

Multiple Agency Fiscal Note Summary

Bill Number: 2051 HB	Title: Small off-road engines
-----------------------------	--------------------------------------

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 Attorney General	0	0	59,000	0	0	15,000	0	0	0
Department of Revenue	(2,863,000)	(2,863,000)	(2,868,000)	(23,971,000)	(23,971,000)	(24,010,000)	(54,212,000)	(54,212,000)	(54,299,000)
Total \$	(2,863,000)	(2,863,000)	(2,809,000)	(23,971,000)	(23,971,000)	(23,995,000)	(54,212,000)	(54,212,000)	(54,299,000)

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		(1,030,590)		(1,786,050)		(15,393,599)
Local Gov. Total		(1,030,590)		(1,786,050)		(15,393,599)

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 Attorney General	.2	0	0	59,000	.0	0	0	15,000	.0	0	0	0
Department of Revenue	.4	106,300	106,300	106,300	.2	46,600	46,600	46,600	.2	45,800	45,800	45,800
Department of Ecology	.4	199,598	199,598	199,598	4.0	129,869	129,869	10,129,869	3.6	0	0	10,000,000
State Parks and Recreation Commission	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Fish and Wildlife	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Natural Resources	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Total \$	1.0	305,898	305,898	364,898	4.2	176,469	176,469	10,191,469	3.8	45,800	45,800	10,045,800

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

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
State Parks and Recreation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Fish and Wildlife	.0	0	0	.0	0	0	.0	0	0
Department of Natural Resources	.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

Prepared by: Lisa Borkowski, OFM	Phone: (360) 742-2239	Date Published: Final 1/16/2024
---	---------------------------------	---

Individual State Agency Fiscal Note

Bill Number: 2051 HB	Title: Small off-road engines	Agency: 100-Office of Attorney General
-----------------------------	--------------------------------------	---

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Legal Services Revolving Account-State 405-1		59,000	59,000	15,000	
Total \$		59,000	59,000	15,000	

Estimated Operating Expenditures from:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.4	0.2	0.1	0.0
Account					
Legal Services Revolving Account-State 405-1	0	59,000	59,000	15,000	0
Total \$	0	59,000	59,000	15,000	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: Jacob Lipson	Phone: 360-786-7196	Date: 01/02/2024
Agency Preparation: Chad Standifer	Phone: 3605863650	Date: 01/05/2024
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 01/05/2024
OFM Review: Val Terre	Phone: (360) 280-3973	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.

Section 1: Legislative findings.

Section 2: Adding a new section to RCW 70A.30 – adopting the California small off-road engine and equipment standards as approved by the United States Environmental Protection Agency; authorizing the Department of Ecology (Ecology) to adopt rules to implement the standards; exempting chainsaws and generators from the Ecology rules, and authorizing Ecology to delay the effective date of the restrictions based on a determination that suitable zero emissions engine or equipment technology does not exist; defining “small off-road engine” and “small off-road equipment”.

Section 3: Adding a new section to RCW 43.21A – requiring Ecology to administer an outdoor power equipment grant program for local governments that use outdoor power equipment, with \$5,000,000 per year in dedicated funding beginning in 2025; defining certain terms; including an expiration clause of January 1, 2030.

Section 4: Adding a new section to RCW 82.08 – exempting the retail sales tax imposed by RCW 82.08.020 from the sale of zero emissions outdoor power equipment; defining certain terms; including an expiration clause of January 1, 2030.

Section 5: Adding a new section to RCW 82.12 – exemption the use tax imposed by RCW 82.12.020 from the use of zero emissions outdoor power equipment; defining certain terms; including an expiration clause of January 1, 2030.

Section 6: Amending RCW 70A.65.260 – authorizing that the Climate Commitment Account may be used for programs, activities, or projects that reduce and mitigate impacts from greenhouse gases and pollutants on vulnerable populations, including the outdoor power equipment grant program created by Section 3 of the bill, or transfers to the general fund to offset revenue losses from the tax preferences established by Section 4 and 5 of the bill.

Section 7: Severability clause.

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.

Cash receipts are assumed to equal the Legal Services Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agency is the Department of Ecology (Ecology). The Attorney General’s Office (AGO) will bill all clients for legal services rendered.

These cash receipts represent the AGO’s authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency’s fiscal note. Appropriation authority is necessary in the AGO budget.

AGO AGENCY ASSUMPTIONS:

Ecology will be billed for non-King County rates:

FY 2025: \$59,000 for 0.20 Assistant Attorney General FTE (AAG), 0.10 Paralegal 1 FTE (PL).

FY 2026: \$15,000 for 0.05 AAG, 0.01 PL.

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.

Attorney General’s Office (AGO) Agency Assumptions:

This bill is assumed effective 90 days after the end of the 2024 legislative session.

Location of staffing is assumed to be in a non-King County office building.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables. The Management Analyst 5 FTE (MA), is used as a representative classification. An example ratio is for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 Paralegal 1 FTE (PL) and 0.35 MA.

1. Assumptions for the AGO Ecology Division’s (ECY) Legal Services:

FY 2025: AAG support for the rulemaking effort to both effectuate the California standards for small engine emissions, as well as rules implementing the required grant program. ECY AAG’s will provide significant support to both these efforts. We also anticipate litigation over the rule as a similar legislative effort on vehicle emissions has generated two lawsuits thus far.

FY 2026: AAG support for program and grant implementation.

Total non-King County workload impact:
 FY2025: \$59,000 for 0.20 AAG, and 0.10 PL.
 FY2026: \$15,000 for 0.05 AAG, and 0.03 PL.

2. The AGO Revenue and Finance Division (REV) has reviewed this bill and determined it will not increase or decrease the division’s workload. The enactment of this bill will not impact the provision of legal services to the Department of Revenue (DOR) because the DOR does not believe that the retail sales tax and use tax exemptions created by this bill will result in an increase in administrative appeals of DOR actions. The AGO may provide nominal legal services to the DOR in reviewing administrative rules implementing these tax exemptions. Therefore, no costs are included in this request.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
405-1	Legal Services	State	0	59,000	59,000	15,000	0
	Revolving Account						
Total \$			0	59,000	59,000	15,000	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.4	0.2	0.1	
A-Salaries and Wages		41,000	41,000	10,000	
B-Employee Benefits		12,000	12,000	3,000	
E-Goods and Other Services		6,000	6,000	2,000	
Total \$	0	59,000	59,000	15,000	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
Assistant Attorney General	129,100		0.2	0.1	0.0	
Management Analyst 5	95,184		0.1	0.0	0.0	
Paralegal 1	69,072		0.1	0.1	0.0	
Total FTEs			0.4	0.2	0.1	0.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Ecology Division (ECY)		59,000	59,000	15,000	
Total \$		59,000	59,000	15,000	

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.

Department of Revenue Fiscal Note

Bill Number: 2051 HB	Title: Small off-road engines	Agency: 140-Department of Revenue
-----------------------------	--------------------------------------	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax		(2,863,000)	(2,863,000)	(23,971,000)	(54,212,000)
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax		(5,000)	(5,000)	(39,000)	(87,000)
Total \$		(2,868,000)	(2,868,000)	(24,010,000)	(54,299,000)

Estimated Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.8	0.4	0.2	0.2
GF-STATE-State 001-1		106,300	106,300	46,600	45,800
Total \$		106,300	106,300	46,600	45,800

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: Jacob Lipson	Phone: 60-786-7196	Date: 01/02/2024
Agency Preparation: Victor Crosetti	Phone: 60-534-1554	Date: 01/13/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/13/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/16/2024

Request # 2051-2-2

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 a revision to the revenues, and replaces fiscal note number 2051-1.

CURRENT LAW:

State and local sales and use taxes apply to outdoor power equipment.

PROPOSAL:

This bill creates a sales and use taxes exemption for zero emission outdoor power equipment. Outdoor power equipment means equipment designed or marketed for use in an outdoor setting in the management of vegetation, landscaped outdoor spaces, or built spaces. The engine in outdoor power equipment produces a gross horsepower of less than 25 or is designed to produce less than 25 horsepower.

Vegetation cutting equipment includes lawn mowers, riding lawn mowers, hedge trimmers, string trimmers, brush cutters, chainsaws, pole trimmers, pole saws, and log splitters.

This bill limits the sales and use taxes exemption to outdoor power equipment. This excludes small off-road engines such as golf carts, specialty vehicles, generator, or pumps.

This bill prohibits the sale of new small off-road engines powered by fossil fuels starting no sooner than January 1, 2027.

The sales and use taxes exemptions will expire January 1, 2030.

EFFECTIVE DATE:

The 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.

ASSUMPTIONS:

- The Department of Revenue (department) receives the taxes from monthly taxpayers the month after the business collects the sales tax from the consumer. Most local tax distributions occur the month after the department receives sales and use taxes that businesses collect. This leads to a one-month delay in revenues for the state and a two-month delay in revenues for local jurisdictions.
- Beginning January 1, 2025, electric-powered outdoor lawn equipment is exempt from sales and use taxes through December 31, 2029. This bill contains a drafting error in section four (sales tax). Based on the bill report, the intent of the bill was to align the sales tax effective date with the use tax effective date. An amended fiscal note will be prepared to reflect the actual language of the bill if the bill is not amended once referred out of committee.
- Outdoor lawn equipment market sales are based on Statista data from 2024.
- The electric-powered outdoor lawn equipment market rate is based on the Freedonia Group report.
- The growth rate of electric-powered outdoor lawn equipment is based on the Businesswire report.
- Effective January 1, 2027, Washington will prohibit the sale of all new small off-road engines.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.95%.
- The sales tax and use tax exemptions take effect January 1, 2025, and impact five months of state collections in fiscal year 2025.

DATA SOURCES:

- Statista Research Department. (2023, December 21). Industry revenue of outdoor power equipment stores in Washington from 2012-2024. Statista. Statista.com.
- Davis, Bethan. (2023, June 19). Electric Outdoor Power Equipment - Consumers Benefits & Top Products. Freedonia Group. FreedoniaGroup.com
- Wood, Laura. (2022, March 29). Global Electric Lawn & Garden Equipment Market Report 2022-2025. Businesswire. Businesswire.com
- Economic and Revenue Forecast Council, November 2023 forecast

REVENUE ESTIMATES:

This bill decreases state revenues by an estimated \$2.9 million in the five months of impacted collections in fiscal year 2025, and by \$7.3 million in fiscal year 2026, the first full year of impacted collections. This bill also decreases local revenues by an estimated \$1.0 million in the four months of impacted collections in fiscal year 2025, and by \$3.3 million in fiscal year 2026, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ 0
FY 2025 -	(\$ 2,868)
FY 2026 -	(\$ 7,296)
FY 2027 -	(\$ 16,714)
FY 2028 -	(\$ 26,652)
FY 2029 -	(\$ 27,647)

Local Government, if applicable (cash basis, \$000):

FY 2024 -	\$ 0
FY 2025 -	(\$ 1,041)
FY 2026 -	(\$ 3,311)
FY 2027 -	(\$ 7,584)
FY 2028 -	(\$ 12,094)
FY 2029 -	(\$ 12,546)

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 estimate affects 5,700 taxpayers.

FIRST YEAR COSTS:

The department will not incur costs in fiscal year 2024.

SECOND YEAR COSTS:

The department will incur total costs of \$106,300 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 0.7 FTE.

- Attend implementation meetings, computer system testing, monitoring, and maintenance.
- Create a special notice and update or create publications, taxpayer guides and forms.
- Respond to letter ruling requests, email inquiries, and phone calls.

- Update web pages, publications, and forms for the reporting change.

Object Costs - \$4,500.

- Contract computer system programming.

ONGOING COSTS:

Ongoing costs for the 2025-27 biennium equal \$46,600 and include similar activities described in the second-year costs. Time and effort equate to 0.2 FTE per year.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.8	0.4	0.2	0.2
A-Salaries and Wages		63,900	63,900	30,000	30,000
B-Employee Benefits		21,200	21,200	10,000	10,000
C-Professional Service Contracts		4,500	4,500		
E-Goods and Other Services		11,500	11,500	5,000	4,600
J-Capital Outlays		5,200	5,200	1,600	1,200
Total \$		\$106,300	\$106,300	\$46,600	\$45,800

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
EMS BAND 4	131,684		0.0	0.0		
EMS BAND 5	153,836		0.0	0.0		
EXCISE TAX EX 2	58,104				0.1	0.1
EXCISE TAX EX 3	64,092		0.1	0.1		
IT B A-JOURNEY	91,968		0.4	0.2	0.1	0.1
MGMT ANALYST4	76,188		0.0	0.0		
TAX POLICY SP 2	78,120		0.1	0.0		
TAX POLICY SP 3	88,416		0.1	0.1		
TAX POLICY SP 4	95,184		0.0	0.0		
WMS BAND 2	98,456		0.0	0.0		
WMS BAND 3	111,992		0.0	0.0		
Total FTEs			0.8	0.4	0.2	0.2

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

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

Should this legislation become law, the department will use the standard process to adopt WAC 458-20-NEW, titled: "New rule for power equipment exemption." and the expedited process to amend WAC 458-20-226, titled: "Landscape and horticultural services." Persons affected by this rulemaking would include persons who buy and sell outdoor power equipment

Individual State Agency Fiscal Note

Bill Number: 2051 HB	Title: Small off-road engines	Agency: 461-Department of Ecology
-----------------------------	--------------------------------------	--

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	0.9	0.4	4.0	3.6
Account					
General Fund-State 001-1	0	199,598	199,598	129,869	0
Climate Commitment Account-State 26C-1	0	0	0	10,000,000	10,000,000
Total \$	0	199,598	199,598	10,129,869	10,000,000

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: Jacob Lipson	Phone: 360-786-7196	Date: 01/02/2024
Agency Preparation: Andrew Contreras	Phone: 360-485-7648	Date: 01/09/2024
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 01/09/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	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.

Currently, California is the only state with their own emission standards for new off-road engines or vehicles, which must be at least as protective of public health as federal standards and must be approved by the United States Environmental Protection Agency (EPA).

This bill would establish authority for the Department of Ecology to adopt rules that align with the California's small off-road engine and equipment standards, as well as establish an outdoor power equipment grant program to reduce emissions from fossil-fuel powered landscaping and outdoor power equipment.

Section 2 adds a new section to chapter 70A.30 RCW, Motor Vehicle Emission Standards, to adopt the California small off-road engine and equipment standards, and authorize Ecology to adopt rules to implement the standards and update them to maintain consistency with California. The standards may only apply to engines and equipment produced on or after January 1, 2027, or as soon as feasible and allowed under the federal clean air act, whichever is later. Exemptions are established for chainsaws and generators, and Ecology may temporarily delay the effective date for other categories or uses of devices if a suitable zero-emissions option doesn't exist.

Section 3 adds a new section to chapter 43.21A RCW that would require Ecology to administer an outdoor power equipment grant program for local governments to replace existing fossil-fuel powered equipment with zero-emissions equipment. Ecology must prioritize grants that result in the greatest benefits to vulnerable populations or reduce the most hazardous or occupational exposures caused by outdoor power equipment. The bill establishes the intent of the Legislature to dedicate \$5 million per calendar year for the grant program from 2025 through 2029. This section expires January 1, 2030.

Section 4 adds a new section to chapter 82.08 RCW that would create a sales tax exemption for sale of zero emissions outdoor power equipment beginning January 1, 2023 and expiring January 1, 2030.

Section 5 adds a new section to chapter 82.12 RCW that would create a use tax exemption beginning January 1, 2025 and expiring January 1, 2030.

Section 6 amends RCW 70A.65.260 to authorize the Climate Commitment Account to be used for programs, activities, or projects that reduce and mitigate impacts from greenhouse gases and pollutants on vulnerable populations, including the grant program created in section 3 and to offset revenue loss from the tax incentives created in sections 4 and 5.

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.

The expenditure impact to Ecology under this bill is estimated to be greater than \$50,000 in Fiscal Year (FY) 2025 and ongoing thru FY 2030 to implement sections 2 and 3.

Fund source: Section 6 would authorize the Climate Commitment Account to be used for implementing the outdoor power equipment grant program under section 3. Ecology has estimated costs for rulemaking under section 2 in General

Fund-State.

Section 2 - Rulemaking

Ecology assumes it would conduct rulemaking to adopt the California small off-road engine and equipment standards. Ecology assumes that it may amend the rules as needed to maintain consistency with California's standards.

Ecology also assumes it would be necessary to add new rules to establish exemptions criteria for the Small Off-Road Engine program prior to implementation of the program. Ecology assumes that although express rulemaking authority is not included in the bill language, this would be authorized under general rule making authority by RCW 34.05.322. The bill as currently written provides overall guidance, however, Ecology assumes rulemaking would be necessary as the bill includes requirements for exemptions in addition to the current California rule. While rulemaking would be additive to the adoption of the California rule, Ecology assumes that we would begin the rulemaking process immediately upon signature by the Governor and the rule making process would be complete within 18 months. Ecology assumes that rulemaking efforts would require an Environmental Justice assessment to be completed during the rulemaking process.

Ecology estimates that rulemaking would be moderately complex and generate substantial public interest and input. It would require eighteen months, from July 2024 to December 2025. This type of rulemaking would include two preproposal meetings to gather input from stakeholders and develop the Environmental Justice Assessment and one public hearing to accept comments on the rule proposal.

The following positions would be required for rulemaking:

0.5 FTE Environmental Planner 3 in FY 2025 and 0.25 FTE in FY 2026 – this position would be the rulemaking lead, coordinating the rulemaking effort.

0.25 FTE Environmental Engineer 6 in FY 2025 and 0.13 FTE in FY 2026 – this position would be the technical lead, advising on rule language and driving the overall policy change of the program.

The following positions would complete an economic and regulatory analysis of the rule: 0.2 FTE Economic Analyst 3 in FY 2026; 0.05 FTE Regulatory Analyst 2 in FY 2026.

Ecology would hold at least two public hearings in FY 2025 and one public hearing in FY 2026 for rulemaking. Goods and services estimates include facility rental costs estimated at \$1,000 per hearing (\$2,000 FY 2025 and \$1,000 FY 2026).

The Attorney General's Office estimates 0.20 FTE Assistant Attorney General at a cost of \$59,000 in FY 2025 and 0.05 FTE at a cost of \$15,000 in FY 2026, to advise Ecology on rulemaking efforts. Expenditures are shown in goods and services.

Section 3 - Small Off-Road Engine Grant Program

Ecology would administer a new grant program under section 3. Under this program, grants would be issued to local governments that use outdoor power equipment. Grant funds would only be used to replace existing, working-condition outdoor power equipment powered by liquid or gaseous or fossil fuels with zero emissions outdoor power equipment. Ecology would prioritize vulnerable populations as defined by RCW 70A.02.010 as part of the grant process.

The bill establishes the intent of the Legislature to dedicate \$5 million per calendar year for the grant program from calendar years 2025 through 2029. Ecology assumes the grant program would begin immediately after the rule is complete and the list of current requirements including exemptions is approved. Therefore, expenditures for the grant program are estimated to total \$5 million each year from FY 2026 through FY 2030.

Ecology assumes organizations would submit an application to Ecology which follows the guidelines stated in section 3. Ecology assumes coordination with local governments to administer the program. Upon approval, the grant recipient would use funds to replace the equipment noted in Section 3 through fewer, more expensive pieces of equipment such as specialty vehicles or standing mowers. In addition, the grant recipient would have the option to replace a large quantity of smaller equipment noted in Section 3 such as weed trimmers or leaf blowers.

Ecology assumes no new IT costs to administer the program. Ecology assumes no need for a new customized tracking or reporting portal. Additional costs to establish and maintain a grant program in Ecology's Administration of Grants and Loans (EAGL) system are shown in object E, Goods & Services. FY 2026 will include \$36,000 and \$7,500 will be included each year from FY 2026 through FY 2030.

Ecology estimates grant amounts of approximately \$4.5 million each year. Ecology assumes we would administer 75 grants per year up to \$60,000 per grant to provide replacement support for equipment referred to in section 3. Ecology assumes that 375 applicants would receive awarded funds over the program referred to in section 3(3).

Ecology estimates the following positions to implement the grant program beginning in FY 2026:

1.0 FTE Environmental Specialist 5 - This position would be the Grant Lead to support grant development, grant management, document review through the duration of the program.

1.0 FTE Environmental Specialist 3 - This position would provide grant development support, grant management support, and scappiness requirement review through the duration of the program.

1.0 FTE Environmental Specialist 4 - This position would provide grant support, contract management support, and reporting requirements through the duration of the program.

0.10 FTE Washington Management Service 2 - The program would require the assistance and management of a WMS2 to provide supervision, support, and outreach for the program through the duration of the program.

0.10 FTE Communication Consultant 3 - This position would provide support to developing and implementing of communication resources that include but not limited to web pages, blogs, and newsletters in FY 2026.

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

Section 2: Rulemaking:

FY 2025: \$199,598 and 0.86 FTE

FY 2026: \$129,869 and 0.72 FTE

Section 3: Small Off-Road Engine Grant Program

FY 2026: \$5,000,000 and 3.68 FTEs

FY 2027: \$5,000,000 and 3.57 FTEs

FY 2028: \$5,000,000 and 3.57 FTEs

FY 2029: \$5,000,000 and 3.57 FTEs

THE TOTAL EXPENDITURE IMPACT to Ecology under this bill is estimated to be:

FY 2025: \$199,598 and 0.86 FTE

FY 2026: \$5,129,869 and 4.40 FTEs

FY 2027: \$5,000,000 and 3.57 FTEs

FY 2028: \$5,000,000 and 3.57 FTEs

FY 2029: \$5,000,000 and 3.57 FTEs

Notes on costs by object:

Salary estimates are current biennium actual rates at Step L.

Benefits are the agency average of 34.1% of salaries.

Goods and Services are the agency average of \$6,048 per direct program FTE. Also included are AGO costs of \$59,000 in FY 2025 and \$15,000 in FY 2026.

Travel is the agency average of \$2,205 per direct program FTE.

Equipment is the agency average of \$1,286 per direct program FTE.

Grants are included at approximately \$4.5 million each year from FY 2026 to FY 2030 based on the intent in section 3 to fund the grant program at \$5 million per year, minus costs to administer the program.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 29.8% 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
001-1	General Fund	State	0	199,598	199,598	129,869	0
26C-1	Climate Commitment Account	State	0	0	0	10,000,000	10,000,000
Total \$			0	199,598	199,598	10,129,869	10,000,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.9	0.4	4.0	3.6
A-Salaries and Wages		75,515	75,515	605,481	536,400
B-Employee Benefits		25,751	25,751	206,469	182,912
E-Goods and Other Services		65,536	65,536	101,413	52,498
G-Travel		1,654	1,654	15,282	13,672
J-Capital Outlays		965	965	8,913	7,974
N-Grants, Benefits & Client Services				8,950,349	8,992,188
9-Agency Administrative Overhead		30,177	30,177	241,962	214,356
Total \$	0	199,598	199,598	10,129,869	10,000,000

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
COMM CONSULTANT 3	71,149				0.1	
ECONOMIC ANALYST 3	95,627				0.1	
ENVIRONMENTAL ENGINEER 6	128,628		0.3	0.1	0.1	
ENVIRONMENTAL PLANNER 3	86,716		0.5	0.3	0.1	
ENVIRONMENTAL SPEC 3	74,489				1.0	1.0
ENVIRONMENTAL SPEC 4	86,324				1.0	1.0
ENVIRONMENTAL SPEC 5	95,387				1.0	1.0
FISCAL ANALYST 2			0.1	0.0	0.4	0.3
IT APP DEV-JOURNEY			0.0	0.0	0.2	0.2
REGULATORY ANALYST 2	88,798				0.0	
WMS BAND 2	120,000				0.1	0.1
Total FTEs			0.9	0.4	4.0	3.6

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.

Ecology assumes we would adopt California's small off-road engine and equipment standards by rule as authorized under section 2, and establish the small off-road engine program requirements by rule.

Individual State Agency Fiscal Note

Bill Number: 2051 HB	Title: Small off-road engines	Agency: 465-State Parks and Recreation Commission
-----------------------------	--------------------------------------	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost 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: Jacob Lipson	Phone: 360-786-7196	Date: 01/02/2024
Agency Preparation: Ryan Karlson	Phone: (360) 902-8650	Date: 01/10/2024
Agency Approval: Pam Barkis	Phone: (360) 902-8535	Date: 01/10/2024
OFM Review: Matthew Hunter	Phone: (360) 529-7078	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.

House Bill 2051 proposes the adoption of California's small off-road engine and equipment (SORE) standards and authorizes the Department of Ecology to adopt rules to maintain standards.

State Parks utilize small equipment to perform necessary routine maintenance. There would be an indeterminate fiscal impact of over \$50,000 for the agency to replace hundreds of pieces of outdoor power equipment as identified in SORE standards.

Section 1 outlines the intent to accelerate the phasing out of fossil fuel-powered landscaping equipment by establishing temporary sales and use tax relief and temporary grant program.

Section 2 adopts California's small off-road engine and equipment (SORE) standards and authorizes the Department of Ecology to adopt rules to maintain consistency with California standards.

This proposal does not mandate transition to zero emission outdoor power equipment but would impact the agency's equipment purchasing decisions after January 1, 2027, or when deemed feasible by Ecology and allowed under the federal Clean Air Act, whichever is later. Ecology may temporarily delay the effective date for specific categories or use cases. The proposed SORE standards would noticeably impact the agency's future procurement of lawn mowers, weed trimmers, leaf blowers, pressure washers and other equipment meeting the definition of "small off-road engine or equipment" (producing less than 25 gross horsepower). Notably, this section exempts chainsaws and generators from proposed standards.

Section 3 establishes a temporary grant program for local governments to purchase zero emission outdoor power equipment. State Parks would not be eligible for this program.

Sections 4 and 5 establish temporary sale and use tax exemptions for zero emission outdoor power equipment that expire on January 1, 2030. This narrow period of tax exemption would provide limited cost relief to Parks given the scope of outdoor power equipment subject to these standards and the uncertain costs associated with full-scale equipment replacement.

Section 6 expands the Climate Commitment Account (CCA) to include the outdoor power equipment grant program and provides for transfers to the General Fund to offset revenue losses from sales and use tax exemptions for zero emission outdoor power equipment. This provision could reduce the amount of CCA funds available to provide relief to agencies that routinely operate outdoor equipment subject to these standards.

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.

State Parks would not be subject to near-term costs to implement or comply with this proposal. However, the agency has an inventory of small outdoor power equipment and would incur future fiscal impacts.

Within its 125 developed state parks, the agency maintains a large inventory of outdoor power equipment traditionally powered by fossil fuels. Inventory includes over 600 individual units of equipment subject to this proposed bill. Examples include lawn mowers, weed trimmers, blowers and other hand-held equipment that is used in the daily operation and maintenance of the state park system.

There would be an indeterminate upfront cost to replace existing inventory with electric models. The cost difference could range between \$100-\$1,000; assuming 600 items the additional cost to replace this equipment would be \$60,000 - \$600,000

Given the SORE standards have yet to be finalized by the federal Environmental Protection Agency (EPA), there is uncertainty whether outdoor power equipment subject to these standards would be available at a commercial scale required for Parks operation and maintenance.

The agency assumes that the standardized power equipment would be available and feasible to use after January 1, 2027. Additionally, Parks assumes the option to work with Ecology to temporarily delay the effective start date of restrictions if the agency is unable to find suitable alternatives as outlined in Section 2(b).

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

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

III. B - Expenditures by Object Or Purpose

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

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: 2051 HB	Title: Small off-road engines	Agency: 477-Department of Fish and Wildlife
-----------------------------	--------------------------------------	--

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: Jacob Lipson	Phone: 360-786-7196	Date: 01/02/2024
Agency Preparation: Tiffany Hicks	Phone: (360) 902-2544	Date: 01/08/2024
Agency Approval: Tiffany Hicks	Phone: (360) 902-2544	Date: 01/08/2024
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 01/08/2024

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 has no fiscal impact for DFW. The bill directs Ecology to create a grant program to incentivize electrification for small engines (e.g., lawnmowers) (Sec. 3). The bill also creates a sales tax exemption for zero-emission outdoor power equipment (Sec. 4 and 5). The incentives expire Jan. 1, 2030. The funding for the grant program and the sales tax exemption is provided through the existing Climate Commitment Account (Sec. 6).

II. B - Cash receipts Impact

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

II. C - Expenditures

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

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 2051 HB	Title: Small off-road engines	Agency: 490-Department of Natural Resources
-----------------------------	--------------------------------------	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost 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: Jacob Lipson	Phone: 360-786-7196	Date: 01/02/2024
Agency Preparation: Ana Cruz	Phone: 3609021121	Date: 01/12/2024
Agency Approval: Brian Considine	Phone: 3604863469	Date: 01/12/2024
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 amends RCW 70A.65.260 to reduce emissions from small off-road engines and equipment by replacing use of gasoline-powered and diesel-powered equipment with electric and battery-operated equipment.

Section 2(1): The California small off-road engine and equipment standards in Title 13 of the California Code of Regulations are adopted by the legislature pursuant to the federal clean air act. The Department of Ecology is authorized to adopt rules to implement the small off-road engine and equipment standards of the state of California and may amend the rules from time to time to maintain consistency with the California standards. The rules apply only to small off-road engines and equipment produced on or after January 1, 2027, or as soon as the department determines that it is feasible and allowed under the federal clean air act, whichever is later.

Section 2(2)(a): Provides exemption for chainsaws and generators.

Section 3(4)(a): "Outdoor power equipment" means equipment designed or marketed for use in an outdoor setting in the management of vegetation, landscaped outdoor spaces, or built spaces that is powered by an engine that produces a gross horsepower of less than 25 or is designed to produce less than 25 horsepower. "Outdoor power equipment" includes vegetation cutting equipment, leaf blowers, leaf vacuums, mulchers, edgers, pressure washers, and snowblowers.

Section 3(4)(b): "Vegetation cutting equipment" includes lawn mowers, riding lawn mowers, hedge trimmers, string trimmers, brush cutters, pole trimmers, pole saws, and log splitters.

The bill at present refers to the California Title 13 emission standards but is unclear which standards may be adopted. If standards define sector or equipment exemptions this may change fiscal impact long term. There are indeterminate costs due to unknown factors. Assumes equipment prior to January 1, 2027 will not be outright banned so replacements will be on a regular schedule but with new standards and batteries, the total cost will be more expensive than current gas-powered models. Ecology may also delay effective dates for specific equipment categories if no suitable alternative exists.

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.

Based on the Attorney General office's feedback, the Department of Natural Resources (DNR) assumes that there would not be a total ban on gas-powered equipment produced prior to January 1, 2023. Gas-powered equipment still in inventory would still be utilized until the normal replacement schedule. For equipment that can be replaced with suitable zero emissions technology starting in 2027, DNR will need to purchase a small amount of replacement equipment annually for ten years (as it reaches the end of its useful life), until the entire inventory of fossil-fuel powered equipment has been replaced.

DNR has an inventory of small off-road equipment (SORE) and estimates future fiscal impacts. Inventory includes approximately 270-350 individual pieces of equipment affected by this proposed legislation. Items included in this estimate are lawn mowers, weed eaters, and other hand-held equipment used for daily operations and maintenance of DNR lands. DNR assumes pumps are exempt from this bill due to portability and are not included in the cost estimates.

DNR costs are indeterminate due to the unknown amount of total equipment needed and the unknown costs of replacement equipment, as some items do not have suitable alternatives. Costs are estimated to range from \$300 to \$4,100 for equipment replacement and two back-up batteries to allow for daily continued usage. Total costs are estimated between \$81,000 and \$1,435,000.

Due to SORE standards not yet being finalized by the federal Environmental Protection Agency (EPA), there is uncertainty whether outdoor power equipment subject to these standards would be available at a commercial scale required for DNR operations and maintenance.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

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

III. B - Expenditures by Object Or Purpose

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

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

LOCAL GOVERNMENT FISCAL NOTE

Revised

Department of Commerce

Bill Number: 2051 HB

Title: Small off-road engines

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

Legislation Impacts:

- Cities: sales tax revenue loss, grant revenue increase, conformance and nonconformance expenses, potential legal costs
- Counties: sales tax revenue loss, grant revenue increase, conformance and nonconformance expenses, potential legal costs
- Special Districts: sales tax revenue loss, conformance and nonconformance expenses
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
City		(304,230)	(304,230)	2,815,958	(1,200,990)
County		(387,708)	(387,708)	(1,057,712)	(6,176,872)
Special District		(338,652)	(338,652)	(3,544,296)	(8,015,737)
TOTAL \$		(1,030,590)	(1,030,590)	(1,786,050)	(15,393,599)
GRAND TOTAL \$					(18,210,239)

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 01/15/2024
Leg. Committee Contact: Jacob Lipson	Phone: 360-786-7196	Date: 01/02/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/15/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 01/15/2024

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 program to be administered by the state that will require action from local governments. Contingent upon this new program being funded in the state budget, \$5,000,000 per calendar year will be provided to local governments in the form of grants.

Section 1 describes legislative intent of the bill: to establish temporary sales and use tax relief and a temporary grant program for zero emissions landscaping equipment to accelerate the phase out of super-polluting fossil fuel-powered equipment and to restrict the introduction of new polluting small off-road engine equipment.

Section 2 creates a new section in RCW 70A.30 [Motor Vehicle Emission Standards] to duplicate a California Code of Regulations and allow the State Dept. of Ecology rule making ability regarding this law's consistency with California standards and other requirements. This section provides definitions for "small off-road engine" and "small off-road equipment."

Section 3 creates a new section in RCW 43.21A [Department of Ecology] to establish an Outdoor Power Equipment Grant Program to be administered by the Dept. of Ecology for local governments. This section provides \$5,000,000 per calendar year from 2025 to 2029, contingent upon state allocation, to the Dept. of Ecology to administer the outdoor power equipment grant program to local governments. This section provides definitions and expires January 1, 2030.

Section 4 and 5 create a new and corresponding Retail Sales and Use Tax exemption beginning January 1, 2025 (according to the Dept. of Revenue fiscal note assumption) and ending January 1, 2030 on the sale of zero emissions outdoor power equipment.

Section 6 amends RCW 70A.65.260 [Climate Commitment Account] to add to a list of projects/activities/programs that may be funded from the account the "programs, activities, or projects that reduce and mitigate impacts from greenhouse gases and pollutants on vulnerable populations, including the outdoor power equipment grant program" or "transfers to the general fund to offset revenue losses from the tax preferences established in sections 4 and 5 of this act."

Section 7 adds a new section to clarify: if any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

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.

JURISDICTIONS IN NON-CONFORMANCE

There is no way to predict the results of the Dept. of Ecology's rulemaking process and how the new rules will impact local jurisdictions. Some jurisdictions may elect not to bring their codes and practices into conformance with these new rules by a given deadline. It is unknowable what nonconformance will cost jurisdictions. It is unclear if local jurisdictions will pursue litigation and what the legal costs of such action would be. According to the Assistant Attorney General's fiscal analysis, the AAG "anticipates litigation over the rule as a similar legislative effort on vehicle emissions has generated two lawsuits". However, litigation costs cannot be anticipated in advance 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.

GRANT REVENUE FOR LOCAL GOVERNMENTS

The legislature intends to dedicate \$5,000,000 per year to the outdoor power equipment grant program, beginning in calendar year 2025 and ending in calendar year 2029. Contingent upon the allocation of intended funds, the budgeted

amount of \$5M per calendar year (CY) is predicted by the Dept. of Ecology to see approximately \$500,000 in administrative deductions per year from fiscal year 2026 to fiscal year 2029. These deductions will create a corresponding reduction in available grant revenue for local governments applying for grant funds, and may include rulemaking expenses, system maintenance expenses, staff expenses, and other administrative costs (see Ecology fiscal note for more detail).

The Dept. of Ecology (Ecology) assumes rulemaking for this new grant program will take place from July 2024 to December 2025 and grant funds will become available to local governments upon completion of the rulemaking process: in January 2026. For the purposes of considering local government revenues through this grant program with a start date of January 2026, \$4.5 million dollars (with administrative deductions) will be available to local governments in the second half of fiscal year 2026 and zero grant dollars will be available in FY 2025.

Calendar Year to Fiscal Year Conversion:

FY 2024 \$ 0
FY 2025 \$ 0
FY 2026 \$ 4,500,000
FY 2027 \$ 4,500,000
FY 2028 \$ 4,500,000
FY 2029 \$ 4,500,000.

Ecology assumes they would administer 75 grants per year up to \$60,000 per grant to provide replacement support for equipment referred to in section 3. Ecology assumes that 375 applicants would receive awarded funds over the program referred to in section 3(3).

It is unknown which local government types will apply for and receive these grant funds. For the purposes of this fiscal note the LGFN Program assumes a) 100% of the available grant monies will be distributed to local governments each year, b) 2/3 of the available funds (50 grants/year or \$3,000,000/year) will be granted to cities/towns, and c) 1/3 of the available funds (25 grants/year or \$1,500,000/year) will be granted to counties.

COUNTIES

FY 2024 \$0
FY 2025 \$0
FY 2026 \$1,500,000
FY 2027 \$1,500,000
FY 2028 \$1,500,000
FY 2029 \$1,500,000

CITIES

FY 2024 \$0
FY 2025 \$0
FY 2026 \$3,000,000
FY 2027 \$3,000,000
FY 2028 \$3,000,000
FY 2029 \$3,000,000

SALES AND USE TAX REVENUE LOSS

According to the Dept. of Revenue, local revenue estimates use the statewide average local sales and use tax rate of 2.95%. Section 4 and 5 of this bill will decrease local revenues by an estimated \$1.0 million in the four months of impacted collections in fiscal year 2025, and by \$3.3 million in fiscal year 2026, the first full year of impacted collections.

COUNTIES

FY 2024	0
FY 2025	-387708
FY 2026	-1233142
FY 2027	-2824570
FY 2028	-4504265
FY 2029	-4672607

CITIES

FY 2024	0
FY 2025	-304230
FY 2026	-967633
FY 2027	-2216409
FY 2028	-3534447
FY 2029	-3666543

SPECIAL DISTRICTS

FY 2024	0
FY 2025	-338652
FY 2026	-1077115
FY 2027	-2467181
FY 2028	-3934348
FY 2029	-4081389

METHODOLOGY

The distributions in this note for cities, counties, and special districts are based on DOR data for local sales and use tax distributions from Calendar Year 2022. Mitigation payments and distributions to hospital benefit zones are not factored into this distribution. The result is a distribution of 37.62 percent to counties, 29.52 percent to cities, and 32.86 percent to special districts. The one percent DOR administrative fee has also been deducted.

DIFFERENCE OF GRANT REVENUE INCREASE AND TAX REVENUE LOSS

COUNTIES

FY 2024	-
FY 2025	(387,708)
FY 2026	266,858
FY 2027	(1,324,570)
FY 2028	(3,004,265)
FY 2029	(3,172,607)

CITIES

FY 2024	-
FY 2025	(304,230)
FY 2026	2,032,367
FY 2027	783,591
FY 2028	(534,447)
FY 2029	(666,543)

SPECIAL DISTRICTS (*assumed not to benefit from grant program and expected to lose tax revenue)

FY 2024	-
FY 2025	(338,652)
FY 2026	(1,077,115)
FY 2027	(2,467,181)
FY 2028	(3,934,348)
FY 2029	(4,081,389)

SOURCES

Department of Revenue Fiscal Note
Assistant Attorney General Fiscal Note
Washington State Dept. of Ecology
Department of Revenue Local Tax Distributions