

Multiple Agency Fiscal Note Summary

Bill Number: 5570 SB	Title: Energy efficiency loans
-----------------------------	---------------------------------------

Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	2.7	791,995	791,995	791,995	2.7	795,108	795,108	795,108	2.7	797,508	797,508	797,508
Department of Commerce	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Department of Revenue	.1	16,400	16,400	16,400	.0	0	0	0	.0	0	0	0
Total \$	2.8	808,395	808,395	808,395	2.7	795,108	795,108	795,108	2.7	797,508	797,508	797,508

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Gwen Stamey, OFM	Phone: (360) 790-1166	Date Published: Final 2/ 8/2023
--------------------------------------	---------------------------------	---

Individual State Agency Fiscal Note

Revised

Bill Number: 5570 SB	Title: Energy efficiency loans	Agency: 103-Department of Commerce
-----------------------------	---------------------------------------	---

Part I: Estimates

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	2.7	2.7	2.7	2.7	2.7
Account					
General Fund-State 001-1	394,441	397,554	791,995	795,108	797,508
Total \$	394,441	397,554	791,995	795,108	797,508

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

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 01/27/2023
Agency Preparation: Marla Page	Phone: 360-725-3129	Date: 02/06/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 02/06/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/06/2023

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.

The bill relates to authorizing electric utilities to establish energy efficiency revolving loan programs and adds a new section to chapter 43.330 RCW.

Section 2(1) is a new section added to chapter 43.330 RCW to establish the electric utility energy efficiency capitalization grant program within the Department of Commerce (department) subject to the amounts appropriated for this purpose.

Section 2(2) allows each electric utility to apply to the department to receive funding to establish an energy efficiency revolving loan program.

Section 2(3) states an electric utility's program must include the following elements: Priority for loans must be given to properties in overburdened communities as identified by the state's environmental health disparities map; determination of income qualification for a program must comply with guidelines adopted by the department by rule; all loans provided under a program must be interest free; loans provided under a program must be secured with a lien on the property that received the energy efficiency improvement; a list of participating contractors must be identified and provided as part of the program application process; either a separate billing system or an on-bill repayment program must be provided for participating customers; and an energy efficiency revolving loan account. The moneys in the account must be used solely to fulfill commitments arising under this act. All loan repayment moneys must be deposited into this account.

Section 2(4) allows electric utility to contract with a third party to implement a program, provided the third-party acts in accordance with the requirements under this section.

Section 2(7) requires any electric utility receiving funding under this section to report their program costs and the number of customers who received loans to the department annually.

Section 2(8) would require the department to adopt rules to implement this section.

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

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 bill creates a revolving loan grant program within the department which would grant utilities funding to offer interest-free financing for energy efficiency improvements in low income, residential buildings.

The bill would require the department to adopt rules to implement the grant program. The department assumes that rulemaking will be completed by end of FY25. Additionally, the department will require program staff to develop and administer the program.

To accomplish this work the department estimates:

0.30 FTE EMS2 Senior Energy Policy Specialist (500 hours) in FY24-FY29 to provide subject matter expertise and expert policy advice or consultation in coordinating development of the program and provide expert policy advice and lead the development of rulemaking effort.

0.20 FTE WMS2 Managing Director (418 hours) in FY24-29 for development and implementation planning, provide leadership, oversight, supervision, rules coordination and decision making over all elements of the program. Staff would provide expert policy advice or consultation on a range of issues specific to the program and to areas that have agency wide implications.

0.30 FTE Commerce Specialist 5 (625 hours) in FY24-FY29 to work with the Managing Director to develop the portion of the implementation plan for programs. Upon execution of the implementation plan, staff will transition to provide program oversight, coordination, supervision of the contracts and staffing and to administer overall fund management

1.0 FTE Commerce Specialist 3 (2,088 hours) in FY24-FY29 to solicit, originate, manage and monitor competitive grant process and contracts, and provide evaluation and subject matter expertise on grant program, monitor budget and expenditures, conduct detailed analysis, and provide consultative planning for program established in this bill.

0.30 FTE Commerce Specialist 2 (625 hours) in FY24-FY29 to provide coordination support, contract management, contract monitoring, invoicing, and data entry.

0.20 FTE Administrative Assistant 3 (416 hours) in FY24-29 to support the unit.

Salaries and Benefits:

FY24: \$273,264

FY25-FY29: \$282,517 per fiscal year

Goods and Services:

FY24: \$26,273

FY25-FY29: \$22,089 per fiscal year

Goods and Services:

Include AAG cost for rulemaking of \$4,200 (20 hours at \$210 per hour) in FY24. The department will work with the attorney general's office to write policies and rulemaking for legal compliance.

FY24: \$26,273

FY25-FY29: 22,089

Equipment:

The department assumes the purchase of one standard workstations for new staff in FY24 and the purchase of replacement laptop/tablet in FY28 based on the department's replacement cycle.

FY24: \$5,000

FY28: \$2,400

Grants: Indeterminate - The grant amount will be based on amounts appropriated for this purpose.

Intra-Agency Reimbursements:

FY24: \$89,904

FY25-29: \$92,948 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. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

Total Costs:
 FY24: \$394,441
 FY25-27: \$397,554 per fiscal year
 FY28: \$399,954
 FY29: \$397,554

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	394,441	397,554	791,995	795,108	797,508
Total \$			394,441	397,554	791,995	795,108	797,508

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 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.7	2.7	2.7	2.7	2.7
A-Salaries and Wages	203,795	209,909	413,704	419,818	419,818
B-Employee Benefits	69,469	72,608	142,077	145,216	145,216
C-Professional Service Contracts					
E-Goods and Other Services	26,273	22,089	48,362	44,178	44,178
G-Travel					
J-Capital Outlays	5,000		5,000		2,400
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	89,904	92,948	182,852	185,896	185,896
9-					
Total \$	394,441	397,554	791,995	795,108	797,508

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 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Assistant 3	52,616	0.2	0.2	0.2	0.2	0.2
Administrative Services - Indirect	111,168	0.4	0.4	0.4	0.4	0.4
Commerce Specialist 2	70,799	0.3	0.3	0.3	0.3	0.3
Commerce Specialist 3	82,056	1.0	1.0	1.0	1.0	1.0
Commerce Specialist 5	95,185	0.3	0.3	0.3	0.3	0.3
EMS Band 2	122,841	0.3	0.3	0.3	0.3	0.3
WMS Band 2	122,841	0.2	0.2	0.2	0.2	0.2
Total FTEs		2.7	2.7	2.7	2.7	2.7

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(8) requires the department to adopt rules to implement the Electric Utility Energy Efficiency Capitalization grant program. The department assumes that rulemaking will be completed by end of FY25.

Department of Revenue Fiscal Note

Bill Number: 5570 SB	Title: Energy efficiency loans	Agency: 140-Department of Revenue
-----------------------------	---------------------------------------	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1		0.1		
Account					
GF-STATE-State 001-1	16,400		16,400		
Total \$	16,400		16,400		

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: 01/27/2023
Agency Preparation: Beth Leech	Phone: (360) 534-1513	Date: 02/07/2023
Agency Approval: Valerie Torres	Phone: (360) 534-1521	Date: 02/07/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/08/2023

Request # 5570-1-1

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.

CURRENT LAW:

Electric utilities pay public utility (PU) tax on the value accruing from providing electrical power distribution. Business and occupation (B&O) tax does not apply to those business activities for which the PU tax is specifically imposed. B&O tax does apply to those business activities not specifically subject to PU tax.

PROPOSAL:

This bill creates an electric utility energy efficiency capitalization grant program within the Department of Commerce to enable electric utilities to provide residential loan options that create energy efficiency for low-income and moderate-income households.

Public utility taxes do not apply to any funds due and payable under this new grant program.

EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session.

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.

ASSUMPTIONS:

- The grants to electric utilities would be subject to B&O tax.
- This bill exempts the repayments of residential loans from PU tax.

ESTIMATED REVENUES:

The revenue impact of this bill is indeterminate as the amount appropriated to the Department of Commerce for the electric utility energy efficiency capitalization grant program is unknown.

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.

ASSUMPTIONS:

This bill affects 45 taxpayers.

FIRST YEAR COSTS:

The Department of Revenue (department) will incur total costs of \$16,400 in fiscal year 2024. These costs include:

Labor Costs – Time and effort equate to 0.1 FTE.

- Gathering requirements, implementation meetings, documentation, and testing of system changes.

Object Costs - \$4,400.

- Computer system changes, including contract programming.

SECOND YEAR COSTS:

Request # 5570-1-1

The department will not incur total costs in fiscal year 2025.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1		0.1		
A-Salaries and Wages	7,300		7,300		
B-Employee Benefits	2,400		2,400		
C-Professional Service Contracts	4,400		4,400		
E-Goods and Other Services	1,600		1,600		
J-Capital Outlays	700		700		
Total \$	\$16,400		\$16,400		

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
MGMT ANALYST4	73,260	0.1		0.1		
Total FTEs		0.1		0.1		

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

Part V: New Rule Making Required