

Multiple Agency Fiscal Note Summary

Bill Number: 5570 P S SB PSSB 5570	Title: Relating to authorizing consumer-owned utilities to establish energy efficiency revolving loans programs
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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
Department of Revenue	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
Department of Commerce	1.4	410,612	410,612	410,612	2.7	798,966	798,966	798,966	2.7	797,508	797,508	797,508
Department of Revenue	.1	32,100	32,100	32,100	.0	0	0	0	.0	0	0	0
Total \$	1.5	442,712	442,712	442,712	2.7	798,966	798,966	798,966	2.7	797,508	797,508	797,508

Estimated Capital Budget Expenditures

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

Estimated Capital Budget Breakout

Prepared by: Val Terre, OFM	Phone: (360) 280-3973	Date Published: Final 1/11/2024
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Individual State Agency Fiscal Note

Bill Number: 5570 P S SB PSSI 5570	Title: Relating to authorizing consumer-owned utilities to establish energy efficiency revolving loans programs	Agency: 103-Department of Commerce
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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	0.0	2.7	1.4	2.7	2.7
Account					
General Fund-State 001-1	0	410,612	410,612	798,966	797,508
Total \$	0	410,612	410,612	798,966	797,508

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 01/06/2024
Agency Preparation: Marla Page	Phone: 360-725-3129	Date: 01/10/2024
Agency Approval: Marla Page	Phone: 360-725-3129	Date: 01/10/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/11/2024

Part II: Narrative Explanation

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

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

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

New Section 2(1) amends RCW 43.330 to establish the electric utility energy efficiency capitalization grant program within the Department of Commerce (department) subject to the amounts appropriated for this purpose.

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

New Section 2(3) states an electric utility's program must include the following elements:

- (a) Priority for loans must be given to properties in overburdened communities as identified by the state's environmental health disparities map;
- (b) Determination of income qualification for a program must comply with guidelines adopted by the department by rule;
- (c) All loans provided under a program must be interest free;
- (d) Loans provided under a program must be secured with a lien on the property that received the energy efficiency improvement;
- (e) A list of participating contractors must be identified and provided as part of the program application process;
- (f) Either a separate billing system or an on-bill repayment program must be provided for participating customers; and
- (g) An energy efficiency revolving loan account. The moneys in the account must be used solely to fulfill commitments arising under this act. All loan repayment moneys must be deposited into this account.

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

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

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

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

II. B - Cash receipts Impact

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

None.

II. C - Expenditures

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

General Assumptions:

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

The bill would require the department to adopt rules to implement the grant program. The department assumes that rulemaking will be completed by end of FY26. Additionally, the department will require program staff to develop and administer the program.

The department assumes a grant program funded at a level between \$10,000,000 and \$15,000,000. Staffing assumptions are subject to change if the grant program is funded at a significantly different level. The department assumes that after the initial granting of funds, ongoing grant and contract management with utilities will be required through FY29.

To accomplish the work the department estimates (FY25-FY29):

0.30 FTE EMS2 Senior Energy Policy Specialist (500 hours) in FY25-FY29 to provide subject matter expertise and expert policy advice or consultation in coordinating development of the program, and provide expert policy advice and lead the development of rulemaking effort.

0.20 FTE WMS2 Managing Director (418 hours) in FY25-29 for development and implementation planning, provide leadership, oversight, supervision, rules coordination and decision making over all elements of the program. Staff would provide expert policy advice or consultation on a range of issues specific to the program and to areas that have agency wide implications.

0.30 FTE Commerce Specialist 5 (625 hours) in FY25-FY29 to work with the Managing Director to develop the portion of the implementation plan for programs. Upon execution of the implementation plan, staff will transition to provide program oversight, coordination, supervision of the contracts and staffing and to administer overall management of funds.

1.0 FTE Commerce Specialist 3 (2,088 hours) in FY25-FY29 to solicit, originate, manage and monitor competitive grant process and contracts, and provide evaluation and subject matter expertise on grant program, monitor budget and expenditures, conduct detailed analysis, and provide consultative planning for program established in this bill. This position will also lead the environmental justice assessment and community engagement process required under the HEAL Act.

0.30 FTE Commerce Specialist 2 (625 hours) in FY25-FY29 to provide coordination support, contract management, contract monitoring, invoicing, and data entry. This position will also support the environmental justice assessment and community engagement process required under the HEAL Act.

0.20 FTE Administrative Assistant 3 (416 hours) in FY25-29 to support the unit.

Salaries and Benefits:

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

Goods and Services and Travel

FY25: \$30,147

FY26: \$25,947

FY27-FY29: \$22,089 per fiscal year

Goods and Services include AAG cost for rulemaking of \$4,200 in FY24 – Attorney General Costs: The department will work with the attorney general’s office to write policies and rulemaking for legal compliance. (FY25 total 20 hours at \$210 per hour). The department assumes travel for four to six statewide stakeholder engagement meetings in FY25 and FY26 as part of program and implementation plan development.

Equipment:

The department assumes the purchase of one standard workstations for new staff in FY25 and the purchase of replacement laptop/tablet in FY29 based on the department's replacement cycle.

FY25: \$5,000

FY29: \$2,400

Intra-Agency Reimbursements:

FY25-29: \$92,948 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

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Total Costs:

FY25: \$410,612

FY26: \$401,412

FY27- 28: \$397,554

FY29: \$399,954

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	410,612	410,612	798,966	797,508
Total \$			0	410,612	410,612	798,966	797,508

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		2.7	1.4	2.7	2.7
A-Salaries and Wages		209,909	209,909	419,818	419,818
B-Employee Benefits		72,608	72,608	145,216	145,216
C-Professional Service Contracts					
E-Goods and Other Services		26,289	26,289	44,178	44,178
G-Travel		3,858	3,858	3,858	
J-Capital Outlays		5,000	5,000		2,400
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		92,948	92,948	185,896	185,896
9-					
Total \$	0	410,612	410,612	798,966	797,508

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Assistant 2	52,616		0.2	0.1	0.2	0.2
Administrative Services Indirect	111,168		0.4	0.2	0.4	0.4
Commerce Specialist 2	70,799		0.3	0.2	0.3	0.3
Commerce Specialist 3	82,056		1.0	0.5	1.0	1.0
Commerce Specialist 5	95,185		0.3	0.2	0.3	0.3
EMS2	122,841		0.3	0.2	0.3	0.3
WMS2	122,841		0.2	0.1	0.2	0.2
Total FTEs			2.7	1.4	2.7	2.7

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

New Section 2(8) would require the department to adopt rules to implement the grant program. The department assumes that rulemaking will be completed by end of FY25.

Department of Revenue Fiscal Note

Bill Number: 5570 P S SB PSSI 5570	Title: Relating to authorizing consumer-owned utilities to establish energy efficiency revolving loans programs	Agency: 140-Department of Revenue
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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 Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2		0.1		
Account					
GF-STATE-State 001-1	32,100		32,100		
Total \$	32,100		32,100		

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 01/06/2024
Agency Preparation: Beth Leech	Phone: (360) 534-1513	Date: 01/08/2024
Agency Approval: Marianne McIntosh	Phone: (360) 534-1505	Date: 01/08/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/09/2024

Request # 5570-1-1

Part II: Narrative Explanation

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

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

Note: This fiscal note reflects language in Proposed Substitute Senate Bill 5570 (S-3680.4), 2024 Legislative Session.

CURRENT LAW:

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

PROPOSAL:

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

A consumer-owned utility is a municipal electric utility, a public utility district, an irrigation district, a cooperative association, or a mutual corporation or association that is engaged in the business of distributing electricity to more than one retail electric customer in the state.

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

EFFECTIVE DATE:

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

II. B - Cash receipts Impact

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

ASSUMPTIONS:

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

ESTIMATED REVENUES:

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

II. C - Expenditures

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

ASSUMPTIONS:

This bill affects 45 taxpayers.

FIRST YEAR COSTS:

The department will incur total costs of \$32,100 in fiscal year 2024. These costs include:

Labor Costs – Time and effort equate to 0.2 FTE.

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- Attend implementation meetings, monitor reports, train and review examiners, and work complex accounts.
- Test computer system changes.

Object Costs - \$6,800.

- Contract computer system programming.

SECOND YEAR COSTS:

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

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2		0.1		
A-Salaries and Wages	15,600		15,600		
B-Employee Benefits	5,100		5,100		
C-Professional Service Contracts	6,800		6,800		
E-Goods and Other Services	3,200		3,200		
J-Capital Outlays	1,400		1,400		
Total \$	\$32,100		\$32,100		

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
EXCISE TAX EX 3	64,092	0.1		0.1		
IT B A-JOURNEY	91,968	0.1		0.1		
Total FTEs		0.2		0.1		

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

Part V: New Rule Making Required