

Multiple Agency Fiscal Note Summary

Bill Number: 5766 SB	Title: Emissions exemptions & business practices/CCA
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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.								
Department of Ecology	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

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
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Licensing	.2	0	0	129,000	.0	0	0	12,000	.0	0	0	12,000
Department of Transportation	.1	0	0	18,000	.0	0	0	0	.0	0	0	0
Department of Ecology	26.3	0	0	53,990,161	33.6	0	0	7,364,246	18.1	0	0	4,007,200
Department of Ecology	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Department of Agriculture	.0	0	0	12,010	.0	0	0	0	.0	0	0	0
Total \$	26.6	0	0	54,149,171	33.6	0	0	7,376,246	18.1	0	0	4,019,200

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
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Department of Agriculture	.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: Lisa Borkowski, OFM	Phone: (360) 742-2239	Date Published: Final 4/18/2023
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Individual State Agency Fiscal Note

Bill Number: 5766 SB	Title: Emissions exemptions & business practices/CCA	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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 03/31/2023
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 04/01/2023
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 04/01/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 04/03/2023

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.

SB 5766 creates the climate commitment act remittance 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.

Department of Revenue Fiscal Note

Bill Number: 5766 SB	Title: Emissions exemptions & business practices/CCA	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated 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: Jeffrey Mitchell	Phone: 60-786-7438	Date: 03/31/2023
Agency Preparation: Sara del Moral	Phone: 60-534-1525	Date: 04/04/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 04/04/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 04/04/2023

Request # 5766-1-1

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.

This fiscal note only addresses section 4 of the bill which impact the Department of Revenue (department).

CURRENT LAW:

In 2021, the Legislature passed the Climate Commitment Act establishing a comprehensive, market-based program to reduce carbon pollution and achieve the greenhouse gas limits set in state law, administered by the Department of Ecology. The program started in January 2023.

PROPOSAL:

The Department of Ecology must convene a workgroup to exempt certain carbon emissions from the Climate Commitment Act. This workgroup must include one representative from the department.

EFFECTIVE DATE:

This 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.

This legislation results in no revenue impact to taxes administered by the department.

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 department will have minimal costs of approximately \$700 for 8 hours of work by an executive manager in fiscal year 2024 to participate in a work group to exempt certain carbon emissions. The department will absorb these costs within current funding.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

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

NONE

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Request # 5766-1-1

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

None.

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5766 SB	Title: Emissions exemptions & business practices/CCA	Agency: 240-Department of Licensing
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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	0.3	0.0	0.2	0.0	0.0
Account					
Motor Vehicle Account-State 108 -1	123,000	6,000	129,000	12,000	12,000
Total \$	123,000	6,000	129,000	12,000	12,000

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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 03/31/2023
Agency Preparation: Gina Rogers	Phone: 360-634-5036	Date: 04/05/2023
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 04/05/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 04/05/2023

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.

Please see attached fiscal note.

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.

Please see attached fiscal note.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
108-1	Motor Vehicle Account	State	123,000	6,000	129,000	12,000	12,000
Total \$			123,000	6,000	129,000	12,000	12,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3		0.2		
A-Salaries and Wages	27,000		27,000		
B-Employee Benefits	9,000		9,000		
C-Professional Service Contracts					
E-Goods and Other Services	87,000	6,000	93,000	12,000	12,000
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 \$	123,000	6,000	129,000	12,000	12,000

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 2024	FY 2025	2023-25	2025-27	2027-29
Management Analyst 5	91,524	0.3		0.2		
Total FTEs		0.3		0.2		0.0

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

Agency 240 – Department of Licensing

Bill Number: SB 5766

Bill Title: Improving the administrability of emissions exemptions and business practices under the climate commitment act

Part 1: Estimates

No Fiscal Impact

Estimated Cash Receipts:

This bill will not have an impact on cash receipts collected by the department.

Estimated Expenditures:

		FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years		0.3	-	0.2	-	-
Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Motor Vehicle	108	123,000	6,000	129,000	12,000	12,000
Account Totals		123,000	6,000	129,000	12,000	12,000

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

Legislative Contact: Jeffrey Mitchell	Phone: (360) 786-7438	Date:
Agency Preparation: Gina Rogers	Phone: (360) 634-5036	Date: 4/5/23
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date:

Request #	1
Bill #	5766 SB

Part 2 – Explanation

2.A – Brief Description Of What The Measure Does That Has Fiscal Impact

This bill requires the Department of Ecology to establish a remittance program for entities with fuel emissions that are exempt from the Climate Commitment Act. It also requires DOE to convene a workgroup to review the process that exempts emissions and make recommendations to ensure the full benefit. DOL is required to have one representative serve on this workgroup.

2.B - Cash receipts Impact

This bill will not have an impact on cash receipts collected by the department.

2.C – Expenditures

The Department of Licensing requests funding for 0.3 FTE of an MA5 position relating to its participation in the workgroup outlined in Section 4 of SB 5766. The agency anticipates significant consultation with the Department of Ecology and the other participants on this workgroup, and this position would support research of issues raised by members of the group, review of reporting available to the Department of Licensing that can assist in the remittance program, and coordination of any data verification or data sharing used to validate remittance claims submitted as a result of this bill. This position would also assist in coordination and discussion of outstanding items raised in the workgroup and ensure agency concerns are identified and addressed. We assume that this position will begin at the start of the 2024 fiscal year and continue for a 6-month period to include assisting with the report and recommendations and close-out of the workgroup findings and internal activities.

Information Services:

The agency will use appropriated funds to hire contract programmers to accomplish this work or to support current staff implementing this legislation within the required timeline. Appropriated funds may also be used to hire agency temporary staff to support permanent staff assigned to this legislative effort.

Any change requires a process to ensure changes are correctly applied to the system. This involves Project Managers that manage the team that completes the update, business analyst that documents and reviews the system changes, architect services that analyzes how the update could have an effect on other systems or DOL processes, developers who create the change, and testers and quality assurance teams that ensure the update is working correctly.

What IS Will Implement:

1. Two New Reports
 - a. Ad-Hoc Report for International Fuel Tax Agreement (IFTA) data
 - b. Ad-Hoc report for refund data
2. Share data with Ecology.
 - a. GenTax system data related to a set of refunds or tax returns.

Project Duration: 3 months

Effective Date: 90 days sine die

Cost Category	Description	Rate	2024	2025	2026	2027	2028	2029	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 22,620	18,100	-	-	-	-	-	18,100
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 16,530	5,000	-	-	-	-	-	5,000
PROJECT MANAGER	Manage schedule and contracts	\$ 28,710	5,700	-	-	-	-	-	5,700
SECURITY AND ARCHITECT SERVICES	Create the conceptual model that defines the structure, behavior and framework of a computerized system including a breakdown of the system into components, the component interactions and interfaces (including with the environment, especially the user), and the technologies and resources to be used in the design.	\$ 16,530	3,300	-	-	-	-	-	3,300
SERVER & NETWORK SUPPORT	Services such as network infrastructure, cloud infrastructure, firewall and load balancing. Installations, maintenance, troubleshooting of server systems, and management of Windows-based systems to ensure reliability for clients.	\$ 16,530	-	1,700	1,700	1,700	1,700	1,700	8,500
DEVELOPERS	Modify programming and coding to all major systems	\$ 19,140	-	3,800	3,800	3,800	3,800	3,800	19,000
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 22,620	6,800	-	-	-	-	-	6,800
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 25,474	3,900	600	600	600	600	600	9,900
Totals			42,800	6,100	6,100	6,100	6,100	6,100	76,300

*rounding used

Support Services:

Agency Administrative Overhead is included at a rate of 23.4 percent of the direct program costs. This funding received covers agency-wide functions such as vendor payments, contract administration, financial management, mail processing, equipment management, help desk support, and technical assistance to DOL employees.

Part 3 – Expenditure Detail

3.A – Operating Budget Expenditures

Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Motor Vehicle	108	123,000	6,000	129,000	12,000	12,000
Account Totals		123,000	6,000	129,000	12,000	12,000

3.B – Expenditures by Object or Purpose

Object of Expenditure	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years	0.3	0.0	0.2	0.0	0.0
Salaries and Wages	27,000	-	27,000	-	-
Employee Benefits	9,000	-	9,000	-	-
Goods and Services	87,000	6,000	93,000	12,000	12,000
Total By Object Type	123,000	6,000	129,000	12,000	12,000

3.C – FTE Detail

0.3 FTE – Management Analyst 5 – Project start date 7/1/2023 thru 12/31/2023

The Department of Licensing requests funding for 0.3 FTE of an MA5 position relating to its participation in the workgroup outlined in Section 4 of SB 5766. The agency anticipates significant consultation with the Department of Ecology and the other participants on this workgroup, and this position would support research of issues raised by members of the group, review of reporting available to the Department of Licensing that can assist in the remittance program, and coordination of any data verification or data sharing used to validate remittance claims submitted as a result of this bill. This position would also assist in coordination and discussion of outstanding items raised in the workgroup and ensure agency concerns are identified and addressed. We assume that this position will begin at the start of the 2024 fiscal year and continue for a 6-month period to include assisting with the report and recommendations and close-out of the workgroup findings and internal activities.

Staffing	Salary	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Management Analyst 5	91,524	0.3	0.0	0.2	0.0	0.0
	Total FTE	0.3	0.0	0.2	0.0	0.0

Part 4 – Capital Budget Impact

None.

Part 5 – New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 5766 SB	Title: Emissions exemptions & business practices/CCA	Agency: 405-Department of Transportation
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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	0.1	0.0	0.1	0.0	0.0
Account					
Motor Vehicle Account-State 108 -1	18,000	0	18,000	0	0
Total \$	18,000	0	18,000	0	0

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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 03/31/2023
Agency Preparation: Carol Lee Roalkvam	Phone: 360-705-7126	Date: 04/06/2023
Agency Approval: Eric Wolin	Phone: 360-705-7487	Date: 04/06/2023
OFM Review: Maria Thomas	Phone: (360) 229-4717	Date: 04/07/2023

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.

See attached WSDOT fiscal note.

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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
108-1	Motor Vehicle Account	State	18,000	0	18,000	0	0
Total \$			18,000	0	18,000	0	0

III. B - 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					
B-Employee Benefits	13,000		13,000		
C-Professional Service Contracts	5,000		5,000		
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 \$	18,000	0	18,000	0	0

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
Transportation Planning Specialist 4	90,888	0.1		0.1		
Total FTEs		0.1		0.1		0.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Program X - Washington State Ferries - Operating (x)	18,000		18,000		
Total \$	18,000		18,000		

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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: SB 5766	Title: Emissions Exemptions & Business Practices/CCA	Agency: 405-Department of Transportation
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Part I: Estimates

Check applicable boxes and follow corresponding instructions, use the fiscal template table provided to show fiscal impact by account, object, and program (if necessary), **add rows if needed**. If no fiscal impact, check the box below, skip fiscal template table, and go to Part II to explain briefly, why the program believes there will be no fiscal impact to the department.

- No Fiscal Impact (Explain in section II. A)
If a fiscal note is assigned to our agency, someone believes there might be, and we need to address that, showing why there is no impact to the department.
- Indeterminate Cash Receipts Impact (Explain in section II. B)
- Indeterminate Expenditure Impact (Explain in section II. C)

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

Dollars in Thousands

		2023-25 Biennium		2025-27 Biennium		2027-29 Biennium	
Expenditures		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
108-1-MOTOR VEHICLE		\$18,000					
Total Expenditures		\$18,000	\$0	\$0	\$0	\$0	\$0
Biennial Totals		\$18,000		\$0		\$0	
FTEs		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Transportation Planning Specialist 4	Salary \$90,888	0.1					
Annual Average		0.1		0.0		0.0	
Objects of Expenditure		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
A - SALARIES AND WAGES		\$13,000					
B - EMPLOYEE BENEFITS		\$5,000					
Program		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Program X - Washington State Ferries - Operating		\$18,000					

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

Agency Assumptions

N/A

Agency Contacts:

Preparer: Carol Lee Roalkvam	Phone: 360.705.7126	Date: 4/4/2023
Approval: Eric Wolin	Phone: 206.240.4497	Date: 4/4/2023
Budget Manager: Chad Johnson	Phone: 360-259-3886	Date: 4/4/2023

Individual State Agency Fiscal Note

Part II: Narrative Explanation

II. A - Brief description of what the measure does that has fiscal impact.

Section 4 directs the Washington State Department of Ecology to convene a work group to review rules and processes that are developed to exempt the emissions in RCW 70A.65.080 from coverage under chapter 20 70A.65 RCW and to develop recommendations for changes to laws, rules, policies, and practices to ensure the full use and benefit of the exemptions. Ecology must submit a report containing its review and recommendations to the appropriate committees of the legislature by November 1, 2023. The proposed legislation includes the Washington State Department of Transportation as required participant.

Note: The department is not expected to receive any remittance under this program for the fuels WSDOT purchases.

II. B – Cash Receipts Impact

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.

N/A

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.

To actively participate on the work group, WSDOT estimates 0.25 FTE at the TPS4 level for first two quarters of fiscal year 2024. WSDOT assumes its role would be to provide a customer perspective to the workgroup due to the significant amount of fuel purchases the department makes.

WSDOT Staffing Assumptions for Determinate Costs								
Activity	Bill	Position Class	FTE	FTE	FTE	FTE	FTE	
	Section		FY 24	FY 25	FY 26	FY 27	FY 28	
Participating as a member of the workgroup and providing assistance	4	Transportation Planning Specialist 4	0.13	0.00	0.00	0.00	0.00	
		Total FTE	0.13	0.00	0.00	0.00	0.00	

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose

See Part II.C Expenditures above.

Individual State Agency Fiscal Note

Part IV: Capital Budget Impact

N/A.

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.

N/A

Individual State Agency Fiscal Note

Bill Number: 5766 SB	Title: Emissions exemptions & business practices/CCA	Agency: 461-Department of Ecology
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Climate Investment Account-State 26B-1	(50,000,000)		(50,000,000)		
Climate Commitment Act Remittance Account-State NEW-1	50,000,000		50,000,000		
Total \$					

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

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	18.0	34.6	26.3	33.6	18.1
Account					
Climate Investment Account-State 26B-1	180,178	0	180,178	0	0
Climate Commitment Act Remittance Account-State NEW-1	49,985,858	3,824,125	53,809,983	7,364,246	4,007,200
Total \$	50,166,036	3,824,125	53,990,161	7,364,246	4,007,200

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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 03/31/2023
Agency Preparation: Emily Delancey	Phone: 360-280-6628	Date: 04/05/2023
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 04/05/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 04/18/2023

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.

Currently, the Department of Ecology (Ecology) administers the Climate Commitment Act (CCA) program, authorized in statute under chapter 70A.65 RCW. Under the CCA, RCW 70A.65.080(7)(e) exempts motor vehicle fuel or special fuel that is used exclusively for agricultural purposes by a farm fuel user from coverage under the CCA program. Furthermore, WAC 173-446-040 exempts emissions from fuels used for the purpose of transporting agricultural products on public highways, and Ecology must maintain this expanded exemption for a period of five years from 2023 through 2027.

This bill would amend chapter 70A.65 RCW to establish a remittance program for entities consuming fuels whose emissions are exempted under these provisions.

Section 1 would require Ecology to establish a remittance program by January 1, 2024, for entities consuming fuels whose emissions are exempted from coverage in the program under RCW 70A.65.080(7)(e). The remittance program would need to include a portal that allows farm fuel users and freight haulers of agricultural products to electronically submit, on a quarterly basis, an application for remittance and supporting documentation. For fuel used exclusively for agricultural purposes, documentation would need to include: Receipts showing fuel purchases, and the farm fuel user's Department of Revenue (DOR) farmer's certificate of wholesale purchase and sales tax exemptions. For fuel used for entities transporting agricultural products on public highways, documentation would need to include: Fuel tax reports submitted to the Department of Licensing (DOL) and documentation indicating the approximate time, date, and location of each agricultural product haul and a general description of the agricultural products transported. An approved application for remittance under this section would be eligible for a remittance equal to the auction settlement price in effect for the calendar quarter in which the fuel was purchased multiplied by eight-tenths of one percent and the number of gallons in the remittance application.

Section 2 would amend RCW 70A.65.080 to remove the requirements for a buyer of motor vehicle fuel or special fuel to provide the seller with an exemption certificate in a form and manner prescribed by Ecology, and would add that the exemptions under this subsection must be administered through the remittance program established in section 1 of this act.

Section 3 would add a new section to chapter 70A.65 RCW to require that a business may not include a separate charge or costs on any invoice or other billing statement indicating that the charge or cost, or any portion thereof, is imposed or collected in relation to this chapter.

Section 4 would require Ecology to convene a work group to review rules and processes that are developed to exempt the emissions in RCW 70A.65.080 from coverage under chapter 70A.65 RCW to develop recommendations for changes to laws, rules, policies, and practices to ensure the full use and benefit of the exemptions. The work group must be comprised of a representative from: DOR, DOL, the Department of Transportation (WSDOT), as well as representatives from statewide organizations advocating for: Aviation industry and aviation enthusiasts; watercraft industry and watercraft enthusiasts; agricultural industry and farmers; fuel refineries, manufacturers, distributors, and retailers; and other products and activities that fall within the exemption provided in RCW 70A.65.080. The work group would review and make recommendations on: Whether exemption processes have been responsive to how markets have related to the greenhouse gas (GHG) emissions cap-and-invest program; whether exemptions processes can be improved or alternatives developed to reduce the burdens on those seeking an exemption; the adequacy of current guidance and tools to report exemptions; whether changes are necessary related to the remittance program; and other issues and topics the work group determines are necessary to review the full use and enjoyment of the exemptions provided in RCW 70A.65.080. Ecology would be required to submit a report containing its review and recommendations to the appropriate committees of the Legislature by November 1, 2023.

Section 5 would amend RCW 70A.65.100 to require \$50 million of CCA auction proceeds to be deposited into the Climate

Commitment Act Remittance Account (CCARA), created in section 6 of this act, in fiscal year (FY) 2024 after the annual deposit has been made in the Carbon Emissions Reduction Account (CERA). For FY 2025-2050, the amount of CCA auction proceeds to be deposited in the CCARA would be the amount appropriated in the omnibus operating appropriations act to CCARA would be deposited annually after the annual deposit into CERA has been made. Deposits of CCA auction proceeds would be deposited into CCARA prior to depositing revenue to the Climate Investment Account (CIA) and the Air Quality and Health Disparities Improvement Account (AQHDIA).

Section 6 would add a new section to chapter 70A.65 RCW to create the CCARA in the State Treasury. CCARA would be able to receive deposits from auction proceeds pursuant to section 5 of this act, and moneys in the account would only be able to be spent after appropriation. Expenditures from the account would only be eligible for the purpose of the remittance program established in section 1 of this act for entities consuming fuels whose emissions are exempted from coverage in the program under RCW 70A.65.080(7)(e). Ecology may not spend more than 10 percent per year on administrative costs associated with the remittance program.

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.

The cash receipts impact to Ecology under this bill is greater than \$50,000 in FY 2024 for section 5. Cash receipts in FY 2025 and ongoing are indeterminate depending on future appropriation levels for CCARA.

Section 5 would amend RCW 70A.65.100 to require \$50 million of CCA auction proceeds to be deposited into CCARA, created in the State Treasury in section 6 of this act, in FY 2024 after the annual deposit has been made in the CERA. For FY 2025-2050, the amount of CCA auction proceeds to be deposited in the CCARA would be the amount appropriated in the omnibus operating appropriations act to CCARA after the annual deposit into CERA has been made. Deposits of CCA auction proceeds would be deposited into CCARA prior to depositing revenue to CIA and AQHDIA.

Assumptions:

- The revenue for FY 2025 and future years is indeterminate depending on future appropriation levels for CCARA.
- Since CCA auction proceeds would be deposited into CCARA prior to deposits into CIA, Ecology assumes a commensurate reduction in revenue into CIA.

Summary of Cash Receipts impact for Section 5:

FY 2024: Deposit of CCA auction proceed revenue of \$50 million into CCARA and a reduction of \$50 million into CIA.

FY 2025 and ongoing: Deposit is indeterminate depending on future appropriation levels for CCARA.

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 FY 2024 and ongoing to implement the requirements of this act. Expenditures for remittances in FY 2025 and ongoing are indeterminate depending on future appropriation levels for CCARA.

Section 1 – Remittance Program

Section 1 would establish a remittance program for entities consuming fuels whose emissions are exempted from coverage in the program under RCW 70A.65.080(7)(e) by January 1, 2024.

Assumptions:

- Number of remittances for farm fuel users: In 2022, the United States Department of Agriculture (USDA) reported 35,200 farm operations were active in Washington. Ecology assumes that all 35,200 users would be interested and eligible to apply quarterly to the remittance program created in this act as applicants would be eligible to receive quarterly remittance payments from Ecology for any qualifying fuel purchase at no additional cost to the user (outside of administrative time spent collecting the required documents and completing the quarterly applications).

- Number of remittances for freight haulers of agricultural products: Ecology assumes the number of users transporting agricultural products on public highways would be an additional 35,200 users as we assume there would be at least one user transporting agricultural products on public highways for each farm operation. Ecology assumes that all of these users would also be interested and eligible to apply quarterly to the remittance program created in this act as applicants would be eligible to receive quarterly remittance payments from Ecology for any qualifying fuel purchase at no additional cost to the user (outside of administrative time spent collecting the required documents and completing the quarterly applications). While we are using this assumption for the purpose of this fiscal note it is an estimate and could differ once the program is underway, as one farm fuel user could have several freight haulers carrying product which would result in a higher number of freight haulers of agricultural products. If the actual number of remittance payment applications received is different than what is assumed in this fiscal note, Ecology would need to revisit the staff needed required for this purpose in a future budget request.

- Ecology assumes the full amount of remittances would be issued in the remittance program's two quarters of FY 2024.

- Ecology assumes the IT Portal would be available by January 1, 2024, and the end of the first quarter that remittances would be submitted would be March 31, 2024. To note, establishing the IT Portal in six months would be a short implementation timeline that could have issues given the required procurement process, the tight labor market, the availability for contracts, and other ongoing work in this area.

- If there were to be a higher number of remittances or higher complexity of verifying and providing remittances, Ecology assumes we would need to request additional resources.

Ecology would require staff to verify 70,400 applications quarterly, calculate the remittance amounts for each, process the documentation and timely payments, and communicate throughout the process with all 70,400 users. The following staff time would be needed to establish and implement the remittance program:

1.0 FTE WMS 2 in FY 2024 and ongoing - This position would manage the remittance program team and oversee the work function.

1.0 FTE Administrative Assistant 3 in FY 2024 and ongoing – This position would provide dedicated administrative support for the remittance program team.

2.0 FTE Community Outreach and Environmental Education Specialist 4 (COEES4) starting January 2024 (1.0 FTE in FY 2024, 2.0 FTE FY 2025-2027) and 1.0 FTE COEES4 in FY 2028 and ongoing – these positions would develop and implement statewide public engagement and education for the program, organize public meetings, develop educational materials, coordinate with stakeholders, and lead development of program implementation and compliance materials.

1.0 FTE Communications Consultant (CC) 4 in FY 2024-2027 and 0.5 FTE CC 4 in FY 2028 and ongoing – this position would serve as the communications lead for the remittance program, coordinating with program and agency leadership, working with stakeholders, and overseeing public engagement.

2.0 FTE Environmental Planner (EP) 5 starting January 2024 (1.0 FTE in FY 2024, 2.0 FTE in FY 2025-2027) and 1.0 FTE EP 5 in FY 2028 and ongoing– these positions would serve as the program leads for farm fuel users and agricultural transport users in order to identify needs, provide outreach and coordinate with users and stakeholders in both types of entity groups, and to oversee the documentation process throughout the length of the program that each entity group is

eligible for remittance.

10.0 FTE Environmental Specialist (ES) 3 starting January 2024 (5.0 FTE in FY 2024, 10.0 FTE in FY 2025-2027) and 5.0 FTE ES 3 in FY 2028 and ongoing – These positions would serve as subject matter experts for implementation of the remittance program, including verifying applications, calculating quarterly remittance amounts, and communicating throughout the process to ensure that users have completed the OFM Statewide Payee Registration process and have obtained a Statewide Vendor Number. With 70,400 total users applying for remittance payments quarterly, Ecology estimates receiving 260,000 remittance payment applications annually beginning March 31, 2024. Having 10.0 FTE ES 3 would allow for Ecology to have 5.0 FTE ES 3 dedicated to supporting farm fuel users throughout the process and 5.0 FTE ES 3 to support agricultural transportation users throughout the process. Each staff member would provide support to and verify applications for an estimated 26,000 applications per year for an average of five minutes spent on each application. Ecology assumes that these positions would need to provide stakeholder support outside of regular business hours in an effort to decrease the administrative burden of scheduling issues on users. Additionally, these positions would be responsible for maintaining documents submitted by the users and the documentation of the calculations of payments.

Ecology does not have auditors on staff for the purposes of this program. We assume that there would be a need for auditing of remittance payments requests submitted under this program. Staff time is included below to provide auditing support at Ecology:

4.0 FTE Auditor 5 in FY 2025-2027 and 2.0 FTE Auditor 5 in FY 2028 and ongoing – these positions would conduct audits of the users in the remittance program and complete comprehensive compliance analyses. 1.0 FTE would be located in each of Ecology’s regional offices through FY 2027 and then 0.5 FTE would be located in each of Ecology’s regional office in FY 2028 and ongoing. Additional travel costs of \$200 per week for 48 weeks per year for each auditor are included starting in FY 2025 to allow the auditors to complete compliance analyses in-person across the state. The need for additional auditors may be greater if there are a greater number of remittance applications than what is currently estimated in this fiscal note.

Ecology anticipates that the significant increase in remittance payments above our current working level would require additional staff time in order to perform the following functions:

6.0 FTE Fiscal Analyst (FA) 2 starting January 2024 (3.0 FTE in FY 2024, 6.0 FTE in FY 2025-2027) and 3.0 FTE FA 2 in FY 2028 and ongoing – these positions would be responsible for processing the remittance payments for the program applicants and would enter payments into AFRS.

1.0 FTE FA 3 starting January 2024 (0.5 FTE in FY 2024, 1.0 FTE in FY 2025-2027) and 0.5 FTE FA 3 in FY 2028 and ongoing – this position would research and reconcile any issues with closed bank accounts or lost paper checks. Additionally, this position would keep payment records associated with the program.

1.0 FTE FA 4 starting January 2024 (0.5 FTE in FY 2024, 1.0 FTE in FY 2025-2027) and 0.5 FTE FA 4 in FY 2028 and ongoing – this position would serve as the fiscal lead for the remittance payment program and would approve and release the payments.

IT Portal: The remittance program would be required to include a portal that allows farm fuel users and freight haulers of agricultural products to electronically submit, on a quarterly basis, an application for remittance and supporting documentation. Ecology would need to develop an online platform that would allow users to register for the program, report fuel transactions, calculate remittance payments generated by these transactions, and request payment from Ecology. As the program would begin by January 1, 2024, Ecology assumes this work would be completed through a contract in order to meet the timeline. Based on estimates for a similar contract to customize an online market platform for the Clean Fuels Standard Program that is to be developed by California and WCI Inc., we estimate the cost of contracting with a service provider to develop and host the platform for the remittance program in this act would be \$3.0 million in FY 2024.

Note that the work for the remittance program in this act would need to be completed within the first six months of FY 2024 to meet the legislative deadline, while the platform customization for the Clean Fuels Standard Program is estimated to take place over FY 2024-2026 and was only a fraction of the overall project cost. Establishing the IT Portal in six months would be a short implementation timeline that could have issues given the required procurement process, the tight labor market, the availability for contracts, and other ongoing work in this area.

\$3,000,000 in FY 2024 – Ecology would need to enter into a contract with an outside party in order to facilitate the IT portal required in this section.

0.25 FTE IT App Development – Journey in FY 2024 and ongoing – this position would provide support and ongoing maintenance to the IT Portal.

Remittances: An approved application for remittance under this section would be eligible for payment equal to the auction settlement price in effect for the calendar quarter in which the fuel was purchased multiplied by eight-tenths of one percent and the number of gallons in the remittance application. For the purposes of this fiscal note and based on the total amount of \$50 million to be deposited into CCARA in FY 2024 per Section 5 of this act, Ecology assumes that the funds remaining after administrative costs (not to exceed 10 percent of the total deposited amount). The fiscal impact for remittances is indeterminate for FY 2025 and ongoing depending on future appropriation levels for CCARA and are not included in the tables of the fiscal note.

Sections 1 and 2 – Rulemaking

Section 1 would establish a remittance program for entities consuming fuels whose emissions are exempted from coverage in the program under RCW 70A.65.080(7)(e).

Section 2 would amend RCW 70A.65.080 to remove the requirements for a buyer of motor vehicle fuel or special fuel to provide the seller with an exemption certificate in a form and manner prescribed by Ecology, and would add that the exemptions under this subsection must be administered through the remittance program established in section 1 of this act.

Ecology assumes this rulemaking would be conducted through existing rulemaking authority to update the current CCA rule (chapter 173-446 WAC) to implement the changes in these sections. Ecology estimates that rulemaking would be moderately complex and generate substantial public interest and input. Ecology assumes it would require nineteen months, from July 1, 2023 to January 30, 2025. This type of rulemaking would include one preproposal meeting to gather input from stakeholders and then one public hearing to accept comments on the rule proposal. Ecology would anticipate seeking legal advice in support of the rulemaking effort throughout the process.

The following positions would be required for rulemaking:

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

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

0.25 FTE Environmental Specialist 4 in FY 2024 and 0.15 FTE 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: 0.2 FTE Economic Analyst 3 and 0.05 FTE Regulatory Analyst 2 in FY 2025. Ecology assumes we would hold one preproposal meeting FY 2024 and one public hearing in FY 2024 at a cost of \$2,000 in FY 2024 shown in goods and services.

The Office of Attorney General estimates 0.09 FTE Assistant Attorney General (AAG) at a cost of \$23,000 in FY 2024 and 0.05 FTE AAG 2025 at a cost of \$14,000 in FY 2025, to advise Ecology on rulemaking efforts. Expenditures are shown in goods and services.

Section 4 – Workgroup and Report

By November 1, 2023, Ecology would be required to submit a report containing a review regarding rules and processes that are developed to exempt the emissions in RCW 70A65.080 from coverage under chapter 70A.65 RCW and recommendations for changes to laws, rules, policies, and practices to ensure the full use and benefit of the exemptions to the appropriate committees of the legislature.

Section 4 would require Ecology to convene a work group to review and make recommendations on: Whether exemption processes have been responsive to how markets have related to the GHG emissions cap-and-invest program; whether exemptions processes can be improved or alternatives developed to reduce the burdens on those seeking an exemption; the adequacy of current guidance and tools to report exemptions; whether changes are necessary related to the remittance program; and other issues and topics the work group determines are necessary to review the full use and enjoyment of the exemptions provided in RCW 70A.65.080. The work group must be comprised of a representative from: DOR, DOL, WSDOT, and representatives from statewide organizations.

Ecology assumes that we would enter into contract with a workgroup facilitator for these meetings, and that the facilitator would assist in setting up hybrid meetings, facilitating the workgroup during the meetings, and taking notes on the discussion for use as input in the report. Based on previous contract estimates for similar work, Ecology estimates the contract would cost \$105,000 due to the tight timeline and fast-turnaround of deliverables. The contract process would be executed at the beginning of FY 2024 in order to meet the reporting deadline of November 1, 2023.

Ecology assumes the workgroup would meet for 12 four-hour meetings between July 1, 2023, and October 1, 2023. Ecology would also spend additional time outside of the workgroup's meetings organizing, preparing, writing, and reviewing the feedback and report.

Ecology estimates the following would be necessary to convene and participate in the workgroup and to write the report:

\$105,000 in FY 2024– Ecology would need to enter into a contract with an outside party in order to facilitate the workgroup required in this section and to prepare an outline of the basis for the report.

0.25 FTE Environmental Engineer 3 in FY 2024- this position would organize, prepare, write, and review for the workgroup and the report required in this section.

0.15 FTE WMS 3 in FY 2024– this position would provide direct management involvement and engagement on the workgroup and report required in this section.

Ecology assumes the one-time workgroup and report expenditures in FY 2024 for section 4 would be from the CIA, as an eligible account to administer the cap and invest program. The CCARA would be eligible for implementing the remittance program under section 1.

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

REMITTANCE PROGRAM:

FY 2024: \$1,754,292 and 16.1 FTEs

FY 2025-27: \$3,636,379 and 33.4 FTEs

FY 2028 and ongoing: \$1,957,856 and 17.8 FTEs.

IT PORTAL:

FY 2024: \$3,045,744 and 0.3 FTEs

FY 2025 and ongoing: \$45,744 and 0.3 FTEs.

REMITTANCES:

FY 2024: \$45,000,000

FY 2025 and ongoing: Indeterminate

RULEMAKING:

FY 2024 and 2025: \$185,822 and 1.2 FTEs

FY 2026: \$142,002 and 0.9 FTEs.

WORKGROUP AND REPORT:

FY 2024: \$180,178 and 0.5 FTEs. These costs are estimated from the Climate Investment Account.

THE TOTAL EXPENDITURE IMPACT to Ecology:

FY 2024: \$50,166,036 and 18.0 FTEs

FY 2025: \$3,824,125 and 34.6 FTEs

FY 2026-2027: \$3,682,123 and 33.6 FTEs

FY 2028 and ongoing: \$2,003,600 and 18.1 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.

Contract costs in FY 2024 are included at \$2,500,000 for a contract for an IT Portal and \$107,000 for a meeting facilitator.

Goods and Services are the agency average of \$5,224 per direct program FTE. Goods and Services also includes AGO costs of \$23,000 in FY 2024 and \$14,000 in FY 2025.

Travel is the agency average of \$1,563 per direct program FTE. Additional travel costs of \$38,400 in FY 2025-2027 and \$19,200 in FY 2028 and ongoing are included.

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

Remittance amounts of \$45,020,037 in FY 2024, \$46,734,136 in FY 2025, \$46,876,138 in FY 2026, \$46,876,138 in FY 2027, and \$48,275,534 in FY 2028 and ongoing.

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
26B-1	Climate Investment Account	State	180,178	0	180,178	0	0
NEW-1	Climate Commitment Act Remittance Account	State	49,985,858	3,824,125	53,809,983	7,364,246	4,007,200
Total \$			50,166,036	3,824,125	53,990,161	7,364,246	4,007,200

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	18.0	34.6	26.3	33.6	18.1
A-Salaries and Wages	1,092,907	2,019,870	3,112,777	3,900,680	2,125,940
B-Employee Benefits	393,446	727,153	1,120,599	1,404,246	765,342
C-Professional Service Contracts	3,105,000		3,105,000		
E-Goods and Other Services	106,756	170,982	277,738	305,604	164,556
G-Travel	24,463	85,368	109,831	168,236	87,638
J-Capital Outlays	16,138	30,983	47,121	60,314	32,480
N-Grants, Benefits & Client Services	45,000,000		45,000,000		
9-Agency Administrative Overhead	427,326	789,769	1,217,095	1,525,166	831,244
Total \$	50,166,036	3,824,125	53,990,161	7,364,246	4,007,200

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
ADMIN ASSISTANT 3	50,592	1.0	1.0	1.0	1.0	1.0
AUDITOR 5	68,076		4.0	2.0	4.0	2.0
COM OUTREACH & ENV ED SP 3	63,216	1.0	2.0	1.5	2.0	1.0
COMM CONSULTANT 4	75,120	1.0	1.0	1.0	1.0	0.5
ECONOMIC ANALYST 3	85,020		0.2	0.1		
ENVIRONMENTAL ENGINEER 3	98,592	0.3		0.1		
ENVIRONMENTAL ENGINEER 6	114,360	0.3	0.2	0.2		
ENVIRONMENTAL PLANNER 3	80,952	0.5	0.3	0.4		
ENVIRONMENTAL PLANNER 5	98,592	1.0	2.0	1.5	2.0	1.0
ENVIRONMENTAL SPEC 3	63,216	5.0	10.0	7.5	10.0	5.0
ENVIRONMENTAL SPEC 4	73,260	0.3	0.2	0.2		
FISCAL ANALYST 2	55,872	3.0	6.0	4.5	6.0	3.0
FISCAL ANALYST 2 (Admin)		1.6	3.0	2.3	2.9	1.6
FISCAL ANALYST 3	64,788	0.5	1.0	0.8	1.0	0.5
FISCAL ANALYST 4	71,520	0.5	1.0	0.8	1.0	0.5
IT APP DEV-JOURNEY	100,032	0.3	0.3	0.3	0.3	0.3
IT APP DEV-JOURNEY (Admin)		0.8	1.5	1.2	1.5	0.8
REGULATORY ANALYST 2	82,896		0.1	0.0		
WMS BAND 2	100,000	1.0	1.0	1.0	1.0	1.0
WMS BAND 3	110,000	0.2		0.1		
Total FTEs		18.0	34.6	26.3	33.6	18.1

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

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.

Rulemaking would be required to implement the changes in section 1 and 2. The current CCA rule (chapter 173-446 WAC) would need to be amended to establish the remittance program.

Individual State Agency Fiscal Note

Bill Number: 5766 SB	Title: Emissions exemptions & business practices/CCA	Agency: 495-Department of Agriculture
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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	0.1	0.0	0.0	0.0	0.0
Account					
Climate Investment Account-State 26b-1	12,010	0	12,010	0	0
Total \$	12,010	0	12,010	0	0

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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 03/31/2023
Agency Preparation: Dani Gelardi	Phone: 360-791-3903	Date: 04/10/2023
Agency Approval: Jeannie Brown	Phone: 360-902-1989	Date: 04/10/2023
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 04/10/2023

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.

SB 5766 is related to improving the administrability of emissions exemptions and business practices under the climate commitment act; amending RCW 70A.65.080 and 70A.65.100; adding new sections to chapter 70A.65 RCW; and creating a new section.

Under new section 1, added to chapter 70A.65 RCW: This bill directs the Department of Ecology, by January 1, 2024, to establish a remittance program for fuel entities consuming fuels whose emissions are exempt from coverage under the Climate Commitment Act (CCA). The new program shall offer an electronic portal through which exempted users (farm fuel users, freight haulers of agricultural products, etc.) can submit an application for remittance and supporting documentation (receipts, farmer's certificates, fuel tax reports) on a quarterly basis. Approved applications are eligible for remittance equal to the CCA auction settlement price that quarter, multiplied by eight-tenths of one percent and the number of gallons in the applications.

Under section 2, RCW 70A.65.080 and 2022 c 179 s 14 are each amended to remove the requirement for farm fuel users to present an exemption certificate to fuel suppliers ((7)(e)(i)), and adds a new section (7)(e)(iii) that exemptions must be administered through the new remittance program described in section 1.

Under new section 3, added to chapter 70A.65 RCW: Businesses are prohibited from including charges or costs on their invoices that indicate 70A.65 RCW as the reason, as this matter vitally affects public interest and is covered under the consumer protection act.

Under new section 4, the Department of Ecology is required to convene a work group to review rules and processes that are developed to exempt the emissions in RCW 70A.65.080 from coverage under 70A.65 and to develop recommendations for changes to laws, rules, and policies and practices to ensure the full use and benefit of exemptions in RCW 70A.65.080. (2)(f) The workgroup requires representation from statewide organizations advocating for the agricultural industry and farmers.

Under section 5, RCW 70A.65.100 and 2022 c 181 s 3 are each amended as follows: (7)(b)(ii) requires \$50,000,000 of auction proceeds to be deposited into a CCA remittance account. Subsequent sections also specify how and when the remittance account shall be deposited into.

This bill impacts the agricultural community and under the requirements of Section 4, WSDA anticipates agency representation in the work group and involvement in this project.

As such, and based on Ecology's assumptions for Section 4, WSDA anticipates one time staff resource needs to include one Natural Resource Scientist 4 for:

12 four-hour meetings (virtual option) between 7/1/2023 and 10/1/2023. Up to 80 hours to review and provide input on the draft report during the time period of 10/1/2023 through 10/31/2023. Up to 20 hours for time needed for additional outreach necessary in overburdened communities and additional consultation time. In total 148 hours.

All one-time workgroup expenditures in FY 2024 should be assumed in the Climate Investment Account (26B-1), as an eligible account to administer the cap and invest program. The Climate Commitment Act Remittance Account established in section 6 could only be used for implementing the remittance program under section 1.

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.

No cash receipts impacts

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.

WSDA one time resources needs for participation in the work group and project:

- 48 hours for meetings (12 4-hour meetings) between 7/1/2023 and 10/1/2023 required of each work group member.
- 80 hours for draft report reviews and input
- Up to an additional 20 hours for work assigned to agencies for outreach and consultation.

148 hours of a WSDA Natural Resource Scientist 4 = \$12,010 in FY2024 (includes salary, benefits, supplies, and admin overhead)

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26b-1	Climate Investment Account	State	12,010	0	12,010	0	0
Total \$			12,010	0	12,010	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1		0.0		
A-Salaries and Wages	6,490		6,490		
B-Employee Benefits	2,310		2,310		
C-Professional Service Contracts					
E-Goods and Other Services	970		970		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service	40		40		
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-Admin Overhead	2,200		2,200		
Total \$	12,010	0	12,010	0	0

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
Natural Resource Scientist 4	91,524	0.1		0.0		
Total FTEs		0.1		0.0		0.0

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

No capital impacts

Part V: New Rule Making Required

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