

Multiple Agency Fiscal Note Summary

Bill Number: 1138 S HB	Title: Drought preparedness
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

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
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Financial Management	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Ecology	.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

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.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

NONE

Prepared by: Lisa Borkowski, OFM	Phone: (360) 742-2239	Date Published: Final 3/16/2023
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Individual State Agency Fiscal Note

Bill Number: 1138 S HB	Title: Drought preparedness	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

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

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: Karen Epps	Phone: 360-786-7424	Date: 03/12/2023
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 03/13/2023
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 03/13/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 03/14/2023

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.

SHB 1138 modifies the name of the state drought preparedness and response account to the state drought preparedness account.

In addition, this bill creates the emergency drought response account, coupled with the general fund as the recipient of the earnings from investments under RCW 43.84.092(4).

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.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Changes to the earnings credited to the general fund impacts, by an equal amount, general state revenues.

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.

Individual State Agency Fiscal Note

Bill Number: 1138 S HB	Title: Drought preparedness	Agency: 105-Office of Financial Management
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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: Karen Epps	Phone: 360-786-7424	Date: 03/12/2023
Agency Preparation: Keith Thunstedt	Phone: 360-810-1271	Date: 03/14/2023
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 03/14/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/15/2023

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.

Changes in this substitute version compared to the original bill: This substitute removes section 3 from the original bill, and thus removed the section requiring OFM, upon issuance of an order of drought emergency, to determine and promptly notify the State Treasurer the amount needed to transfer from the General Fund into the Emergency Drought Response Account to bring the balance to \$3,000,000. Section 4 is now section 3. These changes had no affect on OFM's fiscal impact assumptions from the previous version.

Substitute version:

Section 3 creates the Emergency Drought Response account, which may only be spent after appropriation and for providing relief for the immediate hardship caused by water unavailability while a drought emergency order is in effect. The Department of Ecology must provide OFM a close-out cost summary following the expiration of an emergency drought order during which expenditures were made from the account. The requirements of this section can be accomplished within current duties and resources, and therefore has no fiscal impact to OFM.

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.

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.

Individual State Agency Fiscal Note

Bill Number: 1138 S HB	Title: Drought preparedness	Agency: 461-Department of Ecology
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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: Karen Epps	Phone: 360-786-7424	Date: 03/12/2023
Agency Preparation: Jim Skalski	Phone: 360-584-3805	Date: 03/15/2023
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 03/15/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 03/16/2023

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.

Compared to HB 1138, SHB 1138 makes the following changes:

Section 2 is modified to remove the direction for the State Treasurer to make transfers into the State Drought Preparedness Account at the beginning of each biennium.

Section 3 is modified to remove the direction for transfers to the Emergency Drought Response Account when a drought order is issued. Section 3 would now create the Emergency Drought Response Account, and require Ecology to provide a close-out cost summary following the expiration of an emergency drought order.

These changes remove the fiscal impact of this bill to Ecology.

Background: The Department of Ecology monitors statewide water supply levels and has authority to declare a drought emergency when water supply projections fall below 75 percent of average and there is a risk of undue hardship to water users and uses. A formal drought declaration authorizes Ecology to take certain measures for the purpose of providing emergency drought relief, including expediting processing for emergency drought permits, processing temporary transfers of water rights, holding public education workshops, and providing funding assistance for public entities to the extent funding is available.

Under current law, chapter 43.83B RCW governs how a drought emergency is declared and authorizes when Ecology may respond to a drought emergency. RCW 43.83B.430 specifically states that expenditures from the Drought Preparedness and Response Account require appropriations be provided to the account prior to expenditure by Ecology.

Section 1 of this bill would amend RCW 43.83B.415 to declare that drought projects that reduce current or future hardship caused by water unavailability stemming from drought conditions that are implemented under this section do not have to be completed while a drought emergency order under RCW 43.83B.405(2) is in effect.

Section 2 would amend RCW 43.83B.430 to rename the State Drought Preparedness and Response Account to the State Drought Preparedness Account and change the uses of the account to include planning activities and exclude response activities.

Section 3 would add a new section to chapter 43.83B RCW that would establish the Emergency Drought Response Account. The account may be spent only after appropriation, and may only be used to administer this chapter, including implementation of emergency drought response under RCW 43.83B.410 through 43.83B.420. Ecology would be required to provide a close-out cost summary following the expiration of an emergency drought order to the director of the Office of Financial Management, legislative fiscal committees and the joint legislative task force on water supply during drought.

Section 4 would amend RCW 90.86.030 to authorize the joint legislative committee on water supply during drought to convene from time to time at the call of the chair when an advisory is in effect under RCW 43.83B.405(1) and not only during an emergency order under RCW 43.83B.405(2), or when the chair determines. This section would also add to the existing reporting requirement for Ecology when a drought emergency order has been issued, to include information regarding grants applied for or issued under RCW 43.83B.415.

This bill would have no new fiscal impact to Ecology.

- The changes to the title and uses of the State Drought Preparedness Account in section 2, and the creation of the

Emergency Drought Response Account in section 3, have no new requirements to Ecology. The accounts are subject to appropriation and available funds.

- Ecology assumes submittal of grant activity under RCW 43.83B.415 for emergency drought response as required under section 4 is work Ecology already performs and tracks during a drought emergency order.

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.

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

Revised

Department of Commerce

Bill Number: 1138 S HB

Title: Drought preparedness

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

Legislation Impacts:

- Cities: potential revenue for eligible cities
- Counties: potential revenue for eligible counties
- Special Districts: potential revenue for eligible special districts
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: eligible local governments must opt to apply for grant funds
- Key variables cannot be estimated with certainty at this time: the impact of altering eligible expenses from preparedness and response to preparedness and planning, the proportion of funding that will be provided to tribal governments and state agencies (non-local entities)

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 03/14/2023
Leg. Committee Contact: Karen Epps	Phone: 360-786-7424	Date: 03/12/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 03/14/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 03/14/2023

Part IV: Analysis

A. SUMMARY OF BILL

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

CHANGES FROM PREVIOUS BILL VERSION

This substitute bill clarifies projects no longer need to be completed while a drought emergency order is in effect in order to be eligible for a grant, renames the state account, and modifies state reporting requirements. These changes do not alter the previous analysis of local government impacts.

SUMMARY OF CURRENT BILL VERSION

Section 1 amends RCW 43.83B.415 [Grants to public entities (from Dept. of Ecology)] to allow projects to be incomplete while a drought emergency order under RCW 43.83B.405(2) is in effect, as it pertains to drought emergency grants for eligible local governments and tribal governments. This change will expand grant eligibility for eligible grant applicants, according to the Dept. of Ecology.

Section 2 amends RCW 43.83B.430 [State drought preparedness and response account] to ensure the transfer of \$2,500,000 from the general fund to the state drought preparedness account at the beginning of each biennium and to rename the account to the “state drought preparedness account.” It also amends what expenditures from the account may be used for: allowing drought planning activities and removing drought response activities.

Section 3 adds a section to RCW 43.83B that describes state agency procedures for ensuring funds are available in the state drought response account.

Section 4 adds a section to RCW 43.83B that specifies moneys in the drought account may be spent only after appropriation and on specific uses that provide relief for the immediate hardship caused by water unavailability while a drought emergency order is in effect.

Section 5 amends RCW 90.86.030 [Meetings – Requests for Information-Reports from Dept. of Ecology – Recommendations to the legislature] to add an instance when the joint legislative committee on water supply shall convene: “when an advisory is in effect under RCW 43.83B.405(1),” and alters an instance when the committee shall convene from “when a drought conditions order is in effect” to “when a drought emergency order is in effect.” It also adds a reporting requirement for the Dept. of Ecology: to include grants applied for and issued under RCW 43.83B.415.

NOTE

According to the Dept. of Ecology program website, state agencies are also eligible to apply for drought grants.

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 FROM PREVIOUS BILL VERSION

This substitute bill does not alter the previous analysis of local government expenditure impacts.

SUMMARY OF CURRENT BILL EXPENDITURE IMPACTS

This bill will not impact local government expenditures.

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 FROM PREVIOUS BILL VERSION

This substitute bill does not alter the previous analysis of local government revenue impacts.

SUMMARY OF CURRENT BILL REVENUE IMPACTS

This bill provides funds for the state drought preparedness account by ensuring the transfer of \$2,500,000 from the general fund to the state drought preparedness account at the beginning of each biennium.

Although local governments with drought preparedness and response needs may be eligible to apply for a portion of these funds it is unknown what proportion of these funds (approximately \$1.25 million per fiscal year) will be granted to local governments. These funds may also be granted to tribal governments and state agencies, according to the Dept. of Ecology program website.

SOURCES

Dept. of Ecology