

Multiple Agency Fiscal Note Summary

Bill Number: 1899 S HB	Title: Wildfire reconstruction
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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	Non-zero but indeterminate cost and/or savings. Please see discussion.					
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
Department of Commerce	Fiscal note not available											
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	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
Department of Commerce	Fiscal note not available								
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

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

Estimated Capital Budget Breakout

NONE

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LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1899 S HB

Title: Wildfire reconstruction

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

Legislation Impacts:

- Cities: Could apply for financial assistance for energy efficiency grants if buildings are damaged or destroyed by a qualifying wildfire.
- Counties: Same as above.
- Special Districts: Same as above.
- Specific jurisdictions only: Only jurisdictions affected by wildfires that receive a state or local emergency declaration after January 1, 2023, qualify for the grant program.
- Variance occurs due to: The severity of a wildfire season would vary year to year.

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: Could apply for financial assistance for energy efficiency grants, if a jurisdiction qualifies.
- Key variables cannot be estimated with certainty at this time: Which local governments would experience wildfires, the funding available for the specific purposes of this act, the number of local governments that would apply for grant funding for the purposes of this act, the number of local governments and the distribution of awards.

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 01/31/2024
Leg. Committee Contact: Kellen Wright	Phone: 360-786-7134	Date: 01/27/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/31/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/31/2024

Part IV: Analysis

A. SUMMARY OF BILL

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

This fiscal note reflects language in S HB 1899, 2024 Legislative Session. The amendments to this bill would change the fiscal impact associated with the prior act.

CHANGES BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

This proposed substitute legislation would remove nearly all of the prior bill and establishes an energy efficiency grant program to assist local governments that sustain wildfire damage after January 1, 2023, and that meet certain criteria. The Department of Commerce (Commerce) is authorized to administer the grant program. As established by this act, grant funds would be distributed from the Climate Commitment Account.

The emergency clause has been removed, so that this bill would go into effect 90 days after the adjournment of the session in which it is passed.

SUMMARY OF CURRENT BILL:

Sec. 2 amends chapter 70A.65.260 RCW to authorize grants for the purposes of Sec. 3 of this act to be distributed from the Climate Commitment Account.

Sec. 3 would be a new chapter added to 43.31 RCW which would establish a new grant program administered by the Department of Commerce. Commerce would be authorized to provide grants to local governments for buildings that were destroyed or damaged during wildfires after January 1, 2023. Local governments must meet certain criteria to qualify for the grants. Grants awarded by the program must only be used for the purposes of meeting increased energy efficiency standards, providing or increasing electric vehicle charging capacity, and the installation and use of solar panels on buildings that did not use solar panel before the wildfire damage was sustained.

This proposed substitute bill would go into effect 90 days after the adjournment of the session in which it is passed.

BACKGROUND:

The wildland fire season in Washington usually begins in early July and typically culminates in early October when regular rain returns to the Northwest. However, wildland fires have occurred in every month of the year. The Department of Natural Resources fights approximately 900 wildland fires per year across the state, about 70 percent are in Eastern Washington. Most are small, usually extinguished while they are less than one acre in size. Wildland fires can spread to more than 100,000 acres, depending on a number of factors, and may require thousands of firefighters and several months to extinguish. (Washington Military Department)

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.

CHANGES IN EXPENDITURE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

This proposed substitute legislation would remove all expenditure impacts associated with the prior version of this bill.

The act establishes an energy efficiency grant program to assist local governments to repair buildings that sustain wildfire damage after January 1, 2023, and that meet certain criteria. The Department of Commerce (Commerce) is authorized to administer the grant program. Accordingly, applying for grants from the newly established energy efficiency grant program would be a local option.

SUMMARY OF CURRENT BILL VERSION:

The Commerce energy efficiency grant program established by this proposed substitute legislation would be a local option

for counties, cities, towns, and special districts that sustain building damage by wildfires. In order to qualify for the competitive grant program, the governor or a local government must declare a state of emergency due to the wildfire danger. As another requirement of the grant funding, the construction of buildings that need to be repaired or replaced must be in compliance with the state's energy code.

The number of jurisdictions that would apply to the program would vary year to year, depending on the severity of the wildfire season. According to the Washington Military Department, Emergency Management Division, wildfire seasons will continue to increase in severity over time. Costs for local governments to apply for the grant program could vary from de minimis to more substantive because of competition for funding depending on the amount of low- to moderate-income households that are in need of repair. Repairing these households have priority funding per Sec. 3(4).

Discussion:

The frequency of wildfires and number of acres burned has increased significantly in WA since 1970. Wildfires are expected to continue their increase in extent, intensity, and frequency, with large fires becoming more likely in central and eastern parts of the state.

According to the 2023 Washington State Enhanced Management Plan, there is a 70% chance of a wildfire disaster declaration each year. Analysis by the Washington State Emergency Management Division of the Washington Military Department also suggests that, without extensive wildfire mitigation, the number of wildfire-related declarations will continue to increase, reaching a projected average of eight per year by 2030. From 2016 to 2023, there were an average of six wildfire events that qualified for Fire Management Assistance Grants—indicating that a wildfire was severe enough that the state that received federal assistance from the Federal Emergency Management Agency, and a state- or local-emergency declaration was issued.

Under the provisions of this act, local governments in areas that are subject to wildfire related states of emergency could apply as a local option. Costs for local governments to apply for financial awards from the energy efficiency grant program could vary from de minimis to more substantive depending on competition for funding that would likely vary from year to year.

According to research conducted by the local government fiscal note program, competitive grant programs are more expensive to apply for due to the time they take to prepare compared to formula based grants. The costs to apply for these grants would be indeterminate.

One importance aspect of the competitive grant program would be the number of low- to moderate-income households have buildings that are in need of repair. Repairing these households have priority funding per Sec. 3(4).

The second aspect of the competitive grant program is that grant funding would go to projects for buildings that yield the greatest environmental benefit. The rules and scoring criteria of the competitive grant program would be determined by Commerce.

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.

CHANGES IN REVENUE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

The proposed substitute legislation would change the revenue impact for local governments because it establishes a new energy efficiency grant program that would be administered by the Department of Commerce and would be funded by the Climate Commitment Account.

SUMMARY OF CURRENT BILL VERSION:

The amendments to this proposed substitute legislation would create a financial assistance program for local governments

that have buildings damaged or destroyed by wildfires. The local government revenue impact of this act is indeterminate but assumed to be non-zero.

Discussion:

The appropriation of funding for the energy efficiency grant program, administered by the Department of Commerce, would likely vary each year depending on amounts available from the Climate Commitment Account for the express purposes of this act.

The number of jurisdictions that would qualify for the grant program may also depend on the severity of the wildfire season. According to the Washington State Military Department, these events will become more likely over the coming years, with more than eight wildfire events per year that would qualify for federal assistance projected each year starting in 2030. Accordingly, the distribution of cities, counties, and special districts that would receive grants from this program cannot be known in advance.

The number of jurisdictions that would be awarded funding from the energy efficiency grant program is unknown, but likely non-zero.

SOURCES:

Department of Natural Resources

Department of Natural Resources, “Commissioner Franz, DNR Leaders Recap Wildfire Season, Celebrate Partnerships.” (Oct. 2023)

Emergency Management Division, State Enhanced Hazard Mitigation Plan (2023)

Federal Emergency Management Agency, Washington Declared Fire Disasters (2024)

House Bill Report, S HB 1899 (2024)

Local Government Fiscal Note Program, Unit Cost Model (2024)

Office of Governor Jay Inslee, Emergency Proclamation 23-05, (Aug. 2023)

Washington State Military Department, Emergency Management Division

Washington State Military Department, Fire Management Assistance Grant Program