Multiple Agency Fiscal Note Summary

Bill Number: 2103 HB	Title: Large port districts

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		(867,000)		(4,528,529)		(8,502,894)
Local Gov. Total		(867,000)		(4,528,529)		(8,502,894)

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 Commerce	Fiscal note not available											
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

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other			100,500,000			100,500,000			100,500,000
Local Gov. Other	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Local Gov. Total			100,500,000			100,500,000			100,500,000

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 Commerce	Fiscal note not available								
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

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

Estimated Capital Budget Breakout

NONE

This includes Commerce - Local Gov't fiscal notes.

Prepared by: Myra Baldini, OFM	**Phone:** (360) 688-8208	**Date Published:** Preliminary 1/16/2024

Individual State Agency Fiscal Note

Bill Number: 2103 HB	**Title:** Large port districts	**Agency:** 090-Office of State Treasurer

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:	Kellen Wright	Phone: 360-786-7134	Date: 01/09/2024
Agency Preparation:	Dan Mason	Phone: (360) 902-8990	Date: 01/09/2024
Agency Approval:	Dan Mason	Phone: (360) 902-8990	Date: 01/09/2024
OFM Review:	Amy Hatfield	Phone: (360) 280-7584	Date: 01/10/2024

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.

HB 2103 creates the port district environmental equity fund, 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: 2103 HB	Title: Large port districts	Agency: 461-Department of Ecology

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:	Kellen Wright	Phone: 360-786-7134	Date: 01/09/2024
Agency Preparation:	Andrew Contreras	Phone: 360-485-7648	Date: 01/11/2024
Agency Approval:	Erik Fairchild	Phone: 360-407-7005	Date: 01/11/2024
OFM Review:	Lisa Borkowski	Phone: (360) 742-2239	Date: 01/14/2024

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.

This bill would require that port districts operating large airports dedicate a portion of their property tax levy towards a program to mitigate the impacts of noise and air pollution on surrounding communities and assess adverse impacts of significant port actions. Section 9 would authorize the Climate Commitment Account to be used for the grant or loan program authorized for Department of Commerce in section 10.

Ecology is not specified in the bill and assumes no new requirements under this bill. Therefore, Ecology assumes no fiscal impact.

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

Department of Commerce

Bill Number: 2103 HB	**Title:** Large port districts

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

Legislation Impacts:

- [ ] Cities:
- [X] Counties: King County: indeterminate expenditure increase for managing inspections for new program
- [X] Special Districts: loss of property tax revenue (through specific allocation), major increases in expenditures to manage new program
- [X] Specific jurisdictions only: Port of Seattle, King County
- [ ] Variance occurs due to:

Part II: Estimates

- [ ] No fiscal impacts.
- [ ] Expenditures represent one-time costs:
- [ ] Legislation provides local option:
- [X] Key variables cannot be estimated with certainty at this time: costs of each inspection, area of eligibility, number of eligible residences/buildings, costs to perform community assessments, unit costs of additional services provided through new mitigation program

Estimated revenue impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
Special District		(867,000)	(867,000)	(4,528,529)	(8,502,894)
TOTAL $		(867,000)	(867,000)	(4,528,529)	(8,502,894)
GRAND TOTAL $					(13,898,423)

Estimated expenditure impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
County	250,000	250,000	500,000	500,000	500,000
Special District	50,000,000	50,000,000	100,000,000	100,000,000	100,000,000
TOTAL $	50,250,000	50,250,000	100,500,000	100,500,000	100,500,000
GRAND TOTAL $					**301,500,000**

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

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 01/16/2024
Leg. Committee Contact: Kellen Wright	Phone: 360-786-7134	Date: 01/09/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/16/2024
OFM Review: Myra Baldini	Phone: (360) 688-8208	Date: 01/16/2024

Part IV: Analysis

A. SUMMARY OF BILL

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

This bill creates a new mitigation program.

Section 1 explains intent.

Section 2 amends RCW 53.36.020 [Finances – tax levy limitation] to dedicate a portion of the Port of Seattle's property tax revenue toward a new mitigation program. Beginning in FY 2025, half of the district's levy increase must be utilized for mitigation programs. In FY 2026 and for every year thereafter, an increase of 1% of the total levy must be utilized, in addition to half of the increase, for mitigation programs.

Section 3 creates a new section in RCW 53.54 [Aircraft noise abatement] to create a new mitigation program to be run by the Port of Seattle, King County, and the State Dept. of Commerce.

Section 6 amends RCW 53.54.040 [Fund authorized—Sources] to specify that grants and loans issued by the Dept. of Commerce to the Port may be used to implement the new mitigation program and that property tax levy amounts will be used as well.

Section 7 creates a new section in RCW 53.36 [Port District Finances] to require the Port of Seattle to perform the following before considering a significant port action (any action involving a capital improvement project, purchase, or construction of $12,000,000 or more in value):

a) conduct an overburdened communities and vulnerable populations assessment
b) explain mitigation measures
c) engage overburdened communities and vulnerable populations

Section 8 creates a new section in RCW 43.330 [Dept. of Commerce] that states, subject to the availability of amounts appropriated, the Dept. of Commerce will provide grants for the hiring of subcontractors to perform inspections or for entering into an interlocal agreement with the county for the provision of a building inspector or inspectors to implement the new mitigation program.

Section 9 amends RCW 70A.65.260 [Climate commitment account] to specify funds from the climate commitment account may be allocated toward "supplementing the port district environmental equity fund" "for the purpose of making grants or loans to port districts to undertake remedial mitigation programs " "or to comply with requirements related to consultation with overburdened communities and vulnerable populations prior to undertaking significant port actions."

Section 10 creates a new section in RCW 53.20 [Port Districts – Harbor Improvements] to create a separate account for all purposes of this new mitigation program and places the Dept. of Commerce as a general administrator of the account; managing it and reporting regularly.

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.

This bill majorly increases Port of Seattle expenditures by creating a new mitigation program that is expected to cost 1 billion dollars (determinately) - over 20 years - with additional indeterminate costs, according to the Port of Seattle. Additional, increased expenditures are expected for King County and are indeterminate.

SECTION 3 describes a new mitigation program that is expected to cost $1,000,000,000 dollars in total starting in FY2024 according to the Port of Seattle. For the purposes of this fiscal note, this $1B cost is illustratively compared to the implementation of another program that was implemented over a span of 20 years. To assume an amount per fiscal year, the LGFN Program divided $1B/20 years because similar comparisons are made below ($50M/FY). Additional, indeterminate costs are expected to add to the $50M per fiscal year.

For an illustration of the scale of these expenditures, the Local Government Fiscal Note Program compares a current Port of Seattle mitigation program and it's costs with this new, proposed mitigation program. The Port of Seattle currently operates a noise mitigation program that works to mitigate the noise for residences within an area around the airport referred to as 65DnL. There are about 10,000 residences within the 65DnL area that are eligible for the program due to their location. It costs the port approximately $100,000 for each residence that receives noise mitigation assistance through the program. As of 2023, about 9,500 residences have received noise mitigation assistance. This has cost approximately $950 million dollars to implement in the 20+ years of operating the program. Approximately, 20% of this cost was covered by the Port of Seattle, which amounts to $190 million dollars. The other 80% was covered with federal funds.

Section 3, describes a new mitigation program that has been expanded beyond the current program in the following ways:

It expands:

1. the area of eligibility from the 65DnL (exposed to 65 decibels or more) area, which currently includes about 10,000 residences to an area within a larger range 55DnL (exposed to 55 decibels of more) that includes an indeterminate number of additional eligible residences. To know the increased number of residences/buildings within a 55 decibel range sound testing will need to be performed.
   a) According to an Illinois Dept. of Transportation pamphlet on traffic noise, decibels, and range, "generally, every time the distance doubles, the noise level will decline 3 dB(A) when it travels over hard surfaces. Over soft surfaces, the noise level will decline 4.5 dB(A) for every doubling of distance." Given this explanation of how sound travels, it can be assumed that the distance from the Port to eligible residences/building with a 10 decibel difference will double twice (quadruple) when soft surfaces are between the port and the eligible residence/building.
2. the type of building eligible; from residences to residential, recreational, or educational facilities.
3. eligibility for assistance by allowing residences that have received assistance from the current program to receive additional assistance from the new program, which is currently restricted by federal law under the current program.
4. It expands the type of mitigation assistance from just noise mitigation to also include:
   a) failed mitigation equipment
   b) provision of air quality mitigation equipment including, but not limited to, the provision of high particulate air purifiers designed to mitigate or eliminate ultrafine particles or other aviation-related air pollution;
   c) provide urban forests or green space within an impacted area;
   d) provision or support of indoor recreation facilities available to the community within an impacted area; and
   e) provision of indoor community greenhouses within an impacted area

The section 3 mitigation program described in this bill will not be eligible for federal funds like the current mitigation program, which received approximately 80% of it's operating expenses from the federal government. This is because current FAA regulations only contemplate noise mitigation for the 65 DnL. Current federal law also prohibits the use of federal funds or airport revenues for properties that have already received noise mitigation funding under the current program. Comparatively, the Port of Seattle covered 20% of the cost to provide mitigation assistance for their current noise mitigation program. However, the Port of Seattle will need to cover 100% (minus any state resources allocated) of the cost of this expanded program.

SECTIONS 3 and 8 mention the Port working with King County to administer a new inspection program. The inspections will be conducted at no cost to the potentially eligible person/building. Although the grant program managed by the State Dept. of Commerce (in section 6) will provide funds to complete inspections, dependent upon allocation, there will be costs to the County to procure contractors for these purposes. According to King County, and based upon their understanding of how many residences/buildings could potentially be eligible to receive an inspection, the county estimates an increase in expenditure costs of $250,000 per year beginning in FY 2024.

SECTION 6 requires the port to perform outreach in the form of pamphlets. Pamphlets will require increase printing and mailing costs. These costs are indeterminate.

SECTION 7 requires the port to engage communities and perform assessments prior to any significant port action (any action involving a capital improvement project, purchase, or construction of $12,000,000 or more in value). These expenses are new and are indeterminate.

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.

This bill substantially decreases local government revenue by dedicating property tax revenue toward a new mitigation program.

SECTION 2 dedicates a portion of the Port of Seattle's property tax revenue toward a new mitigation program. In FY 2025, half of the district's levy increase must be utilized for mitigation programs. In FY 2026 and for every year thereafter, an increase of 1% of the total levy must be utilized, in addition to half of the increase, for mitigation programs.

FY	Half of increase	Additive 1%	Additional 1% amount	Half increase plus additive 1%
25	867,000	N/A	N/A	867,000
26	884,340	1%	902,027	1,786,367
27	902,027	2%	1,840,135	2,742,162
28	920,469	3%	2,815,406	3,735,473
29	938,469	4%	3,828,952	4,767,421

These amounts of revenues (the half increase plus additive 1%) dedicated for this new mitigation program are counted by the Local Government Fiscal Note Program as a decrease in revenue as these revenues would be used for other purposes if not for this bill/new program.

SECTION 6 refers to grant programs made available through appropriation that are administered by the State Dept. of Commerce. It is unknown what appropriation will be made to offset the expenses associated with managing this new mitigation program. These revenue sources for local governments are indeterminate and are not accounted for in the fiscal year tables.

SOURCES
Port of Seattle
King County
Illinois Dept. of Transportation pamphlet, (https://idot.illinois.gov/content/dam/soi/en/web/idot/documents/doing-business/manuals-guides-and-handbooks/highways/design-and-environment/environment/highway-traffic-noise----noise-fundamentals-111215.pdf)