

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5579 SB	<b>Title:</b> Hydroflourocarbon enforcement flexibility	<b>Agency:</b> 461-Department of Ecology
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## Part I: Estimates

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No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	1.8	1.2	1.2	1.2
<b>Account</b>					
Model Toxics Control Operating Account-State 23P-1	74,528	246,683	321,211	272,194	272,194
<b>Total \$</b>	74,528	246,683	321,211	272,194	272,194

### 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:

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

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

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Capital budget impact, complete Part IV.

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Requires new rule making, complete Part V.

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Agency Preparation: Emily Delancey	Phone: 360-280-6628	Date: 01/31/2023
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 01/31/2023
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Part II: Narrative Explanation

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

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

Currently, under chapter 70A.60 RCW and chapter 173-443 WAC, the Department of Ecology (Ecology) manages hydrofluorocarbon (HFC) emissions reductions through restrictions on specific HFCs used in refrigerants for large air conditioning and refrigeration equipment.

The intent of this bill is to expand Ecology’s authority to refrain from enforcing chapter 70A.60 RCW in situations that are affected by supply chain problems or other similar disruptions.

Section 2 would add a subsection to RCW 70A.60.040 to allow Ecology to elect to refrain from or cease administering or enforcing a requirement of this chapter if we determine that supply chain problems or other similar disruptions threaten to impair businesses or consumers in Washington, and that suspending enforcement of a requirement of this chapter would mitigate the problem.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished 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) 2024 and ongoing to implement the requirements of section 2.

Section 2 – Rulemaking & Implementation

Section 2 would allow Ecology to elect to refrain from or cease administering or enforcing a requirement of chapter 70A.60 RCW if we determine that supply chain problems or other similar disruptions threaten to impair businesses or consumers in Washington, and that suspending enforcement of a requirement of this chapter would mitigate the problem.

Ecology assumes that we would need to conduct rulemaking to amend chapter 173-443 WAC in order to develop criteria clarifying under what conditions Ecology would choose to refrain from enforcing a requirement of the chapter. We estimate that rulemaking would be moderately complex and would require 18 months, from January 1, 2024, to June 30, 2025. This timeline would align with the completion of our current HFC Refrigerant Management Program (RMP) rulemaking which is planned to be completed by no later than December 31, 2023. The rulemaking for this bill would include two preproposal meetings to gather input from stakeholders and then one public hearing to accept comments on the rule proposal.

0.25 FTE Environmental Planner (EP) 3 in FY 2024 and 0.50 FTE EP 3 in FY 2025 – this position would be the rulemaking lead, coordinating the rulemaking effort.

0.15 FTE Environmental Engineer (EE) 6 in FY 2024 and 0.25 FTE EE 6 in FY 2025 – this position would be the technical lead, advising on rule language and driving the overall policy change of the program.

0.05 FTE Community Outreach Engagement & Education Specialist (COEES) 3 in FY 2024 and 0.10 FTE COEES 3 in FY 2025 – this position would support public engagement and outreach during the rulemaking process.

The following positions would complete an economic and regulatory analysis of the rule: 0.20 FTE Economic Analyst 3 in FY 2025; and 0.05 FTE Regulatory Analyst 2 in FY 2025. Ecology would hold one public hearing in FY 2025 for rulemaking. Goods and services estimates include facility rental costs estimated at \$1,000 per hearing in FY 2025. Ecology assumes that the preproposal meetings would be held virtually and would not incur facility rental costs.

Ecology assumes that we would create guidelines and actively engage in the decision-making associated with the determination of supply chain problems and the likelihood that these disruptions would threaten to impair businesses or consumers. This staff time would be focused on new and complex work, and the need for this position would be ongoing.

0.5 FTE ES 4 in FY 2025 and 1.0 FTE ES 4 in FY 2026 and ongoing – this position would serve as the technical expert, creating guidelines and monitoring and making decisions on supply chain issues for regulated HFC compliant products.

Based on an assumption that legal considerations for the guidance and determinations should be minimal, our Assistant Attorney General (AAG) has estimated that the minimal staff time at the Attorney General’s Office would be needed to provide legal support, and no additional costs are estimated for AAG assistance.

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

RULEMAKING is estimated to require:

FY 2024: \$74,528 and 0.5 FTEs

FY 2025: \$178,634 and 1.3 FTEs.

IMPLEMENTATION is estimated to require:

FY 2025: \$68,049 and 0.6 FTEs

FY 2026 and ongoing: \$136,097 and 1.2 FTEs.

THE TOTAL EXPENDITURE IMPACT to Ecology under this bill is estimated to be:

FY 2024: \$74,528 and 0.5 FTEs

FY 2025: \$246,683 and 1.8 FTEs

FY 2026 and ongoing: \$136,097 and 1.2 FTEs.

Notes on costs by object:

Salary estimates are current biennium actual rates at Step L.

Benefits are the agency average of 36% of salaries.

Goods and Services are the agency average of \$5,224 per direct program FTE. Additional Goods and Services costs include rulemaking public hearing costs of \$1,000 in FY 2025.

Travel is the agency average of \$1,563 per direct program FTE.

Equipment is the agency average of \$1,031 per direct program FTE.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 28.75% 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 2024	FY 2025	2023-25	2025-27	2027-29
23P-1	Model Toxics Control Operating Account	State	74,528	246,683	321,211	272,194	272,194
Total \$			74,528	246,683	321,211	272,194	272,194

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	1.8	1.2	1.2	1.2
A-Salaries and Wages	40,553	133,167	173,720	146,520	146,520
B-Employee Benefits	14,599	47,939	62,538	52,748	52,748
E-Goods and Other Services	2,351	9,358	11,709	10,448	10,448
G-Travel	703	2,502	3,205	3,126	3,126
J-Capital Outlays	465	1,651	2,116	2,062	2,062
9-Agency Administrative Overhead	15,857	52,066	67,923	57,290	57,290
<b>Total \$</b>	<b>74,528</b>	<b>246,683</b>	<b>321,211</b>	<b>272,194</b>	<b>272,194</b>

### 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 2024	FY 2025	2023-25	2025-27	2027-29
COM OUTREACH & ENV ED SP 3	63,216	0.1	0.1	0.1		
ECONOMIC ANALYST 3	85,020		0.2	0.1		
ENVIRONMENTAL ENGINEER 6	114,360	0.2	0.3	0.2		
ENVIRONMENTAL PLANNER 3	80,952	0.3	0.5	0.4		
ENVIRONMENTAL SPEC 4	73,260		0.5	0.3	1.0	1.0
FISCAL ANALYST 2		0.0	0.2	0.1	0.1	0.1
IT APP DEV-JOURNEY		0.0	0.1	0.1	0.1	0.1
REGULATORY ANALYST 2	82,896		0.1	0.0		
<b>Total FTEs</b>		<b>0.5</b>	<b>1.8</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>

### 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

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

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

NONE

## Part V: New Rule Making Required

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Section 2 would amend RCW 70A.60.040; Ecology assumes we would undergo rulemaking to chapter 173-443 WAC to allow Ecology to elect to refrain from or cease administering or enforcing a requirement of this chapter if we determine that supply chain problems or other similar disruptions threaten to impair businesses or consumers in Washington, and that suspending enforcement of a requirement of this chapter would mitigate the problem.