

Multiple Agency Fiscal Note Summary

Bill Number: 6016 S SB	Title: Green energy community fund
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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
Department of Revenue	(250,000)	(250,000)	(250,000)	(3,000,000)	(3,000,000)	(3,000,000)	(7,250,000)	(7,250,000)	(7,250,000)
Total \$	(250,000)	(250,000)	(250,000)	(3,000,000)	(3,000,000)	(3,000,000)	(7,250,000)	(7,250,000)	(7,250,000)

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI	Fiscal note not available					
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
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.5	260,300	260,300	260,300	.3	50,400	50,400	50,400	.2	39,800	39,800	39,800
Total \$	0.5	260,300	260,300	260,300	0.3	50,400	50,400	50,400	0.2	39,800	39,800	39,800

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	Fiscal note not available								
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 State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.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	Fiscal note not available								
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

This preliminary package is incomplete and may not reflect the total fiscal impact. Other agencies' fiscal notes will be distributed as soon as possible.

Prepared by: Amy Hatfield, OFM	Phone: (360) 280-7584	Date Published: Preliminary 2/12/2024
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Individual State Agency Fiscal Note

Bill Number: 6016 S SB	Title: Green energy community fund	Agency: 090-Office of State Treasurer
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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: Adam Brunmeier	Phone: 360-786-7357	Date: 01/31/2024
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 01/31/2024
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/31/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/03/2024

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.

SSB 6016 relates to green energy community funds to support school districts and nonprofit organizations that service communities where renewable energy projects are located.

This substitute bill no longer includes the creation of the Washington green energy community account that was in the original version of the bill.

There is no fiscal impact to the office.

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.

Department of Revenue Fiscal Note

Bill Number: 6016 S SB	Title: Green energy community fund	Agency: 140-Department of Revenue
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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 35 - Public Utilities Tax		(250,000)	(250,000)	(3,000,000)	(7,250,000)
Total \$		(250,000)	(250,000)	(3,000,000)	(7,250,000)

Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.9	0.5	0.3	0.2
Account					
GF-STATE-State 001-1	10,900	249,400	260,300	50,400	39,800
Total \$	10,900	249,400	260,300	50,400	39,800

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: Adam Brunmeier	Phone: (360) 786-7357	Date: 01/31/2024
Agency Preparation: Alex Merk-Dyes	Phone: (360) 534-1601	Date: 02/09/2024
Agency Approval: Marianne McIntosh	Phone: (360) 534-1505	Date: 02/09/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/09/2024

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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.

Note: This fiscal note reflects language in SSB 6016, 2024 Legislative Session.

COMPARISON OF SUBSTITUTE BILL WITH ORIGINAL BILL:

The substitute bill:

- Changes reference from a public utility to a qualifying light and power business (utility).
- Changes the year that credits may be claimed on tax returns filed for reporting periods beginning on or after January 1, 2026, to 2025.
- Removes the green energy community account and the Department of Revenue (department) from collecting donations.
- Allows utilities to contribute directly to school districts and qualifying nonprofits.

CURRENT LAW:

The law does not provide a tax credit for contributions to a school district or nonprofit organization that services the community where a new RE project is built and located.

PROPOSAL:

This bill proposes a new business and occupation (B&O) and public utility (PU) tax credit for utilities that build a new RE project within a school district's boundaries and contribute to the school district or nonprofit organization that services the community where the RE project is located and provide proof of payment of the contribution to the department by October 15th.

A qualifying utility is a light and power business with a renewable energy project located within school district boundaries. A RE project is a facility constructed after the effective date of this bill used by a utility to generate electricity from wind or solar power. The facility also could be used to store electrical energy.

Before contributing to the school district or nonprofit, utilities must apply to the department for tax credits. The application must contain the following:

- Proposed contribution amount.
- Renewable energy project details.
- School district or nonprofit organization receiving the contribution.
- Other information required by the department to determine eligibility.

The department must rule on the application within 45 days and approve it on a first-in-time basis. The utility must submit the application between January 1 and July 1 for contributions made during the calendar year. However, the department may extend the deadline if the utility doesn't contribute by October 1 and forfeits all tax credits for the approved application.

The utility must make the total approved contribution to the school district or nonprofit by October 1 and provide proof of payment of the contribution to the department by October 15th of the calendar year the department approves the application.

The credit limit is 75% of the approved contribution, up to \$250,000 per utility per year. The statewide annual credit cap is \$5 million. Credits are not refundable.

Utilities may earn credit for contributions made on or after January 1, 2025, and on or before December 31, 2034. Utilities may claim credits on tax returns filed for reporting periods beginning on or after January 1, 2025, and ending on or before

December 31, 2035. Utilities may not claim credits on tax returns filed for reporting periods beginning on or after January 1, 2036. Electronic filing is required.

EFFECTIVE DATE:

The bill takes effect 90 days after the 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

- This bill takes effect June 4, 2024. The first use of the credit begins after January 1, 2025. A qualifying utility will use its maximum credit in fiscal year 2025.
- The department will begin accepting applications from January 1, 2025, until July 1, 2025. Therefore, the impact of the contributions begins in fiscal year 2025.
- One utility will construct a qualifying RE project and apply after January 1, 2025. Each year, utilities will complete an additional three to five projects. Each utility will receive the maximum annual benefit of \$250,000 and continue to make the maximum contribution annually.
- To qualify, a constructed facility means a facility that is operationally complete and generating or storing energy.
- All of Washington is geographically located within a school district.
- Two known utility-owned RE storage facilities exist in Washington, Arlington Microgrid by Snohomish PUD and Decatur Island by Orcas Power and Light Cooperative (OPALCO).
- The largest utilities with more resources and customers will most likely participate.
- Utilities may consider smaller projects that take less time to construct to capitalize on this credit, leading to faster usage of the credit to the maximum annual amount of \$5 million. Larger projects take longer to plan and construct. Larger project impacts would be seen in later fiscal years.
- The total maximum credit allowed is \$5 million annually.
- All credit amounts will go towards PU taxes.
- Qualifying utilities will contribute the minimum amount needed to obtain the maximum tax credit.

DATA SOURCES

- Department of Revenue, Excise tax data
- Office of Superintendent of Public Instruction, School district data
- Department of Commerce, Electric utilities data
- Snohomish PUD, Energy storage data
- OPALCO, Decatur Island data
- Rea, J and Ugwu-Oju, O (2022, August 25). Why Purchased Power is Such a Big Deal to Better Understand U.S. Utilities' Climate Impact. Rocky Mountain Institute.

REVENUE ESTIMATES

This bill decreases state revenues by an estimated \$250,000 in fiscal year 2025 and \$1 million in fiscal year 2026.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ 0
FY 2025 -	(\$ 250)
FY 2026 -	(\$ 1,000)
FY 2027 -	(\$ 2,000)
FY 2028 -	(\$ 3,000)

FY 2029 - (\$ 4,250)

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

ASSUMPTIONS:

This legislation will affect 50 utilities.

FIRST YEAR COSTS:

The department will incur total costs of \$10,900 in fiscal year 2024. These costs include:

- Labor Costs – Time and effort equate to 0.09 FTE.
- Create a Special Notice to inform businesses of the new program.
- Update the department’s website and other information.

SECOND YEAR COSTS:

The department will incur total costs of \$249,400 in fiscal year 2025. These costs include:

- Labor Costs – Time and effort equate to 0.86 FTE.
- Set up, program, and test computer system changes for a new B&O and PUT credit with individual and program caps.
- Create a new application for a utility to provide information about a proposed project, contribution amount, and the recipient of the contribution.
- Receive and approve or deny credit applications.
- Receive proof of contributions from utilities.
- Monitor individual and program caps.
- Process returns, payments, and corrections for return errors and underpayments.
- Assist taxpayers with reporting questions and respond to inquiries via email, web message, and paper correspondence.
- Examine accounts and make corrections as necessary.
- Amend one administrative rule.
- Create one new administrative rule.

Object Costs - \$135,600.

- Contract computer system programming.

THIRD YEAR COSTS:

The department will incur total costs of \$30,500 in fiscal year 2026. These costs include:

- Labor Costs – Time and effort equate to 0.3 FTE.
- Receive and approve or deny credit applications.
- Receive proof of contributions from utilities.
- Monitor individual and program caps.
- Process returns, payments, and corrections for return errors and underpayments.
- Assist taxpayers with reporting questions and respond to inquiries via email, web message, and paper correspondence.
- Examine accounts and make corrections as necessary.

FOURTH YEAR COSTS:

Ongoing costs for fiscal year 2027 equal \$19,900 and include similar activities described in the third-year costs. Time and

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effort equate to 0.2 FTE.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.9	0.5	0.3	0.2
A-Salaries and Wages	6,800	71,500	78,300	32,000	25,600
B-Employee Benefits	2,200	23,600	25,800	10,500	8,400
C-Professional Service Contracts		135,600	135,600		
E-Goods and Other Services	1,300	12,800	14,100	6,000	4,600
J-Capital Outlays	600	5,900	6,500	1,900	1,200
Total \$	\$10,900	\$249,400	\$260,300	\$50,400	\$39,800

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 3	64,092		0.2	0.1	0.3	0.2
IT B A-JOURNEY	91,968		0.4	0.2		
IT SYS ADM-JOURNEY	96,552		0.1	0.1		
MGMT ANALYST4	76,188		0.0	0.0		
TAX POLICY SP 2	78,120	0.1	0.0	0.0		
TAX POLICY SP 3	88,416	0.0	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		0.1	0.9	0.5	0.3	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 one new rule under chapter 458-20 WAC. The department will use the expedited rulemaking process to amend WAC 458-20-179, titled: "Public utility tax."

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Persons affected by this rulemaking would include utilities, school districts, and nonprofit organizations that service communities where the renewable energy projects are located.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 6016 S SB

Title: Green energy community fund

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

Legislation Impacts:

☒ Cities: Cities that own and operate an electric utility would receive tax credits for approved contributions made to school districts or nonprofits where a renewable energy project is located.

☐ Counties:

☒ Special Districts: Electricity public utility districts. Same as above.

☐ 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: The number of city-owned electric utilities that choose to contribute. The number of electricity public utility districts that choose to contribute. The number and amount of contributions.

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: Kristine Williams	Phone: (564) 669-3002	Date: 02/07/2024
Leg. Committee Contact: Adam Brunmeier	Phone: 360-786-7357	Date: 01/31/2024
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/07/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/08/2024

Part IV: Analysis

A. SUMMARY OF BILL

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

This bill is on S SB 6016 and compares it to SB 6016.

CHANGES BETWEEN THIS BILL AND THE PREVIOUS BILL VERSION:

This version of the bill eliminates the Green Energy Community Account to create the Washington Green Energy Community Funds Act. Public utilities, or “light and power businesses” under this chapter, may receive certain tax credits for contributions made directly to qualified recipients in school districts where the utility is operating a renewable energy project. To receive a tax credit, applicants must provide proof of payment of contributions to the department of revenue prior to applying. Credits earned may be claimed on tax returns filed on or after January 1, 2025, instead of January 1, 2026. The “public utility” language in the prior bill version is replaced with “light and power business” to align with existing language under Title 82. A definition of “recipient” is also provided.

These changes do not affect the fiscal impacts discussion below.

SUMMARY OF CURRENT BILL

This version of the bill would allow certain light and power businesses to receive certain tax credits for contributions made to school districts and nonprofits serving communities where a renewable energy project is located. A qualifying light and power business that makes an approved contribution will be eligible to receive a tax credit equal to 75 percent of the approved contribution, not to exceed \$250,000 in a calendar year for a single utility.

The bill takes effect 90 days after the final adjournment of the session and expires on January 1, 2036.

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.

This legislation would have an indeterminate expenditure impact on local governments.

Staff costs to prepare and submit a tax credit application will vary by jurisdiction so these costs 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.

This legislation would have an indeterminate revenue impact on local governments.

According to the assumptions listed in the department of Revenue fiscal note, this legislation will affect 50 utilities. The largest public utilities are considered to be the most likely to participate. DOR predicts that three public utilities will most likely construct qualifying projects, apply before October 1, 2025, and receive the maximum benefit of \$250,000 on an annual basis. DOR also predicts that public utilities will complete an additional three to five projects on an annual basis. However, the number of public utilities owned by city governments or electricity public utility districts that choose to participate cannot be predicted in advance, so these revenues are indeterminate.

SOURCES

Association of Washington Cities (AWC)

Department of Revenue fiscal note, SB 6016 (2024)

Local Government fiscal note, SB 6016 (2024)