

Multiple Agency Fiscal Note Summary

Bill Number: 2249 HB	Title: CCA market impacts
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Estimated Cash Receipts

NONE

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	.0	0	0	0	.0	0	0	0	.0	0	0	0
The Evergreen State College	.2	52,220	52,220	52,220	.2	74,862	74,862	74,862	.1	50,559	50,559	50,559
Department of Ecology	1.9	0	0	611,291	2.6	0	0	818,554	.9	0	0	287,706
Total \$	2.1	52,220	52,220	663,511	2.8	74,862	74,862	893,416	1.0	50,559	50,559	338,265

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
The Evergreen State College	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Lisa Borkowski, OFM	Phone: (360) 742-2239	Date Published: Final 1/23/2024
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Individual State Agency Fiscal Note

Bill Number: 2249 HB	Title: CCA market impacts	Agency: 100-Office of Attorney General
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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: 01/16/2024
Agency Preparation: Amy Flanigan	Phone: 509-456-3123	Date: 01/22/2024
Agency Approval: Joe Zawislak	Phone: 360-586-3003	Date: 01/22/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/22/2024

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.

1. The Attorney General’s Office (AGO) Ecology Division (ECY) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing the Department of Ecology (Ecology). Under Sections 3 and 4, Ecology would engage in emergency and permanent rulemaking which would require Environmental Justice Assessments with associated Assistant Attorney General (AAG) review. The emergency and permanent rulemakings would require legal support on standard procedural issues and some legal advice related to confidentiality of information. Legal support for the rulemakings as well as the studies required under Section 2 would be minimal overall. ECY does not assume litigation challenging arguable conflict between Section 3’s provisions requiring publication of general market participant auction information and declaring such information not exempt from public disclosure, and the Climate Commitment Act’s (CCA) separate provision (in RCW 70A.65.100(9)) declaring general market participant auction information confidential and exempt from public disclosure, which the bill does not amend. New legal services are nominal and costs are not included in this request.
2. The AGO Education Division (EDU) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing the Washington State Institute for Public Policy (WSIPP). The enactment of this bill will not impact the provision of legal services to WSIPP because the report required under this bill is work that WSIPP typically performs, and it is anticipated that any legal services requested would fall within the scope of legal services regularly provided to WSIPP. Therefore, no costs are included in this request.

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: 2249 HB	Title: CCA market impacts	Agency: 376-The Evergreen State College
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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	0.3	0.2	0.2	0.2
Account					
General Fund-State 001-1	0	52,220	52,220	74,862	50,559
Total \$	0	52,220	52,220	74,862	50,559

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: 01/16/2024
Agency Preparation: Catherine Nicolai	Phone: (360) 664-9087	Date: 01/19/2024
Agency Approval: Lisa Dawn-Fisher	Phone: 512-658-0328	Date: 01/19/2024
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.

Sec 2 of HB 2249 directs the Washington State Institute for Public Policy (WSIPP) to evaluate the program performance outcomes associated with the participation of general market participants in the program established under chapter 70A.65. ""The evaluation must attempt to quantify the cost impacts of allowance prices under this chapter that are attributable to the policy decision embedded in this chapter to allow the acquisition and sale by general market participants of compliance instruments.

(2) The department must share compliance instrument market information with the Washington state institute for public policy as needed to carry out the evaluation required under subsection (1) of this section, including confidential information otherwise exempt from disclosure under RCW 70A.65.100(9). The department may require the Washington state institute for public policy to treat as confidential and exempt from public disclosure information that is shared with the institute for purposes of carrying out the evaluation in subsection (1) of this section.

(3) The Washington state institute for public policy may contract with neutral, independent third parties as necessary to assist in carrying out the requirements of this section. Any entity that is contracted under this subsection may not have received a contract related to greenhouse gas emission market programs from a general market participant or had any similar affiliation with a general market participant, during the preceding five years.

(4) As long as general market participants continue to be authorized to participate in the program established under this chapter, the Washington state institute for public policy must update the evaluation under this section and submit updated reports to the appropriate committees of the legislature by December 1st of each odd-numbered year.

The first report is due to the legislature by December 1, 2025.

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.

WSIPP assumes that the data necessary to complete this study will be made available free of cost and in a timely manner. In order to complete the assignment outlined in Sec. 2 of HB 2249, WSIPP would assign the following resources:

FY 25

- 0.25 FTE Researcher to scope the study, conduct outreach, and begin data processing.
- 0.06 FTE Methods Review to develop a study plan.

FY26

- 0.32 FTE Researcher to complete data analysis and write the report.
- 0.06 FTE Methods Review for methodological review.
- 0.06 FTE Editing/Publication for publication.

In order to complete Sec2(4) of the assignment, WSIPP would assign the following resources to update the report in every biennium:

FY28

- 0.23 FTE Researcher to update data analysis and write the report.

-0.06 FTE Editing/Publication for publication.

*Goods and other services include a 12% indirect rate for The Evergreen State College.

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	52,220	52,220	74,862	50,559
Total \$			0	52,220	52,220	74,862	50,559

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.3	0.2	0.2	0.2
A-Salaries and Wages		36,832	36,832	52,753	35,545
B-Employee Benefits		9,793	9,793	14,088	9,597
C-Professional Service Contracts					
E-Goods and Other Services		5,595	5,595	8,021	5,417
G-Travel					
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 \$	0	52,220	52,220	74,862	50,559

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
Editing/Publication	112,596				0.0	0.0
Methods Review	123,660		0.1	0.0	0.0	
Researcher	112,596		0.3	0.1	0.2	0.1
Total FTEs			0.3	0.2	0.2	0.2

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: 2249 HB	Title: CCA market impacts	Agency: 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	3.9	1.9	2.6	0.9
Account					
Climate Investment Account-State 26B-1	0	611,291	611,291	818,554	287,706
Total \$	0	611,291	611,291	818,554	287,706

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: 01/16/2024
Agency Preparation: Cristina Steward	Phone: 564-669-1723	Date: 01/22/2024
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 01/22/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	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.

Background: In 2021, the Washington Legislature passed the Climate Commitment Act (chapter 70A.65 RCW) which establishes a comprehensive cap-and-invest program to reduce carbon pollution and achieve the greenhouse gas limits set in state law. In 2022, Ecology established rules (chapter 173-446 WAC) to implement the provisions of the program, and in 2023 the first auctions of emissions allowances began.

This bill would amend RCW 70A.65.090, the requirements for the cap-invest program, and RCW 70A.65.220, Environmental Justice review for the cap-invest program.

Section 2 would require the Washington State Institute for Public Policy (Institute) to, by December 1, 2025, and each odd-numbered year thereafter, publish a report to the Legislature attempting to quantify the cost impacts of allowance prices that are attributable to the acquisition and sale of allowances by general market participants (GMPs). The information required in the reports would be calculated using market sensitive information confidentially held by Ecology.

Section 3 would require Ecology to publish information relating to GMPs as it relates to auctions and market trading. The information required to be published is market sensitive data under RCW 70A.65.100(9). Section 3(10)(d) would remove the categorization of the information published under Section 3 from designation as market sensitive under RCW 70A.65.100(9). Ecology would be required to ensure complete aggregation of underlying market data protected under 70A.65.100(9), and then provide aggregated data to the Institute.

Section 4 would amend RCW 70A.65.220 to require Ecology to use emergency rulemaking to implement the new provisions of RCW 70A.65.090, enabling the reporting of the information specified in sections 2 and 3, to begin no later than January 1, 2025.

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 sections 2, 3, and 4.

Market Data

Ecology runs the auctions for the Cap and Invest market, but once allowances are auctioned, market participants, including general market participants (GMP's), sell allowances to each other on the secondary market. Ecology does not currently monitor the secondary market, but section 2 of the bill would require Ecology to transmit information on the secondary market to the Institute. Section 3 of this bill would require Ecology to provide or publish this market data by requesting trading information from the market participants in order to calculate the secondary market cost of carbon allowances.

Ecology estimates the cost to implement section 2 and 3 would be:

Environmental Planner 3 – 0.25 FTE in FY 2025 and ongoing to compile information, securely preparing and transmitting to

the Institute, and posting on Ecology's website.

Financial Examiner 4 – 0.5 FTE in FY 2025 and ongoing to obtain the financial contracts for all allowance transfers that include general market participants to calculate net profit or loss for each of those general market participants.

Rulemaking

Section 4 would require Ecology to implement an emergency and permanent rulemaking to allow for the reporting in section 2 and 3 of the bill.

Ecology estimates that rulemaking would be highly complex and generate substantial public interest and input. It would require at least 2 years, from FY 2025 to FY 2026. This type of rulemaking would include 3 preproposal meetings to gather input from stakeholders and develop the Environmental Justice Assessment and then 3 public hearings to accept comments on the rule proposal.

Rulemaking Lead: Ecology estimates that an Environmental Planner 3 would spend 0.85 FTE in FY 2025 and 2026 coordinating the rulemaking effort.

Technical Leads: Ecology estimates that a Financial Examiner 4 would spend 0.75 FTE in FY 2025 and 2026 to support public outreach to affected market participants, analyze public input from stakeholders, and develop responses to public comment on the rule changes. An Environmental Planner 5 would spend 0.5 FTE in FY 2025 and 2026 to develop necessary changes to the language of WAC 173-446 to include the requirements of Section 3.

An Environmental Specialist 5 would spend 0.25 FTE in FY 2025 and FY 2026 for engagement with federal regulatory bodies to determine Ecology's authority to request information from futures exchanges (Intercontinental Exchange and Nodal), which are not currently regulated by the cap-and-invest program.

Public Outreach Coordinator: Ecology estimates that a Community Outreach & Environmental Educational Specialist 3 would spend 0.25 FTE in FY 2025 and 2026 to support 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 2026. Regulatory Analyst 2, 0.1 FTE in FY 2026.

Ecology would hold 1 public hearing in FY 2025 and 2 public hearing in FY 2026 for rulemaking. Goods and services estimates include facility rental costs and facilitation estimated at \$3,000 per meeting or hearing.

The Attorney General's Office assumes no new fiscal impact.

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

Sections 2 and 3 are estimated to require:
FY 2025 and ongoing: \$143,853 and 0.9 FTEs

Rulemaking is estimated to require:
FY 2025: \$467,438 and 3.0 FTEs
FY 2026: \$530,848 and 3.4 FTEs

THE TOTAL EXPENDITURE IMPACT to Ecology under this bill is estimated to be:
FY 2025: \$611,291 and 3.9 FTEs
FY 2026: \$674,701 and 4.3 FTEs
FY 2027 and ongoing: \$143,853 and 0.9 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 \$3,000 in FY 2025 and \$6,000 in FY 2026 for meeting costs.

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
26B-1	Climate Investment Account	State	0	611,291	611,291	818,554	287,706
Total \$			0	611,291	611,291	818,554	287,706

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		3.9	1.9	2.6	0.9
A-Salaries and Wages		331,108	331,108	442,429	157,068
B-Employee Benefits		112,910	112,910	150,871	53,562
E-Goods and Other Services		23,261	23,261	32,914	9,072
G-Travel		7,387	7,387	9,813	3,308
J-Capital Outlays		4,310	4,310	5,726	1,930
9-Agency Administrative Overhead		132,315	132,315	176,801	62,766
Total \$	0	611,291	611,291	818,554	287,706

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		0.3	0.1	0.1	
ECONOMIC ANALYST 3	95,627				0.1	
ENVIRONMENTAL PLANNER 3	86,716		1.1	0.6	0.7	0.3
ENVIRONMENTAL PLANNER 5	105,612		0.5	0.3	0.3	
ENVIRONMENTAL SPEC 5	95,387		0.3	0.1	0.1	
FINANCIAL EXAMINER 4	113,710		1.3	0.6	0.9	0.5
FISCAL ANALYST 2			0.3	0.2	0.2	0.1
IT APP DEV-JOURNEY			0.2	0.1	0.1	0.0
REGULATORY ANALYST 2	88,798				0.1	
Total FTEs			3.9	2.0	2.6	0.9

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 4 would require Ecology to conduct emergency and permanent rulemaking to implement the new provisions of RCW 70A.65.090, enabling the reporting of the information specified in sections 2 and 3.