

Multiple Agency Fiscal Note Summary

Bill Number: 1574 HB	Title: Methane/agriculture
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Estimated Cash Receipts

NONE

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	Fiscal note not available					
Local Gov. Total						

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
Washington State University	.0	2,000	2,000	2,000	.0	2,000	2,000	2,000	.0	2,000	2,000	2,000
State Conservation Commission	2.8	2,042,510	2,042,510	2,042,510	2.8	2,170,422	2,170,422	2,170,422	2.8	2,170,422	2,170,422	2,170,422
Department of Agriculture	Fiscal note not available											
Total \$	2.8	2,044,510	2,044,510	2,044,510	2.8	2,172,422	2,172,422	2,172,422	2.8	2,172,422	2,172,422	2,172,422

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	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State University	.0	0	0	.0	0	0	.0	0	0
State Conservation Commission	.0	0	24,900,000	.0	0	0	.0	0	0
Department of Agriculture	Fiscal note not available								
Total \$	0.0	0	24,900,000	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	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Agency Name	2023-25		2025-27		2027-29	
	Total		Total		Total	
Grants/Loans	24,900,000		0		0	
Total \$	24,900,000		0		0	

Prepared by: Matthew Hunter, OFM	Phone: (360) 529-7078	Date Published: Final 1/23/2024
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Individual State Agency Fiscal Note

Bill Number: 1574 HB	Title: Methane/agriculture	Agency: 365-Washington State University
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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
Account					
General Fund-State 001-1	1,000	1,000	2,000	2,000	2,000
Total \$	1,000	1,000	2,000	2,000	2,000

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: Robert Hatfield	Phone: 360-786-7117	Date: 01/17/2024
Agency Preparation: Anne-Lise Brooks	Phone: 509-335-8815	Date: 01/22/2024
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 01/22/2024
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 01/23/2024

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 1574 relates to supporting Washington agriculture by capturing methane and reducing greenhouse gas emissions as the legislature finds that Washington's crop and livestock farms offer some of the most cost-effective, readily available opportunities to reduce greenhouse gas emissions to help achieve the state's pollution reduction goals.

The intent of the bill is to appropriate funds through the state conservation commission's sustainable farms and fields program that support these practices on crop and livestock farms while supporting research that leads to new, innovative approaches to reduce greenhouse gas emissions, creating renewable energy, and marketable by-products.

Section 3 indicates that Washington State University will be consulted by the commission (WA state conservation commission) in order to develop a farms and field grant program.

II. B - Cash receipts Impact

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

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.

Costs are estimated for travel to meetings for the advisory board.

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	1,000	1,000	2,000	2,000	2,000
Total \$			1,000	1,000	2,000	2,000	2,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel	1,000	1,000	2,000	2,000	2,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	1,000	1,000	2,000	2,000	2,000

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: 1574 HB	Title: Methane/agriculture	Agency: 471-State Conservation Commission
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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	2.8	2.8	2.8	2.8	2.8
Account					
General Fund-State 001-1	957,299	1,085,211	2,042,510	2,170,422	2,170,422
Total \$	957,299	1,085,211	2,042,510	2,170,422	2,170,422

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Pre-design/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	24,900,000	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	0	24,900,000	0	0	0	0

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: Robert Hatfield	Phone: 360-786-7117	Date: 01/17/2024
Agency Preparation: Karla Heinitz	Phone: 360-878-4666	Date: 01/23/2024
Agency Approval: Sarah Groth	Phone: 360-790-3501	Date: 01/23/2024
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 01/23/2024

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 2. of the bill adds definitions for alternative manure and agricultural waste management, climate-smart agricultural waste management, climate-smart livestock management, and precision agriculture to 89.08.610

Section 3 creates a new subsection in RCW 89.08.615 which directs specific appropriations to be used to fund: 1) cost-share grants for anaerobic digester development; 2) technical and financial assistance for climate-smart livestock management including alternative manure management practices; 3) grants for innovative research and demonstration projects with greenhouse gas reduction benefits; and 4) the creation of an ongoing advisory committee. Up to 5% of these appropriations may be used towards the administration for grant management, advisory committee support, analysis, and reporting.

Creates one position at the Commission and other positions as needed with expertise in livestock nutrient management and carbon markets who will disseminate information and provide support to agricultural producers applying for funding opportunities.

Section 3 also includes clarifications of fundable activities in RCW 89.08.615.

Cost-share grants for applicants licensed to conduct business in the state of WA for anaerobic digester development, which includes digester projects for codigestion of manure with other sources of agricultural or preconsumer organic waste.

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.

Section 3 of the bill directs the State Conservation Commission (SCC) to provide financial assistance to agricultural producers to implement best management practices that increase carbon sequestration and reduce livestock and soil greenhouse gas emissions. A multistakeholder ongoing advisory committee administered by SCC and the WA Department of Agriculture to administer a grant program for anaerobic digester development that includes co-digestion of manure with other sources of agricultural or pre-consumer organic waste, and technical and financial assistance for climate-smart livestock management practices, including alternative manure and agricultural waste management. It creates at least one position at SCC and other positions as needed with expertise in livestock nutrient management and carbon markets to disseminate information and provide support to ag producers applying for funding opportunities.

To administer the new grant program to the Sustainable Farms and Fields (SFF) program at the Commission, the Commission anticipates the following:

Natural Resource Scientist 3 (.3 FTE) to oversee the advisory committee, grants, and contracts, and manage other areas of the program (on staff now).

New FTEs needed.

Administrative Assistant (.5 FTE), who would help set up and assist with the advisory meetings and provide assistance to the program manager.

Contracts Specialist (1 FTE) to create procurement documents, set up and manage contracts, and reimbursement payments. and manage the budget.

Program Specialist (1 FTE) to set up grants, process and manage reimbursements, and manage the budget.

Goods and Services for FY 24 are for new 2 new full FTEs computer and startup costs, and ongoing supplies and central services for other FTEs.

Goods and Services for FY 25 are for each employee for supplies and central services.

Funding for these positions has been provided for 23-25 BN under Sec. 307 of SB 5187, so the programmatic costs for this activity are not shown in this analysis until FY 26.

SCC anticipates \$600,000 would be needed to provide cost-share funding to agricultural producers. SCC would work with local conservation districts who would provide technical assistance to agricultural producers on these projects. Conservation District staff would meet with landowners and discuss site-specific options to increase carbon sequestration in soil organic matter levels and standing vegetation and reduce livestock and soil greenhouse gas emissions. Conservation District would provide guidance and cost-share options to implement alternative manure and agricultural waste management, climate-smart agricultural waste management, and climate-smart livestock management practices to store manure and agricultural waste to reduce greenhouse gas emissions. (\$225,000 for CD technical assistance).

Local agricultural/landowner stipend (\$20,000) to attend a few advisory committee meetings to provide input and community perspective (engagement).

NOTE:
 SCC received a budget proviso of \$30 million in the 23-25 Operating budget Section 307(9) of SB 5187 for On-Farm GHG Reduction Grants in Operating funding. It has taken time to implement standing-up a new grants program and the long-term investment for the types of projects it will fund.

SCC plans to implement \$3 million in Technical and Financial Assistance for Alternative Manure Management. In Section 307 of SB 5187 \$6 million was awarded, \$3.1 million is currently operating and \$2.9 million is shown for future capital.

SCC will use \$100,000 of the funding in FY 24 to support any pre-project work and technical assistance that the districts or others may need to help determine project eligibility.

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	957,299	1,085,211	2,042,510	2,170,422	2,170,422
Total \$			957,299	1,085,211	2,042,510	2,170,422	2,170,422

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.8	2.8	2.8	2.8	2.8
A-Salaries and Wages	7,812	178,230	186,042	356,460	356,460
B-Employee Benefits	2,737	62,381	65,118	124,762	124,762
C-Professional Service Contracts					
E-Goods and Other Services	1,750	19,600	21,350	39,200	39,200
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	945,000	825,000	1,770,000	1,650,000	1,650,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	957,299	1,085,211	2,042,510	2,170,422	2,170,422

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Assistant 3 Range 40 Step G	46,596	0.5	0.5	0.5	0.5	0.5
Contracts Specialist 2	65,748	1.0	1.0	1.0	1.0	1.0
Natural Resource Scientist 3, Range 60 Step H	78,120	0.3	0.3	0.3	0.3	0.3
Program Specialist 3, Range 53, Step H	65,748	1.0	1.0	1.0	1.0	1.0
Total FTEs		2.8	2.8	2.8	2.8	2.8

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26A-1	Carbon Emissions Reduction Account	State	0	24,900,000	24,900,000	0	0
Total \$			0	24,900,000	24,900,000	0	0

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays		24,900,000	24,900,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	24,900,000	24,900,000	0	0

IV. C - Capital Budget Breakout

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

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Pre-design/Design					
Construction					
Grants/Loans		24,900,000	24,900,000		
Staff					
Other					
Total \$		24,900,000	24,900,000		

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

NONE

In SCC's 23-25 Operating Budget a \$30 million proviso was listed in the climate commitment account-state appropriation for Sustainable Farms and Fields program. According to the proviso language (listed below), the funding was divided to accomplish \$22 million toward cost share for anaerobic digester development to dairy farm owners. Getting an advisory committee set up, meetings and discussions has taken several months. SCC will be requesting applications this spring. Construction of any digesters would not start until FY25.

SCC plans to implement \$3 million in Technical and Financial Assistance for Alternative Manure Management. The scope of this is \$6 million, \$3.1 million is currently operating and \$2.9 million is shown for future capital. SCC is holding back \$100,000 in Operating, to support any pre-project work and technical assistance districts or others may need to help determine project eligibility

SCC Proviso language Section 307 (9) of SB 5187

\$30,000,000 of the climate commitment account-state appropriation is provided solely for grants through the sustainable farms and fields program for organic agricultural waste and greenhouse gas emissions reduction through climate-smart livestock management. Of the amounts provided in this subsection:

(a) (i) The commission may grant up to \$22,000,000 toward cost-share agreements for anaerobic digester development to dairy farm owners. Grants awarded for anaerobic digester development must have at least a 50 percent nonstate match and be awarded through a competitive process that considers:

(A) The amount of greenhouse gas reduction that will be achieved by the proposal; and

(B) The amount of untreated effluent that will be decreased.

(ii) Recipients of grants under (a) (i) of this subsection must provide a report to the commission within one year of receipt of the grant, detailing the success of the project in meeting the stated criteria for the competitive process.

(b) The commission may grant up to \$6,000,000 for technical and financial assistance to increase the implementation of climate-smart livestock management, alternative manure management, and other best management practices to reduce greenhouse gas emissions and increase carbon sequestration.

(c) The commission may grant up to \$2,000,000 for research on, or demonstration of, projects with greenhouse gas reduction benefits.

(d) When funding for specific technologies, including anaerobic digesters, the commission must enter into appropriate agreements to support the state's interest in advancing innovative solutions to decarbonize while ensuring compliance with Article VIII, section 5 and Article XII, section 9 of the state Constitution.

(e) The commission must submit a report summarizing the grants awarded and the likely annual greenhouse gas emission reductions achieved as a result to the appropriate committees of the legislature by December 1, 2024.

Part V: New Rule Making Required

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