

Multiple Agency Fiscal Note Summary

Bill Number: 1236 S HB	Title: Clean fuel/public transport.
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

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
Utilities and Transportation Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Utilities and Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Prepared by: Tiffany West, OFM	Phone: (360) 890-2653	Date Published: Final 3/ 6/2023
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Individual State Agency Fiscal Note

Bill Number: 1236 S HB	Title: Clean fuel/public transport.	Agency: 215-Utilities and Transportation Commission
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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: Angela Kleis	Phone: 360-786-7469	Date: 02/28/2023
Agency Preparation: Amy Andrews	Phone: 360-481-1335	Date: 03/02/2023
Agency Approval: Amy Andrews	Phone: 360-481-1335	Date: 03/02/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 03/06/2023

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.

UTC staff evaluated the fiscal impact of the inspection and enforcement of regulations on additional pipeline facilities that the PTBA may construct and operate. Staff believe at this time that the PTBA facilities would be non-jurisdictional pipeline facilities because they do not appear to meet the definition of "Transportation" which is a requirement for pipeline facilities to be jurisdictional under Title 49, CFR Part 192.3.

For the purposes of this fiscal note, the Utilities and Transportation Commission (UTC) staff assume it is not a jurisdictional agency under these sections and that there will be no fiscal impact from these sections.

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.

None

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals 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

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1236 S HB

Title: Clean fuel/public transport.

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

Legislation Impacts:

- Cities: Cities that operate transportation authorities
- Counties: Counties that operate transportation authorities or have assumed the transportation functions of metropolitan municipal corporations
- Special Districts: Public transportation benefit areas, regional transit authorities, unincorporated transportation benefit areas, transit agencies that establish a high-capacity corridor area
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: Public transit authorities have the option to produce and distribute green electrolytic hydrogen and renewable hydrogen for use in internal operations and for sale or distribution.
- Key variables cannot be estimated with certainty at this time: How many public transport authorities would take up the local option, the costs and revenues associated with producing, using, selling or distributing distribute green electrolytic hydrogen and renewable hydrogen.

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Chelsea Mickel	Phone: 518-727-3478	Date: 03/01/2023
Leg. Committee Contact: Angela Kleis	Phone: 360-786-7469	Date: 02/28/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 03/01/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 03/01/2023

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

CHANGES BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

The substitute bill extends the authorities granted to public transportation benefit areas related to green hydrolytic and renewable hydrogen to include all other types of public transit agencies in Washington:

- Counties that have assumed the transportation functions of a metropolitan municipal corporation;
- City transportation authorities;
- County public transportation authorities;
- Unincorporated transportation benefit areas;
- Regional transit authorities; and
- Transit agencies that establish a high-capacity transportation corridor area.

SUMMARY OF CURRENT BILL:

This bill authorizes all public transit authorities to produce, use, sell or distribute green electrolytic hydrogen (GEH) and renewable hydrogen (RH) and to own or operate related pipelines and dispensing facilities for transportation fuel.

This bill does not authorize public transit authorities to sell GEH or RH to an end-use customer of a gas company.

Public transportation authorities are subject to the jurisdiction of the utilities and transportation commission (UTC) only for the administration and enforcement of state and federal requirements related to pipeline safety and fees rendered by these tasks.

DEFINITIONS:

GREEN ELECTROLYTIC HYDROGEN: hydrogen produced through electrolysis, and does not include hydrogen manufactured using steam reforming or any other conversion technology that produces hydrogen from a fossil fuel feedstock

RENEWABLE HYDROGEN: hydrogen produced using renewable resources both as the source for the hydrogen and the source for the energy input into the production process.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

CHANGES IN EXPENDITURE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

In comparison to the previous version of this bill, the substitute bill would have additional indeterminate expenditure impacts on local governments.

The substitute bill expands the authorities granted to public benefit transportation authorities (PBTAs) to metropolitan municipal corporations, city transportation authorities and other regional and local transit authorities. This extension of authority increase the number of local governments eligible for the proposed local option. However, since the bill does present a local option, it is still unknown how many jurisdictions would choose to produce, use, sell or distribute GEH and RH, and own or operate related pipelines and dispensing facilities for transportation fuel. Due to this uncertainty, the additional expenditures to local governments is indeterminate.

EXPENDITURE IMPACTS OF CURRENT BILL:

This bill would have indeterminate expenditure impacts on local governments. This bill presents a local option; public transport authorities that choose to produce, use, sell or distribute GEH and RH, and own or operate related pipelines and dispensing facilities, would incur costs from doing so.

Douglas County, which has recently broken ground on a renewable hydrogen pilot project, estimate that a pilot project to produce and distribute renewable hydrogen would cost \$3 million over the life of the project. If the venture is deemed profitable, they would look to expand it. Some costs are unknown or difficult to calculate; hydrogen is flammable in a wide range of concentrations in the air, meaning that it can ignite easily. Public transit authorities would need to invest in safety features and training in safe handling practices. Public transit authorities would also need to test hydrogen systems for tank and garage leaks and tank pressure.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

CHANGES IN REVENUE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

In comparison to the previous version of this bill, the substitute bill would have additional indeterminate revenue impacts on local governments.

The substitute bill expands the authorities granted to public benefit transportation authorities (PBTAs) to metropolitan municipal corporations, city transport authorities and other regional and local transit authorities. This extension of authority increase the number of local governments eligible for the proposed local option. However, since the bill presents a local option, it is still unknown how many jurisdictions would choose to produce, use, sell or distribute GEH and RH, and own or operate related pipelines and dispensing facilities for transportation fuel. Due to this uncertainty, the additional revenues created by associated projects attributed to local governments is indeterminate.

REVENUE IMPACTS OF CURRENT BILL:

This bill presents a local option; public transport authorities that chose to produce and distribute renewable hydrogen, and own or operate related pipelines and dispensing facilities could generate significant revenues from doing so. However, we do not know how many jurisdictions would undertake operations to produce renewable or green electrolytic hydrogen. The amount of revenue that would be generated is also unknown. Douglas County, which is establishing a renewable hydrogen pilot project that has just broken ground on construction, expects to generate approximately \$600,000 a year from selling renewable hydrogen from their pilot project.

SOURCES:

Douglas County Public Utility District
House Bill Report, SHB 1236, Committee on Environment and Energy (2023)
Local Government Fiscal Note, HB 1236, (2023)
Local Government Fiscal Note, SB 5325, (2023)
Local Government Fiscal Note, SB 5588, (2019)
Municipal Research Services Center
Office of Energy Efficiency and Renewable Energy (EERE)
Revised Code of Washington, RCW 54.04.190
Senate Bill Report, SB 5325, Committee on Environment, Energy & Technology (2023)
Senate Bill Report, SB 5588, Committee on Environment, Energy & Technology (2019)
Washington State Public Utility Districts Association