

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6092 SB	<b>Title:</b> Greenhouse gas disclosures	<b>Agency:</b> 461-Department of Ecology
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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	8.3	4.2	8.8	6.9
<b>Account</b>					
General Fund-State      001-1	0	1,263,978	1,263,978	2,666,880	2,128,976
<b>Total \$</b>	0	1,263,978	1,263,978	2,666,880	2,128,976

### 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.

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## 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, cited as the Washington climate corporate data accountability act, would add a new section to Title 70A RCW to require certain businesses operating in Washington state to report direct (scope 1) and indirect (scopes 2 and 3) greenhouse gas emissions to Ecology based on corporate reporting standards Ecology would develop.

Section 3(1) would require companies operating in Washington state with global company revenues above \$1 billion to report to Ecology the entity's scope 1 and scope 2 emissions annually starting October 1, 2026, and scope 3 emissions starting October 1, 2027. The report would be consistent with the guidelines required under this section.

Section 3(2) would require Ecology to adopt guidelines by rule by January 1, 2025. Ecology's rules would be consistent with the guidelines in section 3. Ecology would be required to develop rules and technical expertise on GHG Protocol to develop carbon intensities for the entities required to report. Section 3(2) outlines details that should be considered when creating the reporting guidance and section 3(2)(c) allows Ecology to periodically update the guidance to be consistent with emissions reporting protocols that reporting entities follow in other jurisdictions in which they do business, including adopted rules of the United States Securities and Exchange Commission and nongovernmental organizations such as CDP global.

Section 3(3) would require Ecology to consult with stakeholders in developing the guidelines.

Section 3(4) would require Ecology to investigate the availability of data and generally accepted protocols for estimating the carbon intensity of reporting entity operations, including carbon intensity estimates for compliance under the Washington Climate Commitment Act and Clean Fuel Standard. If Ecology determines there is sufficient data and accepted protocols for estimating carbon intensity, Ecology would be required to amend the guidelines to require carbon intensity information to be included in the reports submitted by entities.

Section 3(5) would require Ecology to create a web-based reporting platform for making reports easily accessible to the public.

Section 3(6) clarifies that Ecology would not be required to review the accuracy or completeness of the report but would be required to ensure the report included an analysis completed by an independent auditor.

Section 3(8) would require Ecology to monitor audits of reporting in order determine if companies had late, incomplete, or inaccurate submissions so that those findings could be posted on Ecology website.

### 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 to implement the requirements of section 3.

Section 3 would require Ecology to develop rules and create reporting guidance for companies with global emissions from scope 1, 2, and 3 emissions. Guidelines would, to the extent practicable, incorporate the greenhouse gas protocol corporate

accounting and reporting standard and greenhouse gas protocol corporate value chain (scope 3) accounting and reporting standard developed by the World Resources Institute and the World Business Council for Sustainable Development. Ecology would also be required to investigate the availability of data and generally accepted protocols for estimating the carbon intensity of reporting entity operations, including carbon intensity estimates for compliance under the Washington climate commitment act, chapter 70A.65 RCW, and the clean fuels program, chapter 70A.535 RCW. Ecology would also be required to create a public facing web-based platform for easy public access the reports. Ecology would by rule direct companies to report emissions to The Climate Registry's platform which would link to an Ecology webpage.

Ecology estimates the cost to implement section 3 would include:

Environmental Planner 5 – 1.0 FTE in FY 2028 and ongoing – This position would be the subject matter expert providing policy and technical support for reporting, guidance, and scope 1, 2, and 3 emissions guidance protocols after work on the rule was complete. This position would be the team lead / unit supervisor for the report implementation team and would strategically plan guidance updates based upon best available science.

Environmental Engineer 6 – 1.0 FTE in FY 2028 and ongoing – This position would provide policy support and specialize in GHG protocols for scope 3 calculation methodologies to update acceptable uses of primary and secondary sources and would update methods as industry average and proxy data improvements became available after work on the rulemaking. Additional work would include technical support for the development, and maintenance, of third-party verifier criteria and guidance, updates to guidance as necessary for alignment and consistency with other jurisdictions and the best available science for emission accounting.

Section 3(4) would require a subject matter expert to investigate the availability of data and generally accepted protocols for estimating the carbon intensity of reporting entity operations, including carbon intensity estimates for compliance under the Washington Climate Commitment Act, chapter 470A.65 RCW, and the Clean Fuels Program, chapter 70A.535 RCW

Natural Resource Scientist 4 – 1.0 FTE in FY 2025 and ongoing – This position would act as technical expert in evaluating Climate Commitment Act and Clean Fuel Standard carbon intensity accounting and would determine how and where state-specific data could be incorporated into emissions reporting protocols. If Ecology determined this information could be included in the report, work for reviewing and updating standards for protocols for estimating carbon intensity emissions.

Environmental Specialist 5 – 2.0 FTE in FY 2027 and ongoing – These staff would act as statewide subject matter experts and would act as technical points of contact and support specialists for the estimated 1,500+ entities submitting reports. These positions would review the records management database, compile and review auditor report completeness determinations, and post a notice of auditor determinations for reporting entities on the platform. Positions would communicate with reporting entities as necessary to interpret reporting and auditing guidelines, and ensure reports are easily accessible to the public.

Communications Consultant 3 – 1.0 FTE in FY 2027 and ongoing – This position would provide communications support through the development of reporting guidelines. This position would lead in the development of communications plans, lead stakeholder meetings, develop talking points, and provide communication to media and stakeholders.

IT App Development Journey - 0.25 FTE in FY 2025. This position would implement coding and application development or installation requirements to support the platform to report outstanding issues with reporters.

Ecology estimates Rulemaking costs for Section 3 would include:

Section 3(2) would require Ecology to implement rules by January 1, 2025, which is a compressed period for a complex rulemaking. Due to the compressed timeline, Ecology would be required to implement an emergency rulemaking while also conducting a complete 2.5 year rulemaking process, which Ecology estimates would increase staff workload. Because

emergency rulemakings are temporary and reoccur every six months until rules are finalized, Ecology estimates additional staff for the duration of the rulemaking.

Ecology estimates that the rulemaking would be highly complex, controversial and generate substantial public interest and input. It would require at least 2.5 years, from July 1, 2024, to January 1, 2027. This type of rulemaking would include, at least 6 preproposal meetings to gather input from stakeholders and develop the Environmental Justice Assessment and then, at least 3 public hearings to accept comments on the rule proposal.

Rulemaking Lead: Ecology estimates that an Environmental Planner 3 would spend 1.0 FTE in FY 2025 and FY 2026, and 0.5 FTE in FY 2027 coordinating the formal rulemaking effort. The emergency rulemaking and compressed timeline would add 0.25 FTE in FY 2025 and FY 2026, and 0.12 FTE in FY 2027.

Technical Leads: Ecology estimates that an Environmental Engineer 6 would spend 1.0 FTE in FY 2025, 2026, and 2027 to support the development of guidance in section 3(2), including greenhouse gas protocol corporate accounting and reporting standard and greenhouse gas protocol corporate value chain accounting and reporting. The emergency rulemaking and compressed timeline would add 0.25 FTE in FY 2025 and FY 2026, and 0.12 FTE in FY 2027.

Environmental Planner 5 would spend 1.0 FTE in FY 2025, 2026 and 2027 review and align guidelines, reporting, timelines and information with other emissions reports and analysis required by other state and federal emissions reduction laws and to be consistent with emissions reporting protocols that reporting entities follow in other jurisdictions in which they do business, including adopted rules of the United States securities and exchange commission and nongovernmental organizations such as CDP global. The emergency rulemaking and compressed timeline would add 0.25 FTE in FY 2025 and FY 2026, and 0.12 FTE in FY 2027.

Environmental Specialist 3 would spend 1.0 FTE in FY 2025 and FY 2026, and 0.5 FTE in FY 2027 to review and consider input from Tribes, stakeholders that are reporting entities, stakeholders reporting consumer and environmental justice interests, and other stakeholders, including experts in climate science and corporate greenhouse gas emissions accounting. Additional work would include consultation with reporting entities that have demonstrated leadership in full-scope greenhouse gas emissions, public disclosure, and emissions reductions. The emergency rulemaking and compressed timeline would add 0.25 FTE in FY 2025 and FY 2026, and 0.12 FTE in FY 2027.

Public Outreach Coordinator: Ecology estimates that Communication Outreach and Environmental Education Specialist 3 would spend 1.0 FTE in FY 2025 and FY 2026, and 0.5 FTE in 2027 to support Tribal and public engagement and outreach during the rulemaking process.

The following positions would complete an economic and regulatory analysis of the rule: Economic Analyst 3, 0.25 FTE in FY 2027; Regulatory Analyst 2, 0.1 FTE in FY 2027.

Ecology would hold 2 public hearings in FY 2025 and 1 public hearing in FY 2027 for rulemaking.

Goods and services estimates include facility rental costs estimated at \$3,100 per hearing.

The Attorney General's Office estimates support to Ecology for rulemaking would require 0.08 FTE of an AAG each year in FY 2025, FY 2026, and 2027 (\$23,200 each year).

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

Rulemaking is estimated to require:

FY 2025: \$1,061,802 and 6.9 FTEs

FY 2026: \$1,064,902 and 6.9 FTEs

FY 2027: \$811,129 and 5.0 FTEs.

Reporting is estimated to require:

FY 2025: \$202,176 and 4.6 FTEs

FY 2026: \$153,162 and 1.2 FTEs

FY 2027: \$637,687 and 4.6 FTEs

FY 2028: \$1,064,488 and 6.9 FTEs

FY 2029: \$1,064,488 and 6.9 FTEs.

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

FY 2025: \$1,263,978 and 8.3 FTEs

FY 2026: \$1,218,064 and 8.1 FTEs

FY 2027: \$1,448,816 and 9.6 FTEs

FY 2028: \$1,064,488 and 6.9 FTEs

FY 2029: \$1,064,488 and 6.9 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. Goods and Services also includes AGO costs of \$23,200 each year in FY 2025 through FY 2027, and meeting costs of \$3,100 in FY 2025 and \$6,200 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.

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	1,263,978	1,263,978	2,666,880	2,128,976
<b>Total \$</b>			0	1,263,978	1,263,978	2,666,880	2,128,976

#### III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		8.3	4.2	8.8	6.9
A-Salaries and Wages		671,324	671,324	1,417,911	1,157,350
B-Employee Benefits		228,922	228,922	483,508	394,658
E-Goods and Other Services		70,148	70,148	145,317	72,576
G-Travel		15,985	15,985	33,803	26,460
J-Capital Outlays		9,326	9,326	19,716	15,432
9-Agency Administrative Overhead		268,273	268,273	566,625	462,500
<b>Total \$</b>	0	1,263,978	1,263,978	2,666,880	2,128,976

**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
COM OUTRCH & ENV ED SP 3	67,717		1.0	0.5	0.8	
COMM CONSULTANT 3	71,149				0.5	1.0
ECONOMIC ANALYST 3	95,627				0.1	
ENVIRONMENTAL ENGINEER 6	128,628		1.3	0.6	1.2	1.0
ENVIRONMENTAL PLANNER 3	86,716		1.3	0.6	0.9	
ENVIRONMENTAL PLANNER 5	105,612		1.3	0.6	1.2	1.0
ENVIRONMENTAL SPEC 3	74,489		1.3	0.6	0.9	
ENVIRONMENTAL SPEC 5	95,387				1.0	2.0
FISCAL ANALYST 2			0.7	0.4	0.8	0.6
IT APP DEV-JOURNEY	107,154		0.3	0.1		
IT APP DEV-JOURNEY (Admin)			0.4	0.2	0.4	0.3
NATURAL RESOURCE SPEC 4	82,512		1.0	0.5	1.0	1.0
REGULATORY ANALYST 2	88,798				0.1	
<b>Total FTEs</b>			8.3	4.2	8.9	6.9

**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.*

Section 3 would require Ecology to develop rules and create reporting guidance for companies with global emissions from scope 1, 2, and 3 emissions. Ecology would be required to implement an emergency rulemaking by January 1, 2025, while also conducting a complete 2.5-year rulemaking process.