,072

The maximum costs estimated would include 12 additional one-week site visits each year costing $2,128 per visit x 12 visits = $25,536 per year.

Some site visits and audits may be performed remotely, depending on company policy and capacity. Based on this, the extent of required travel costs are unknown. In the early stages of implementation, Ecology would refine our understanding of travel requirements and submit a decision package in first supplemental budget for travel costs if needed.

Implementing SSB 5126, The Climate Commitment Act: Department of Ecology Fiscal Estimates Expenditure Overview

OPERATING BUDGET	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Ecology Programs Coordination and Communications - Multiple Sections	**533,267**	**583,914**	**583,912**	**583,912**	**506,657**	**506,657**
Total Costs - 23P-1 MTCA-Op	533,267	291,957				
Total Costs - 001-1 State General Fund		291,957	583,912			
Total Costs - NEW-1 Climate Investment Account				583,912	506,657	506,657
Total FTEs	3.7	4.0	4.0	4.0	3.5	3.5
Total Staff costs	533,267	583,914	583,912	583,912	506,657	506,657
Professional Services Contracts						
Meeting costs						
Environmental Justice Review - Section 3	**306,895**	**306,894**	**306,895**	**306,895**	**306,895**	**306,895**
Total Costs - 23P-1 MTCA-Op	306,895	153,447				
Total Costs - 001-1 State General Fund		153,447	306,895			
Total Costs - NEW-1 Climate Investment Account				306,895	306,895	306,895
Total FTEs	2.4	2.4	2.4	2.4	2.4	2.4
Total Staff costs	284,895	284,894	284,895	284,895	284,895	284,895
Meeting costs	22,000	22,000	22,000	22,000	22,000	22,000
Initial Requirements and Criteria - Rulemaking for Sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 21, and 22	**1,491,290**	**534,176**	**60,000**	**1,214,477**	**1,214,477**	**1,266,947**
Total Costs - 23P-1 MTCA-Op	1,491,290	504,176				
Total Costs - 001-1 State General Fund		30,000	60,000			
Total Costs - NEW-1 Climate Investment Account				1,214,477	1,214,477	1,266,947
Total FTEs	9.0	3.0		8.5	8.5	8.9
Total Staff costs	1,215,290	388,301		1,150,477	1,150,477	1,202,947
Professional Services Contracts	200,000	80,875				
Meeting costs	16,000	5,000		4,000	4,000	4,000
AAG Support for Rulemaking (all sections)	60,000	60,000	60,000	60,000	60,000	60,000

Implementing SSB 5126, The Climate Commitment Act: Department of Ecology Fiscal Estimates Expenditure Overview

OPERATING BUDGET	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Implement a Carbon Market for Washington - Sections 10, 11, 15, and 19	**2,386,909**	**3,014,743**	**2,631,994**	**2,319,415**	**2,196,411**	**2,163,161**
Total Costs - 23P-1 MTCA-Op	2,386,909	1,593,177				
Total Costs - 001-1 State General Fund		1,421,566	2,631,994			
Total Costs - NEW-1 Climate Investment Account				2,319,415	2,196,411	2,163,161
Total FTEs	8.1	14.7	13.7	11.6	11.1	11.2
Total Staff costs	1,231,817	1,996,813	1,785,624	1,494,605	1,393,161	1,393,161
Professional Services Contracts	1,121,842	984,680	813,120	791,560	770,000	770,000
SAO Services	33,250	33,250	33,250	33,250	33,250	
Implement Auctions - Sections 11 and 15	***1,075,396***	***1,862,000***	***1,862,002***	***1,862,002***	***1,862,002***	***1,828,752***
Total Costs - 23P-1 MTCA-Op	*1,075,396*	*931,000*				
Total Costs - 001-1 State General Fund		*931,000*	*1,862,002*			
Total Costs - NEW-1 Climate Investment Account				*1,862,002*	*1,862,002*	*1,828,752*
Total FTEs	*2.0*	*8.9*	*8.9*	*8.9*	*8.9*	*8.9*
Total Staff costs	*272,146*	*1,058,750*	*1,058,752*	*1,058,752*	*1,058,752*	*1,058,752*
Professional Services Contracts	*770,000*	*770,000*	*770,000*	*770,000*	*770,000*	*770,000*
SAO Services	*33,250*	*33,250*	*33,250*	*33,250*	*33,250*	
Compliance and Market Oversight - Sections 10 and 19	***158,145***	***158,146***	***158,145***	***158,145***	***158,145***	***158,145***
Total Costs - 23P-1 MTCA-Op	*158,145*	*79,073*				
Total Costs - 001-1 State General Fund		*79,073*	*158,145*			
Total Costs - NEW-1 Climate Investment Account				*158,145*	*158,145*	*158,145*
Total FTEs	*1.2*	*1.2*	*1.2*	*1.2*	*1.2*	*1.2*
Total Staff costs	*158,145*	*158,146*	*158,145*	*158,145*	*158,145*	*158,145*
Professional Services Contracts						
AAG Support for Rulemaking						
Allowance Trading and Tracking Systems & Confidentiality - Section 10	***1,153,368***	***994,597***	***611,847***	***299,268***	***176,264***	***176,264***
Total Costs - 23P-1 MTCA-Op	*1,153,368*	*583,104*				
Total Costs - 001-1 State General Fund		*411,493*	*611,847*			
Total Costs - NEW-1 Climate Investment Account				*299,268*	*176,264*	*176,264*
Total FTEs	*4.9*	*4.7*	*3.7*	*1.5*	*1.1*	*1.2*
Total Staff costs	*801,526*	*779,917*	*568,727*	*277,708*	*176,264*	*176,264*
Professional Services Contracts	*351,842*	*214,680*	*43,120*	*21,560*		

Implementing SSB 5126, The Climate Commitment Act: Department of Ecology Fiscal Estimates Expenditure Overview

OPERATING BUDGET	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Identify and Implement Criteria and Allocations for EITE, Electricity Suppliers, and Natural Gas Utilities - Sections 12, 13, and 14	**432,034**	**600,955**	**297,281**	**600,028**	**650,528**	**292,512**
Total Costs - 23P-1 MTCA-Op	432,034	269,505				
Total Costs - 001-1 State General Fund		331,450	297,281			
Total Costs - NEW-1 Climate Investment Account				600,028	650,528	292,512
Total FTEs	2.8	3.5	2.1	3.9	3.9	1.9
Total Staff costs	376,534	491,955	296,281	555,028	555,028	260,512
Professional Services Contracts	53,500	107,000		40,000	90,500	30,000
Meeting costs	2,000	2,000	1,000	5,000	5,000	2,000
Offset Protocols - Section 17	**727,738**	**699,200**	**417,218**	**299,190**	**299,190**	**532,489**
Total Costs - 23P-1 MTCA-Op	727,738	349,100				
Total Costs - 001-1 State General Fund		350,100	417,218			
Total Costs - NEW-1 Climate Investment Account				299,190	299,190	532,489
Total FTEs	4.1	3.9	3.0	2.1	2.1	3.5
Total Staff costs	564,238	535,700	416,218	299,190	299,190	452,239
Professional Services Contracts	160,500	160,500				80,250
Meeting costs	3,000	3,000	1,000			
Assistance for Offset Projects - Section 18	**2,836,840**	**2,773,594**	**2,651,579**	**2,651,579**	**2,651,579**	**2,651,579**
Total Costs - 23P-1 MTCA-Op	2,836,840	1,447,804				
Total Costs - 001-1 State General Fund		1,325,790	2,651,579			
Total Costs - NEW-1 Climate Investment Account				2,651,579	2,651,579	2,651,579
Total FTEs	2.3	2.0	1.2	1.2	1.2	1.2
Total Staff costs	307,340	265,094	144,079	144,079	144,079	144,079
Grants	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Grant System Maintenance Costs	27,500	7,500	7,500	7,500	7,500	7,500
Meeting costs	2,000	1,000				
Climate Investment Account - Section 23						
Total Costs - NEW-1 Climate Investment Account		Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Total FTEs		Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Total Staff costs		Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Grants		Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Implementing SSB 5126, The Climate Commitment Act: Department of Ecology Fiscal Estimates Expenditure Overview

OPERATING BUDGET	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
GHG Reporting Changes – Sections 17, 14, 21, and 24, total costs of components below	**1,226,309**	**1,219,110**	**2,064,336**	**1,805,627**	**1,291,984**	**1,281,204**
Total Costs - 23P-1 MTCA-Op	1,226,309	609,555				
Total Costs - 216-1 APCA					1,291,984	1,281,204
Total Costs - 001-1 State General Fund		609,555	2,064,336			
Total Costs - NEW-1 Climate Investment Account				1,805,627		
Total FTEs	8.5	8.4	11.8	11.1	8.1	8.1
Total Staff costs	1,226,309	1,219,110	1,801,144	1,650,727	1,248,864	1,248,864
Professional Services Contracts			263,192	154,900	43,120	32,340
GHG Reporting Changes – Rulemaking	***100,579***	***100,580***	***106,579***	***154,049***		
Total Costs - 23P-1 MTCA-Op	*100,579*	*50,290*				
Total Costs - 216-1 APCA						
Total Costs - 001-1 State General Fund		*50,290*	*106,579*			
Total Costs - NEW-1 Climate Investment Account				*154,049*		
Total FTEs	*0.9*	*0.9*	*0.9*	*1.3*		
Total Staff costs	*100,579*	*100,580*	*100,579*	*153,049*		
Meeting costs			*6,000*	*1,000*		
GHG Reporting Changes – Align GGRT with California's System			***839,232***	***533,053***	***422,273***	***411,493***
Total Costs - 23P-1 MTCA-Op						
Total Costs - 216-1 APCA					*422,273*	*411,493*
Total Costs - 001-1 State General Fund			*839,232*			
Total Costs - NEW-1 Climate Investment Account				*533,053*		
Total FTEs			*3.5*	*2.3*	*2.3*	*2.3*
Total Staff costs			*582,040*	*379,153*	*379,153*	*379,153*
Professional Services Contracts			*257,192*	*153,900*	*43,120*	*32,340*
GHG Reporting Changes – Reassemble Data, Collect and Verify Data, and Provide Support for New Reporters	***1,125,730***	***1,118,530***	***1,118,525***	***1,118,525***	***869,711***	***869,711***
Total Costs - 23P-1 MTCA-Op	*1,125,730*	*559,265*				
Total Costs - 216-1 APCA					*869,711*	*869,711*
Total Costs - 001-1 State General Fund		*559,265*	*1,118,525*			
Total Costs - NEW-1 Climate Investment Account				*1,118,525*		
Total FTEs	*7.6*	*7.5*	*7.5*	*7.5*	*5.8*	*5.8*
Total Staff costs	*1,125,730*	*1,118,530*	*1,118,525*	*1,118,525*	*869,711*	*869,711*
Climate Commitment Support - Sections 25 and 26	**138,528**	**138,524**	**138,528**	**138,528**	**138,528**	**138,528**
Total Costs - 23P-1 MTCA-Op	138,528	69,262				
Total Costs - 001-1 State General Fund		69,262	138,528			
Total Costs - NEW-1 Climate Investment Account				138,528	138,528	138,528
Total FTEs	1.2	1.2	1.2	1.2	1.2	1.2
Total Staff costs	138,528	138,524	138,528	138,528	138,528	138,528

Implementing SSB 5126, The Climate Commitment Act: Department of Ecology Fiscal Estimates Expenditure Overview

OPERATING BUDGET	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
ECOLOGY TOTAL OPERATING FTEs	**42.0**	**43.1**	**39.4**	**45.8**	**41.7**	**41.7**
ECOLOGY TOTAL OPERATING EXPENDITURES	**10,079,810**	**9,871,110**	**9,151,743**	**9,919,651**	**9,256,249**	**9,139,972**

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

CAPITAL BUDGET	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Climate Investment Account Capital Projects - Section 23		**Indeterminate**	**Indeterminate**	**Indeterminate**	**Indeterminate**	**Indeterminate**
Total Costs - NEW-1 Climate Investment Account		Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Fiscal Note Totals - Operating Summary by Account	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Total Costs - 23P-1 MTCA-Op	10,079,810	5,287,983				
Total Costs - 001-1 State General Fund		4,583,127	9,151,743			
Total Costs - 216-1 APCA					1,291,984	1,281,204
Total Costs - NEW-1 Climate Investment Account				9,919,651	7,964,265	7,858,768
Grand Total	***10,079,810***	***9,871,110***	***9,151,743***	***9,919,651***	***9,256,249***	***9,139,972***

Fiscal Note Totals - Operating Summary by Cost Category	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Professional Services Contracts	1,535,842	1,333,055	1,076,312	986,460	903,620	912,590
AAG Support for Rulemaking (all sections)	60,000	60,000	60,000	60,000	60,000	60,000
Meeting costs	45,000	33,000	24,000	31,000	31,000	28,000
SAO Services	33,250	33,250	33,250	33,250	33,250	
Grants	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Grant System Maintenance Costs	27,500	7,500	7,500	7,500	7,500	7,500
Total Staff costs	5,878,218	5,904,305	5,450,681	6,301,441	5,720,879	5,631,882
Grand Total	***10,079,810***	***9,871,110***	***9,151,743***	***9,919,651***	***9,256,249***	***9,139,972***

Fiscal Note Estimated Revenue	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
216-1 Air Pollution Control Account - Greenhouse Gas Reporting Revenue					1,291,984	1,281,204
NEW-1 Climate Investment Account - Carbon Market Revenue				54,814,274	173,755,705	204,193,976
NEW-1 Forward Flexible Account - Carbon Market Revenue		237,341,284	481,697,161	436,744,000	325,000,000	325,000,000
Grand Total		***237,341,284***	***481,697,161***	***491,558,274***	***500,047,689***	***530,475,180***

SSB 5126 Revenue Estimates for the Forward Flexible Account and Climate Investment Account

3/2/2021

Price Containment Reserve: 4% | % no-cost allowances for NG utilities: 100% | Offset Allowances: 1st Compliance Period 8% | 2nd Compliance Period 6%

	CY	Total Allowances (MT CO2e)[1, 7]	Price Containment Reserve[2]	Free Allowances or Direct Allocations (MT CO2e)[3] EITE	Electricity Utilities	NG Utilities	Net Priced Allowances	COVID-19 Overallocations (MT CO2e)[4]	OffSet Credit Allowances[5]	Estimated Allowances Purchased	Floor Price[6]	Estimated Containment Reserve Allowances Purchased at Previous Year's Containment Reserve Price (30%)[2]	Estimated Calendar Year Auction Revenue	Estimated Net Calendar Consigned Revenue for benefit of Electricity and Natural Gas Ratepayers (Sections 13/14)
First Compliance Period	2023	52,985,395	2,119,416	8,146,591	3,528,646	9,084,678	30,106,065	4,654,804	2,408,485	23,042,775	$ 20.60		$ 474,682,569	$ 121,644,193
	2024	49,515,979	1,980,639	7,190,209	3,297,595	8,489,825	28,557,712	4,104,354	2,284,617	22,168,741	$ 22.09	635,825	$ 488,711,754	$ 131,264,804
	2025	46,046,563	1,841,863	6,293,097	3,066,544	7,894,972	26,950,089	3,877,363	2,156,007	20,916,718	$ 23.68	594,192	$ 494,404,794	$ 140,227,224
	2026	42,577,147	1,703,086	5,455,255	2,835,492	7,300,118	25,283,196	3,419,689	2,022,656	19,840,851	$ 25.41	552,559	$ 503,106,615	$ 148,368,150
Second Compliance Period	2027	54,521,813	2,180,873	5,010,731	14,407,920	6,705,265	26,217,024	4,247,250	1,573,021	20,396,752	$ 27.27	510,926	$ 555,281,336	$ 462,543,490
	2028	48,892,373	1,955,695	4,566,208	12,522,810	6,110,412	23,737,248	3,498,636	1,424,235	18,814,378	$ 29.28	654,262	$ 549,557,727	$ 447,610,173
	2029	43,262,933	1,730,517	4,121,684	10,637,699	5,515,559	21,257,473	2,860,750	1,275,448	17,121,274	$ 31.43	586,708	$ 536,897,978	$ 426,050,630
	2030	37,633,493	1,505,340	3,677,160	8,752,589	4,920,706	18,777,697	2,371,173	1,126,662	15,279,862	$ 33.73	519,155	$ 514,216,138	$ 396,747,855
	2031	35,922,879	1,436,915	3,510,017	8,354,744	4,697,038	17,924,165	2,259,549	1,075,450	14,589,166	$ 36.18	451,602	$ 526,787,136	$ 406,251,496
	2032	34,212,266	1,368,491	3,342,873	7,956,899	4,473,369	17,070,634	2,001,418	1,024,238	14,044,978	$ 38.81	431,075	$ 543,931,405	$ 414,967,576
	2033	32,501,653	1,300,066	3,175,729	7,559,054	4,249,701	16,217,102	1,758,339	973,026	13,485,737	$ 41.62	410,547	$ 560,107,839	$ 422,768,983
	2034	30,791,039	1,231,642	3,008,586	7,161,209	4,026,032	15,363,570	1,530,315	921,814	12,911,442	$ 44.64	390,020	$ 575,145,186	$ 429,558,031
2030-2040	2035	29,080,426	1,163,217	2,841,442	6,763,364	3,802,364	14,510,039	1,317,343	870,602	12,322,093	$ 47.87	369,492	$ 588,716,200	$ 435,121,814
	2036	27,369,813	1,094,793	2,674,298	6,365,519	3,578,695	13,656,507	1,119,425	819,390	11,717,691	$ 51.35	348,965	$ 600,436,597	$ 439,216,911
	2037	25,659,199	1,026,368	2,507,155	5,967,674	3,355,027	12,802,975	936,561	768,179	11,098,236	$ 55.07	328,438	$ 609,906,606	$ 441,599,499
	2038	23,948,586	957,943	2,340,011	5,569,829	3,131,358	11,949,444	768,750	716,967	10,463,727	$ 59.06	307,910	$ 616,720,574	$ 442,031,622
	2039	22,237,973	889,519	2,172,867	5,171,984	2,907,690	11,095,912	615,992	665,755	9,814,165	$ 63.34	287,383	$ 620,430,404	$ 440,254,071
	2040	20,527,360	821,094	2,005,724	4,774,140	2,684,022	10,242,380	478,287	614,543	9,149,550	$ 67.95	266,856	$ 620,463,276	$ 435,928,808
		37,633,493	2030 Emissions Target for Covered Entities											
		20,527,360	2040 Emissions Target for Covered Entities											

1 Total allowances are based on baseline GHG emissions data for 2015 through 2019 and the coverage requirements for the first compliance period. For the first compliance period, landfills and waste to energy plants, imported electricity, and certain fossil fuels meeting criteria specified in section 9 are exempt from participation. Allowances decrease by 6.1% of the base emissions value each year for entities participating in the first compliance period and these entities maintain this reduction pathway of 6.1% of base emissions each year through the 2030 compliance year; The entities entering the program in the second compliance period are assumed to maintain business as usual emissions until the start of the second compliance period in CY 2027, and then have a reduction pathway of 12.3% of baseline emissions each year during the second compliance period. From 2030 through 2040, the reduction pathway is 4.5% of 2030 allowances each year through 2040 for _all_ covered entities.

2 A minimum of 4% allowances are to be placed in a price containment reserve to provide lower cost allowances in future years - this estimate assumes that 4% of total allowances would be held in the containment reserve to be available at the current floor price in future years. This estimate assumes that 30% of the previous year's containment reserve allowances will be purchased in the following year. The containment reserve allowances are subtracted from the net purchased allowances.

3 Sections 12, 13, and 14 specify requirements regarding allocations of no-cost allowances for EITE, electricity utilities, and natural gas utilities. These no-cost allowances are subtracted from the total allowances for the calendar year. EITE no-cost allowance allocations are specified in terms of specified percentages of compliance obligations in section 12 for CY 2023 through 2026; for purposes of this fiscal note, the allocations are assumed to be held at 75% of the compliance obligation for each calendar year after CY 2026. Electricity allocations of no-cost allowances would be determined by rulemaking in consultation with Department of Commerce and the Utilities and Transportation Commission. For purposes of this fiscal note, the allocations provided free of charge to electricity utilities to be consigned to auction to benefit rate-paying customers is assumed to be 100% of electricity utilities' compliance obligations for each year, beginning in CY 2023. Natural Gas Utility allocations of no-cost allowances would be determined by rulemaking in consultation with the Utilities and Transportation Commission. For purposes of this fiscal note, the allocations provided free of charge to electricity utilities to be consigned to auction to benefit rate-paying customers is assumed to be 100% of electricity utilities' compliance obligations for each year, beginning in CY 2023.
Section 12 would provide EITE status to industries with NAICS codes beginning with "324" - revenue estimates assume that EITE status is provided if the NAICS classification applies to the reporting _facility_ in Washington State. This is based on an assumption that the intent of this language is to provide EITE status to petroleum refinery facilities located in Washington State.

4 Based on study published by the Rhodium Group, revenue estimates include an adjustment for potential over-allocation impacts related to the COVID-19 pandemic. The overallocations are calculated by multiplying the total allowances for the year by an overallocation factor (estimated to be 9% in 2023 and decreasing to 6% by 2030, and 2% in 2040). The estimated over-allocations are removed from the net purchased allowances.

5 Section 17 (3) (a) (b), and (e) would provide for regulated entities to meet up to 5% of compliance obligations with offset credits in the first compliance period, and up to 4% of compliance obligations in the second compliance period, and ongoing, for offset projects; entites can apply offset projects on federally recognized tribal land to meet an additional 3% of compliance obligations in the first compliance period and 2% of obligations in the second compliance period. Revenue estimates assume maximum usage of offset credits - offset credits are removed from the net priced allowances.

6 Allowances are assumed to be purchased at floor price to provide a conservative revenue estimate. Actual allowance pricing will be driven by supply of, and demand for, allowances. Floor prices are based on the state of California's projected floor prices, which are estimated to increase by 7% each year.

7 The second compliance period will add compliance obligations for certain transportation fuels, imported electricity, and landfills and waste to energy facilities. The baseline allowances for these entities are based on estimated CO2e emissions from the statewide emissions inventory and known GHG baselines. The addition of these emissions adds roughly 21 MMT CO2e to the total allowances for compliance year 2027.

** For 2030 through 2040, all covered entities are assumed to have allowances reduce each year by 4.5% of the 2030 allowance budget. All other factors remain as described above. _The revenue estimates for 2030 through 2040 do not take into account changes in emissions and demand for allowances resulting from the Clean Energy Transformation Act of 2019._

SSB 5126, Fiscal Year Revenue Estimates for the Forward Flexible Account, Climate Investment Account, and Consigned Revenue for the Benefit of Natural Gas and Electricity Rate Payers

Fiscal Year	Estimated Fiscal Year Auction Revenue	Forward Flexible Account Revenue[8]	Climate Investment Account Revenue [8]	Estimated Fiscal Year Consigned Revenue for Sections 13 & 14 (not designated for a state account)
2022				
2023	$ 237,341,284	$ 237,341,284	$ -	$ 60,822,096
2024	$ 481,697,161	$ 481,697,161	$ -	$ 126,454,498
2025	$ 491,558,274	$ 436,744,000	$ 54,814,274	$ 135,746,014
2026	$ 498,755,705	$ 325,000,000	$ 173,755,705	$ 144,297,687
2027	$ 529,193,976	$ 325,000,000	$ 204,193,976	$ 305,455,820
2028	$ 552,419,532	$ 325,000,000	$ 227,419,532	$ 455,076,831
2029	$ 543,227,853	$ 325,000,000	$ 218,227,853	$ 436,830,401
2030	$ 525,557,058	$ 325,000,000	$ 200,557,058	$ 411,399,243
2031	$ 520,501,637	$ 325,000,000	$ 195,501,637	$ 401,499,676
2032	$ 535,359,271	$ 325,000,000	$ 210,359,271	$ 410,609,536
2033	$ 552,019,622	$ 325,000,000	$ 227,019,622	$ 418,868,280
2034	$ 567,626,513	$ 325,000,000	$ 242,626,513	$ 426,163,507
2035	$ 581,930,693	$ 325,000,000	$ 256,930,693	$ 432,339,923
2036	$ 594,576,399	$ 325,000,000	$ 269,576,399	$ 437,169,363
2037	$ 605,171,601	$ 325,000,000	$ 280,171,601	$ 440,408,205
2038	$ 613,313,590	$ 306,656,795	$ 306,656,795	$ 441,815,561
2039	$ 618,575,489	$ 309,287,745	$ 309,287,744	$ 441,142,847
2040	$ 620,446,840	$ 310,223,420	$ 310,223,420	$ 438,091,439

[8] Section 11: for fiscal year 2022 through 2037, specified dollar amounts would be deposited in the Forward Flexible Account, not to exceed $5,200,000,000 dollars over sixteen years, and the remaining proceeds would be deposited via wire transfer into the Climate Investment Account created in section 203.

For fiscal year 2038 and each fiscal year thereafter, fifty percent of auction proceeds would be deposited in the Forward Flexible Account, and the remaining auction proceeds would be deposited in the Climate Investment Account.

Individual State Agency Fiscal Note

Bill Number: 5126 S SB	Title: Climate commitment act	Agency: 468-Environmental and Land Use Hearings Office

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
Account					
General Fund-State 001-1	0	0	0	145,800	145,800
Total $	0	0	0	145,800	145,800

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

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

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Kim Cushing	Phone: (360) 786-7421	Date: 02/26/2021
Agency Preparation:	Nina Carter	Phone: 360 664-9171	Date: 03/02/2021
Agency Approval:	Nina Carter	Phone: 360 664-9171	Date: 03/02/2021
OFM Review:	Lisa Borkowski	Phone: (360) 902-0573	Date: 03/08/2021

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 of First Substitute Bill

Establishes a cap and invest program for greenhouse gas (GHG) emissions to be implemented by the Department of Ecology (Ecology).

Directs distribution of auction revenues for specified purposes including clean transportation, natural climate resiliency, clean energy transition and assistance, and energy efficiency projects.
Convenes an Environmental Justice and Equity Advisory Panel to provide recommendations on the development and implementation of the cap and invest program.

Requires the Governor to establish a comprehensive program to implement the state's climate commitment and convene a Climate Commitment Task Force.

Sec. 20. ENFORCEMENT. (1) All covered and opt-in entities are required to submit compliance instruments in a timely manner to meet the entities' compliance obligations. If they are found out of compliance and wish to appeal then Subsection 6 requires all appeals of orders and penalties issued must go to the Pollution Control Hearings Board under chapter 43.21B RCW.

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.

ELUHO's assumptions for SSB 5126 have changed since ELUHO's initial fiscal note for SB5126 which assumed hiring a new State employee at half-time as an administrative appeal judge (AAJ) for the PCHB. Instead, ELUHO now assumes it would contract as needed with administrative appeals judges experienced in environmental law. RCW 43.21B.005(2) authorizes the ELUHO director to appoint such judges to assist the PCHB. Contracting for these services allows the agency the flexibility to hire AAJ at the time of appeals resulting from SSB 5126.

ELUHO assume the PCHB will receive at least 6 appeals resulting from SSB 5126. This assumption is based on ELUHO's experience with parties who are interested in testing new law or state regulations with "cases of first impression;" legal questions never raised before in prior courts.

ELUHO assumes that contracted AAJs will be experienced and qualified in environmental law and their primary duties will be preparing pre-trial case materials, assemble or mediated between parties to a case, draft bench memos or other duties to assist the PCHB.

ELUHO assumes the average appeal requires approximately 54 hours (24 hours pre-trial work and 30 hours hearing and post-hearing work). This assumption is based on current work analysis at the PCHB.

ELUHO assumes a $225/hour rate for a contracted attorney.

$225/hour x 54 hours = $12,150 per SSB 5126 appeal x 6 appeals per year = $ 72,900 per year.

ELUHO assumes this contract work on SSB 5126 appeals begins until FY 2024.

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	0	0	0	145,800	145,800
		Total $	0	0	0	145,800	145,800

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts				145,800	145,800
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	0	0	0	145,800	145,800

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