

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act
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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
Office of State Treasurer	1,418,575,000	1,418,575,000	0	0	0	0	0	0	0
Office of State Treasurer	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Office of Attorney General	0	0	(43,000)	0	0	(104,000)	0	0	(122,000)
Department of Revenue	(1,100,000)	(1,300,000)	(1,300,000)	(5,600,000)	(6,600,000)	(6,600,000)	(9,800,000)	(11,400,000)	(11,400,000)
Columbia River Gorge Commission	0	0	(108,000)	0	0	(154,000)	0	0	(154,000)
Department of Ecology	0	0	(1,420,285,000)	0	0	(1,772,763,000)	0	0	(1,407,708,000)
Energy Facility Site Evaluation Council	0	0	1,804,000	0	0	1,068,000	0	0	1,068,000
<b>Total \$</b>	<b>1,417,475,000</b>	<b>1,417,275,000</b>	<b>(1,419,932,000)</b>	<b>(5,600,000)</b>	<b>(6,600,000)</b>	<b>(1,778,553,000)</b>	<b>(9,800,000)</b>	<b>(11,400,000)</b>	<b>(1,418,316,000)</b>

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
Joint Transportation Committee	.0	0	0	(1,750,000)	.0	0	0	0	.0	0	0	0
Office of the Governor	.0	0	0	0	.0	0	0	0	.0	0	0	0
Governor's Office of Indian Affairs	(2.0)	0	0	(611,000)	(2.0)	0	0	(650,000)	(2.0)	0	0	(650,000)
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Attorney General	(.3)	0	0	(43,000)	(.6)	0	0	(104,000)	(.7)	0	0	(122,000)
Department of Commerce	(24.9)	0	0	(187,335,879)	(9.2)	0	0	(71,416,000)	(9.2)	0	0	(71,416,000)
Department of Commerce	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Office of Financial Management	(1.5)	0	0	(4,624,347)	(3.0)	0	0	(4,485,000)	(3.0)	0	0	(4,485,000)
Department of Revenue	.0	0	0	(206,100)	.0	0	0	0	.0	0	0	0
Department of Enterprise Services	.0	0	0	(8,884,000)	.0	0	0	0	.0	0	0	0
Utilities and Transportation Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Labor and Industries	.0	0	0	0	.0	0	0	0	.0	0	0	0
Military Department	.0	0	0	(49,000)	.0	0	0	(56,000)	.0	0	0	0
Department of Social and Health Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Health	(37.7)	0	0	(84,560,000)	(34.7)	0	0	(23,604,000)	(34.7)	0	0	(23,604,000)
Department of Veterans Affairs	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Corrections	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Superintendent of Public Instruction	.0	0	0	0	.0	0	0	0	.0	0	0	0
Workforce Training and Education Coordinating Board	(1.5)	0	0	(775,000)	(2.0)	0	0	(754,000)	(2.0)	0	0	(754,000)
Department of Archaeology and Historic Preservation	(.9)	0	0	(471,970)	(1.6)	0	0	(774,000)	(1.6)	0	0	(774,000)
University of Washington	.0	(1,733,000)	(1,733,000)	(4,901,425)	.0	(3,466,000)	(3,466,000)	(10,010,160)	.0	(3,466,000)	(3,466,000)	(11,397,920)
University of Washington	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Washington State University	.0	(3,812,030)	(3,812,030)	(9,708,314)	.0	(6,279,464)	(6,279,464)	(16,153,464)	.0	(9,003,768)	(9,003,768)	(18,877,768)

Eastern Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Central Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
The Evergreen State College	.0	0	0	0	.0	0	0	0	.0	0	0	0
Western Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Transportation	(5.9)	0	0	(685,890,000)	(8.0)	0	0	(401,096,000)	(8.0)	0	0	(406,346,000)
Department of Transportation	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Transportation Improvement Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Columbia River Gorge Commission	(.7)	0	0	(216,000)	(1.0)	0	0	(308,000)	(1.0)	0	0	(308,000)
Department of Ecology	(69.6)	585,910	585,910	(41,017,994)	(119.1)	598,176	598,176	(65,674,824)	(121.0)	0	0	(66,273,000)
Energy Facility Site Evaluation Council	(5.0)	0	0	(4,204,000)	(9.0)	0	0	(5,020,000)	(9.0)	0	0	(5,020,000)
State Parks and Recreation Commission	(.6)	0	0	(1,108,000)	(1.1)	0	0	(480,000)	(1.1)	0	0	(480,000)
Recreation and Conservation Funding Board	(.6)	0	0	(410,418)	(1.0)	0	0	(394,000)	(1.0)	0	0	(394,000)
Environmental and Land Use Hearings Office	(2.9)	0	0	(818,000)	(3.3)	0	0	(898,000)	(3.3)	0	0	(898,000)
State Conservation Commission	(1.7)	0	0	(35,790,000)	(3.0)	0	0	(8,232,000)	(3.0)	0	0	(8,232,000)
Department of Fish and Wildlife	(9.1)	0	0	(3,617,000)	(16.3)	0	0	(4,526,000)	(16.3)	0	0	(4,526,000)
Department of Natural Resources	(29.4)	0	0	(29,031,156)	(40.5)	0	0	(22,629,000)	(39.7)	0	0	(22,629,000)
Department of Agriculture	(1.8)	0	0	(2,695,107)	(2.8)	0	0	(3,732,000)	(2.8)	0	0	(3,732,000)
Employment Security Department	(1.4)	0	0	(396,797)	(1.4)	0	0	(404,000)	(1.4)	0	0	(404,000)
Community and Technical College System	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>(197.5)</b>	<b>(4,959,120)</b>	<b>(4,959,120)</b>	<b>(1,109,114,507)</b>	<b>(259.6)</b>	<b>(9,147,288)</b>	<b>(9,147,288)</b>	<b>(641,400,448)</b>	<b>(260.8)</b>	<b>(12,469,768)</b>	<b>(12,469,768)</b>	<b>(651,322,688)</b>

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
Joint Transportation Committee	.0	0	0	.0	0	0	.0	0	0
Office of the Governor	.0	0	0	.0	0	0	.0	0	0
Governor's Office of Indian Affairs	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	(10.1)	0	(291,499,833)	.0	0	0	.0	0	0
Department of Commerce	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	.0	0	(2,845,000)	.0	0	0	.0	0	0
Utilities and Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.0	0	(1,925,000)	.0	0	0	.0	0	0
Military Department	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	.0	0	(338,045)	.0	0	(5,624,337)	.0	0	(3,005,533)
Department of Health	.0	0	0	.0	0	0	.0	0	0
Department of Veterans Affairs	.0	0	(400,000)	.0	0	0	.0	0	0
Department of Corrections	.0	1,600,000	0	.0	0	0	.0	0	0
Department of Corrections	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Superintendent of Public Instruction	.0	0	(10,663,000)	.0	0	0	.0	0	0
Workforce Training and Education Coordinating Board	.0	0	0	.0	0	0	.0	0	0
Department of Archaeology and Historic Preservation	.0	0	0	.0	0	0	.0	0	0
University of Washington	.0	0	(12,187,500)	.0	0	0	.0	0	0
University of Washington	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Washington State University	.0	0	(4,710,000)	.0	0	0	.0	0	0
Eastern Washington University	.0	0	(100,000)	.0	0	0	.0	0	0
Central Washington University	.0	0	(6,428,000)	.0	0	0	.0	0	0
The Evergreen State College	.0	0	0	.0	0	0	.0	0	0

Western Washington University	.0	0	(9,780,000)	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Transportation Improvement Board	.0	0	0	.0	0	0	.0	0	0
Columbia River Gorge Commission	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	(3.3)	0	(52,847,000)	.0	0	0	.0	0	0
Energy Facility Site Evaluation Council	.0	0	0	.0	0	0	.0	0	0
State Parks and Recreation Commission	.0	0	(1,975,000)	.0	0	0	.0	0	0
Recreation and Conservation Funding Board	(3.8)	0	(57,908,546)	.0	0	0	.0	0	0
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
State Conservation Commission	.0	0	(31,256,218)	.0	0	0	.0	0	0
Department of Fish and Wildlife	.0	0	0	.0	0	0	.0	0	0
Department of Natural Resources	(3.0)	0	(22,560,000)	.0	0	0	.0	0	0
Department of Agriculture	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	.0	0	0	.0	0	0	.0	0	0
Community and Technical College System	.0	0	(366,000)	.0	0	0	.0	0	0
<b>Total \$</b>	<b>(20.2)</b>	<b>1,600,000</b>	<b>(507,789,142)</b>	<b>0.0</b>	<b>0</b>	<b>(5,624,337)</b>	<b>0.0</b>	<b>0</b>	<b>(3,005,533)</b>

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

Agency Name	2023-25	2025-27	2027-29
	Total	Total	Total
Construction	(6,000,000)	0	0
Predesign/Design	(428,000)	0	0
Predesign/Design	(366,000)	0	0
Department of Commerce			
Grants/Loans	(288,558,722)	0	0
Staff	(2,941,111)	0	0
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Department of Corrections	Non-zero but indeterminate cost and/or savings. Please see discussion.		
Grants/Loans	(50,542,000)	0	0
Staff	(2,305,000)	0	0
Predesign/Design	(2,845,000)	0	0
Construction	(400,000)	0	0
Other	(1,196,000)	0	0
Predesign/Design	(329,000)	0	0
Other	(22,560,000)	0	0
Construction	(163,534)	(5,581,703)	(3,005,533)
Predesign/Design	(54,511)	0	0
Staff	(120,000)	(42,634)	0
Other	(400,000)	0	0
Predesign/Design	(100,000)	0	0
Grants/Loans	(57,908,546)	0	0
Grants/Loans	(31,256,218)	0	0
Other	(750,000)	0	0
Predesign/Design	(1,225,000)	0	0
Grants/Loans	(10,663,000)	0	0
University of Washington			
Construction	(6,093,750)	0	0
Staff	(6,093,750)	0	0
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Other	(4,710,000)	0	0
Predesign/Design	(9,780,000)	0	0
<b>Total \$</b>	<b>(507,789,142)</b>	<b>(5,624,337)</b>	<b>(3,005,533)</b>

**Prepared by:** Lisa Borkowski, OFM

**Phone:**

(360) 742-2239

**Date Published:**

Final 2/20/2024

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 013-Joint Transportation Committee
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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
<b>Account</b>					
Carbon Emissions Reduction Account-State 26A-1	(1,470,000)	(280,000)	(1,750,000)	0	0
<b>Total \$</b>	(1,470,000)	(280,000)	(1,750,000)	0	0

### 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: 01/09/2024
Agency Preparation: Alyson Cummings	Phone: 360-786-7327	Date: 02/13/2024
Agency Approval: Dave Catterson	Phone: 360-786-7398	Date: 02/13/2024
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 02/13/2024

## 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.

Initiative 2117 would repeal the Climate Commitment Act.

Section 2 would repeal the Climate Commitment Act statutes, chapters 43.21C.520 RCW, 70A.15.110 RCW, and 70A.65 RCW, including the accounts created under it: Carbon Emissions Reduction Account (CERA), Climate Investment Account (CIA), Climate Commitment Account (CCA), Natural Climate Solutions Account (NCSA), and the Air Quality and Health Disparities Improvement Account (AQHDIA).

### 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.

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.

The appropriation to the Joint Transportation Committee from the Carbon Emissions Reduction Account - State during the 2023-25 biennium is \$3 million for studies/projects. These include: \$2M for design of an infrastructure and incentive strategy to drive the purchase and use of zero emission medium and heavy duty vehicles; and \$1M for the development of tools and methodologies to evaluate carbon emission reductions and benefits to vulnerable populations and overburdened communities from programs that receive appropriations from the carbon emissions reduction account.

The \$2M project will issue its final study report and conclude before June 6 and therefore would not be impacted by the initiative. Of the \$2M appropriated for the project, \$600,000 is estimated to be spent. PER DIRECTION BY OFM, this fiscal note reflects a \$1.4M reduction in expenditure authority that would occur after June 6, if the initiative was passed by the legislature.

If the initiative was passed by the legislature, the \$1M project would be underway, but not completed, so anticipate this would result in an unfinished study report. The fiscal note reflects the allotments for the \$1M project that would go unspent if the initiative was passed by the legislature; it equals \$350,000 in expenditure authority for June 2024 through October 2024 (there are no allotments for this project beyond October 2024).

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26A-1	Carbon Emissions Reduction Account	State	(1,470,000)	(280,000)	(1,750,000)	0	0
<b>Total \$</b>			(1,470,000)	(280,000)	(1,750,000)	0	0



**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	(1,470,000)	(280,000)	(1,750,000)		
E-Goods and Other Services					
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-					
<b>Total \$</b>	(1,470,000)	(280,000)	(1,750,000)	0	0

**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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 075-Office of the Governor
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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: 01/09/2024
Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 02/13/2024
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 02/13/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/13/2024

## 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.*

Initiative 2117 XII is an act that prohibits state agencies from implementing any type of carbon tax trading, including the Climate Commitment Act (CCA).

RCW 70A.65.050 requires the Governor's Office to:

- Establish a governance structure to implement the state's climate commitment to provide accountability for achieving the state's greenhouse gas limits.
- Establish a coordinated and strategic statewide approach to climate resilience.
- Build an equitable and inclusive clean energy economy.
- Ensure that the government provides clear policy and requirements, financial tools, and other mechanisms to support achieving those limits.

The Office of the Governor was provided a single biennium of funding that included \$230,000 in fiscal year 2022 and \$120,000 in fiscal year 2023 for this work. The Office of the Governor did not have ongoing funds from CCA accounts for this purpose in the 2023-2025 biennium or beyond and therefore this initiative does not have a fiscal impact.

### 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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 086-Governor's Office of Indian Affairs
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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	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
<b>Account</b>					
Climate Commitment Account-State 26C-1	(286,000)	(325,000)	(611,000)	(650,000)	(650,000)
<b>Total \$</b>	(286,000)	(325,000)	(611,000)	(650,000)	(650,000)

### 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: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Preparation: Seth Flory	Phone: 360-407-8165	Date: 02/11/2024
Agency Approval: Seth Flory	Phone: 360-407-8165	Date: 02/11/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/12/2024

## 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.*

Initiative 2117 would repeal the Climate Commitment Act and prohibit state agencies from implementing any type of carbon tax credit trading.

Section 1 would prohibit agencies from implementing any type of carbon tax credit trading, also known as "cap and trade" or "cap and tax", including the Climate Commitment Act.

Section 2 would repeal the Climate Commitment Act statutes, chapters 43.21C.520 RCW, 70A.15.110 RCW, and 70A.65 RCW, including the accounts created under it: Carbon Emissions Reduction Account (CERA), Climate Investment Account (CIA), Climate Commitment Account (CCA), Natural Climate Solutions Account (NCSA), and the Air Quality and Health Disparities Improvement Account (AQHDIA).

### 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 Governor's Office of Indian Affairs (GOIA) was appropriated \$658,000 from the Climate Commitment Account (26C) for the 2023-25 biennium.

An amount of \$254,000 (EA 010) was provided for the agency to conduct reviews of State grants for land, energy, and preservation projects impacting tribal lands. If the initiative is adopted and 26C fund are not substituted, GOIA will forego filling an open Program Manager position and stop development of the grant review program. By June 6th GOIA anticipates spending \$19,000 out of this appropriation leaving \$235,000 that will lapse without an alternative funding source.

An additional \$404,000 (EA 030) was provided for GOIA to facilitate tribal engagement with the clean energy siting projects. If the initiative is adopted and 26C fund are not substituted, GOIA will forego filling an open Program Manager position and pause work related to clean energy siting. By June 6th GOIA anticipates spending \$28,000 out of this appropriation leaving \$376,000 that will lapse without an alternative funding source.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	(286,000)	(325,000)	(611,000)	(650,000)	(650,000)
<b>Total \$</b>			(286,000)	(325,000)	(611,000)	(650,000)	(650,000)

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
A-Salaries and Wages	(144,000)	(165,000)	(309,000)	(332,000)	(332,000)
B-Employee Benefits	(47,000)	(53,000)	(100,000)	(104,000)	(104,000)
C-Professional Service Contracts	(77,000)	(77,000)	(154,000)	(154,000)	(154,000)
E-Goods and Other Services	(10,000)	(15,000)	(25,000)	(30,000)	(30,000)
G-Travel		(15,000)	(15,000)	(30,000)	(30,000)
J-Capital Outlays	(8,000)		(8,000)		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	(286,000)	(325,000)	(611,000)	(650,000)	(650,000)

**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
Program Manager	82,820	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
<b>Total FTEs</b>		(2.0)	(2.0)	(2.0)	(2.0)	(2.0)

**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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 090-Office of State Treasurer
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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
General Fund-State 001-1	1,418,575,000		1,418,575,000		
Puget Sound Ferry Operations Account-State 109-1	(525,000)	(2,100,000)	(2,625,000)		
Carbon Emissions Reduction Account-State 26A-1	(154,209,000)	168,903,000	14,694,000	574,587,000	574,587,000
Climate Investment Account-State 26B-1	(806,557,000)	1,465,783,000	659,226,000	881,675,000	
Climate Commitment Account-State 26C-1	(393,578,000)	(921,837,000)	(1,315,415,000)	(661,256,000)	
Natural Climate Solutions Account-State 26D-1	(42,112,000)	(343,946,000)	(386,058,000)	(220,419,000)	
Air Qual Health Disparities Impvmt Acct-State 26E-1	(21,594,000)		(21,594,000)		
Climate Active Transportation Account-State 26M-1		(111,803,000)	(111,803,000)	(172,376,000)	(172,376,000)
Climate Transit Programs Account-State 26N-1		(255,000,000)	(255,000,000)	(402,211,000)	(402,211,000)
<b>Total \$</b>					

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### 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: 01/09/2024
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 02/14/2024
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/14/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/14/2024

## 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.*

Initiative 2117 relates to prohibiting all state agencies, counties, and cities from implementing any type of carbon tax credit. The initiative repeals statutes creating various funds / accounts; RCWs 70A.65.240, 70A.65.250, 70A.65.260, 70A.65.270, and 70A.65.280.

### 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.*

Assumption:

1. The initiative does not provide direction on what happens with the fund balances in the accounts created in the Climate Commitment Act if the initiative is enacted. Based upon previous history where closed out accounts ending balances are transferred to the state general fund this fiscal note assumes that all fund balances remaining in the accounts repealed, after the fiscal year 2024 close, are transferred by the state treasurer into the general fund.

The estimated fiscal year close fund balances, and the impact to the 23-25 operating budget (chapter 475, laws of 2023, section 805, ESSB 5187) treasurer's transfers, 23-25 transportation budget (chapter 472, laws of 2023, section 406, ESHB 1125) treasurer's transfers, and the statutory revenue transfers under RCW 46.68.490, RCW 68.68.500, RCW 70A.65.250 as provided by the department of ecology and the office of financial management are reflected in this fiscal note.

The earnings from investments for

- the accounts being repealed are credited to the general fund.
- the climate active transportation account are retained by this fund.
- the climate transit programs account are retained by this fund.
- the Puget sound ferry operations account are retained by this fund.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Changes to the earnings credited to the general fund impacts, by an equal amount, general state revenues.

### 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.*

There is some de-minimis administrative and technical work for OST, which can be completed in current practices and resources.

## 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

Revised

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 100-Office of Attorney General
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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
Legal Services Revolving Account-State 405-1		(43,000)	(43,000)	(104,000)	(122,000)
<b>Total \$</b>		(43,000)	(43,000)	(104,000)	(122,000)

### Estimated Operating Expenditures from:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	(0.5)	(0.3)	(0.6)	(0.7)
<b>Account</b>					
Legal Services Revolving Account-State 405-1	0	(43,000)	(43,000)	(104,000)	(122,000)
<b>Total \$</b>	0	(43,000)	(43,000)	(104,000)	(122,000)

### 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: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Preparation: Chad Standifer	Phone: 3605863650	Date: 02/13/2024
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/13/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/14/2024

## 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 1: New section added to chapter 70A.65 RCW, prohibiting all state agencies from implementing any type of carbon tax credit trading.

Section 2: New section. Sets out acts or parts of acts that are repealed.

Section 3: New section. Act to be liberally construed.

Section 4: New section. Severability clause.

### 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.*

Currently the Attorney General's Office (AGO) and the Department of Ecology (Ecology) are funded for E2SSB 5126 AMH ENGR H1619.E (E2SSB 5126), which was enacted during the 2021 Legislative Session. The Initiative 2117 XIL repeals any type of carbon tax credit trading resulting in a savings for the AGO to Ecology.

#### AGO AGENCY ASSUMPTIONS:

Ecology will no longer be billed for non-King County rates, which results in a net savings of:

FY 2025 and FY 2026: -\$43,000 for -0.3 AAG and -0.2 PL1

FY 2027 and in each FY thereafter: -\$61,000 for -0.4 AAG and -0.3 PL1

### 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.*

Attorney General's Office (AGO) Agency Assumptions:

This bill is assumed effective 90 days after the end of the 2024 legislative session.

Location of staffing is assumed to be in a non-King County office building.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables. The Management Analyst 5 FTE (MA), is used as a representative classification. An example ratio is for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 Paralegal 1 FTE (PL1) and 0.4 MA.

1. Assumptions for the AGO Ecology Division (ECY) Legal Services for the Department of Ecology (Ecology) under E2SSB 5126 AMH ENGR H1619.E (E2SSB 5126), which was enacted during the 2021 Legislative Session:

AGO ECY has reviewed this initiative and determined it will not bill Ecology for legal services as this initiative repeals the carbon tax credit trading, which results in a savings. The estimated reductions in litigation and client advice services are based on the estimates in the enacted 2021 Session Fiscal Note E2SSB 5126.

ECY: Total non-King County 5126 E2SSB 2021 Session workload impact savings:  
 FY 2025 and in each FY thereafter: -\$61,000 for -0.4 AAG and -0.3 Legal Assistant 3 FTE (LA)

2. Assumptions for AGO ECY Legal Services for Ecology under 2117 XIL:

Ecology would implement this initiative by conducting a rulemaking to repeal the cap and invest rule (WAC 173-446), make modifications to its greenhouse gas reporting rule (WAC 173-441), complete an environmental justice assessment, withdraw from membership in the Washington Climate Initiative (WCI) allowance trading platform provider, and engage in communications and stakeholder work in light of the repeal of the Climate Change Act (CCA). Ecology’s rulemaking processes will proceed over a two year period throughout FY 2025 and FY 2026. The rulemaking and other implantation activities above would require legal advice and support. During FY 2025 and FY 2026, ECY will require 0.1 AAG for advising Ecology on rulemaking to repeal the cap and invest rule (WAC 173-446), make modifications to its greenhouse gas reporting rule (WAC 173-441), conduct an environmental justice assessment for each rule, withdraw from membership in the WCI allowance trading platform provider, and communications and stakeholder work in light of the repeal of the Climate Commitment Act (CCA).

ECY: Total non-King County workload impact (2117 XIL):  
 FY 2025: \$18,000 for 0.1 AAG and 0.1 PL1  
 FY 2026: \$18,000 for 0.1 AAG and 0.1 PL1

3. The AGO Solicitor General’s Office (SGO) has reviewed this bill and determined it will not increase or decrease the division’s workload. Therefore, no costs are included in this request.

4. The AGO Agriculture and Health Division (AHD) has reviewed this bill and determined it will not increase or decrease the division’s workload. Therefore, no costs are included in this request.

AGO: Total non-King County net workload impact (E2SSB 5126 less 2117 XIL):  
 FY 2025 and FY 2026: -\$43,000 for -0.3 AAG, -0.2 PL1  
 FY 2027 and in each FY thereafter: -\$61,000 for -0.4 AAG, -0.3 PL1

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
405-1	Legal Services Revolving Account	State	0	(43,000)	(43,000)	(104,000)	(122,000)
<b>Total \$</b>			0	(43,000)	(43,000)	(104,000)	(122,000)

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		(0.5)	(0.3)	(0.6)	(0.7)
A-Salaries and Wages		(27,983)	(27,983)	(67,966)	(79,966)
B-Employee Benefits		(8,815)	(8,815)	(21,630)	(25,630)
C-Professional Service Contracts					
E-Goods and Other Services		(5,176)	(5,176)	(12,352)	(14,352)
G-Travel		(513)	(513)	(1,026)	(1,026)
J-Capital Outlays		(513)	(513)	(1,026)	(1,026)
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	(43,000)	(43,000)	(104,000)	(122,000)

**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
Assistant Attorney General	129,100		(0.3)	(0.2)	(0.4)	(0.4)
Paralegal I	69,072		(0.2)	(0.1)	(0.3)	(0.3)
<b>Total FTEs</b>			(0.5)	(0.3)	(0.6)	(0.7)

**III. D - Expenditures By Program (optional)**

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Ecology Division (ECY)		(43,000)	(43,000)	(104,000)	(122,000)
<b>Total \$</b>		(43,000)	(43,000)	(104,000)	(122,000)

**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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 103-Department of Commerce
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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	(3.8)	(46.0)	(24.9)	(9.2)	(9.2)
<b>Account</b>					
General Fund-Federal 001-2	0	(23,427,961)	(23,427,961)	0	0
Climate Commitment Account-State 26C-1	(2,555,687)	(158,711,476)	(161,267,163)	(71,416,000)	(71,416,000)
Natural Climate Solutions Account-State 26D-1	(43,183)	(2,597,572)	(2,640,755)	0	0
<b>Total \$</b>	(2,598,870)	(184,737,009)	(187,335,879)	(71,416,000)	(71,416,000)

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### 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	(288,558,722)	0	0	0	0
Staff	(224,141)	(2,716,970)	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	(224,141)	(291,275,692)	0	0	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.



*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: 01/09/2024
Agency Preparation: Chad Johnson	Phone: 360-725-5028	Date: 02/14/2024
Agency Approval: Kai Matthews	Phone: (369) 725-2662	Date: 02/14/2024
OFM Review: Myra Baldini	Phone: (360) 688-8208	Date: 02/14/2024

## 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.*

Initiative Measure 2117 repeals chapter 70A.65 RCW otherwise known as the Washington climate commitment act.

### 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 Department of Commerce administers several programs funded through accounts created in the Climate Commitment Act (CCA) within four divisions: the Energy Division, the Office of Economic Development and Competitiveness, the Local Government Division and the Community Services Division. Programs that would be eliminated June 6, 2024 due to the repeal of 70A.65 RCW (2117 XIL) are described below. NOTE: Some funding items were provided on an ongoing basis, while some were provided one-time in the 2023-25 biennium. Ongoing and one-time funded items are noted in the narrative below. Since spending plans for future biennia have not been finalized yet, the Department is providing it's best estimate for future costs of staffing, goods and services, contracts, and grants as well as spending in each fiscal year.

Energy Division Impacts:

Clean Buildings Projects

Database Development (Climate Commitment Account, 26C-1)

- o \$975,000 has been provided for the department to expand the department's existing clean building database portal by providing better integration between Tier 1 and Tier 2 buildings, integrating with ENERGY STAR's Portfolio Manager, and creating a more user-friendly, easier-to-navigate interface for building owners and their authorized users. This portal allows for building owners and industry professionals to log on to verify building data, submit incentive applications and upload compliance documentation. The total amount contracted for FY24 is \$459,000. The total amount planned for contracted work for FY25 is \$385,000. The department budgeted \$131,000 for internal staffing. We anticipate expending \$350,000 by June 6, 2024. This is a one-time appropriation.

Energy Audit Incentive Program for Publicly Owned Buildings (Climate Commitment Account, 26C-1)

- o The department was appropriated \$20,592,000 to conduct energy audits for publicly owned buildings to aid in compliance with the state's clean buildings performance standard. The department plans to make these funds available through a competitive process that launches in March 2024. Incentive funds are anticipated to be available starting in the spring of 2024 and continuing through June 2025. The department anticipates \$2,000,000 in expenditures prior to June 6, 2024. This is a one-time appropriation.

Smart Building Center Education Program (Climate Commitment Account, 26C-1)

- o \$250,000 was provided for the department to fund the Smart Building Center Education Program, which provides training, resources, and technical assistance to support the building industry in complying with the Clean Buildings Performance Standard. The department has granted \$242,500 and has retained \$7,500 for administrative staffing. Expenditures to date are \$54,625.00 for contracted funds through January 2024 and the agency anticipates spending an additional \$50,000 through June 6, 2024. This is a one-time appropriation.

#### Energy Rebate Navigator (Climate Commitment Account, 26C-1)

o The Department was appropriated \$250,000 to convene stakeholders and plan for a statewide energy rebate navigator program to assist residential and small commercial buildings in utilizing clean energy programs and funding for upgrades, while prioritizing buildings owned or occupied by low-income, Black, indigenous, and people of color and converting overburdened communities to clean energy. This is a one-time appropriation.

- \$50,000 is for the department to convene a summit of stakeholders around building energy topics.
- \$200,000 is for statewide rebate navigator evaluation and project planning.
- The department hired a consultant and contracted out \$250,000 for this work. The consultant has billed \$114,220.60 through January 2024, and the agency anticipates being billed an additional \$75,000 through June 6, 2024.

Total costs:

FY24: \$(61,674)

FY25: \$(16,787,058)

#### Alternative Jet Fuels ESSB 5447 (Climate Commitment Account, 26C-1)

\$600,000 was provided for the department to implement the provisions of Engrossed Substitute Senate Bill 5447 (2023), which requires the Office of Renewable Fuels to further the development and use of alternative fuels and participate in the Alternative Jet Fuels Work Group to further the development of alternative jet fuels as a productive industry in the state. This is an ongoing appropriation.

Total costs:

FY24: \$(27,351)

FY25: \$(519,967)

#### Transmission Planning (Climate Commitment Account, 26C-1)

\$1,024,000 was appropriated for the department to participate in federal and interstate activities related to electric power transmission. This work would have allowed the department to promote and influence the development of new multi-state transmission and power market entities and plans so that they reflect and advance the clean energy objectives of Washington and include governance structures that protect the public interest, consistent with the recommendations of the State Energy Strategy, the Transmission Corridors Work Group, and the legislative intent expressed in SSB 5165 (2023). This is an ongoing appropriation.

Total costs:

FY24: \$(44,645)

FY25: \$(746,810)

#### Clean Energy Siting and Permitting Grants (Climate Commitment Account, 26C-1)

The Department was appropriated \$10,000,000 for a grant program to support port districts, counties, cities, towns, special purpose districts, any other municipal corporations or quasi-municipal corporations and tribes to support siting and permitting clean energy projects in the state. Grants may support predevelopment work for sites intended for clean energy projects, land use studies, conducting or engaging in planning efforts such as planned actions and programmatic environmental impact statements, and staff time to improve permit timeliness and certainty. The department plans to make these funds available through a competitive process that launches in mid-February 2024. Grant awards are anticipated to be made in the spring and fall of 2024. No contracts are anticipated for FY24; all awards will be made in FY25. This appropriation was provided on an ongoing basis.

Total costs:

FY 24: \$(27,209)

FY 25: \$(9,858,158)

Clean Energy Siting HB1216 (Climate Commitment Account, 26C-1)

\$3,152,000 was appropriated for the department to implement multiple provisions of Engrossed Substitute House Bill 1216 (2023). This bill established the interagency clean energy siting council, directed the agency to undertake a community engagement process and economic impact analysis of clean energy projects located in rural communities, and directed the agency to contract to assess siting laws in Washington and best practices from other states. Funding was provided on an ongoing basis, but reduced in ensuing biennia to \$851,000 per year.

Total costs:

FY24: \$(60,887)  
FY25: \$(2,170,979)  
FY 26: \$(851,000)  
FY 27: \$(851,000)

HEAL Act Implementation (Climate Commitment Account, 26C-1)

The Department was appropriated \$3,096,000 for implementation of the Healthy Environment for All (HEAL) Act (RCW 70A.02), including conducting environmental justice assessments, environmental justice strategic planning, community engagement and public participation, tribal consultation, engagement with the environmental justice council and incorporation of environmental justice principles in agency budget and funding processes and decision making. This funding was provided one-time.

Total costs:

FY24: \$(119,889)  
FY25: \$(2,161,915)

Yakama Rail Energy Storage (Climate Commitment Account, 26C-1)

The Department was appropriated \$1,000,000 for a grant to the Yakama Nation for an advanced rail energy storage project. This contract is currently under negotiation; all expenditures are planned for fiscal year 2025. This funding was provided one-time.

Total costs:

FY25: \$(1,000,000)

Dual Use Solar Grants (Climate Commitment Account, 26C-1)

The Department was appropriated \$10,664,000 for a grant program to support planning, predevelopment, and installation of commercial, dual-use solar power demonstration projects. Eligible grant recipients include, but are not limited to, nonprofit organizations, public entities, and federally recognized tribes. The department plans to make these funds available through a competitive process that launches in mid-February 2024. Grant awards are anticipated to be made in spring and fall of 2024. No contracts are anticipated for FY24; all awards will be made in FY25. This funding was provided on a one-time basis.

Total costs:

FY24: \$(12,210)  
FY25: \$(10,570,330)

Grid Resilience Formula Program Support (Climate Commitment Account, 26C-1)

The Department was provided \$708,000 appropriation on an ongoing basis for federal match funding to design, develop and administer the Department of Energy Grid Resilience formula award authorized by the Bipartisan Infrastructure Law. Washington received a formula allocation of \$23,427,961 for the 23-25 biennium (federal fiscal year 2022: \$11,726,165 and federal fiscal year 2023: \$11,701,796). The state is required to provide 15% match, totaling \$3,514,194. This match will be provided by this fund source (\$708,000) as well as funding from the Clean Energy Fund – federal match appropriation (\$2,806,194). This is part of a \$61,164,962 total federal grant that will be provided in tranches over several biennia; a 15% match is required for each federal fiscal year appropriation. It is unknown whether future federal funding would be

jeopardized by the loss of funding in 2023-25.

No expenditures have been made to-date from the federal Grid Resilience formula award. The department plans to spend the \$23.4 million in federal funds in fiscal year 2025.

The Grid Resilience State and Tribal Formula Grants program is designed to strengthen and modernize the power grid against wildfires, extreme weather, and other natural disasters that are exacerbated by the climate crisis. Beginning mid-2024, Commerce will sub-grant federal formula funds to a diverse set of utility projects, with priority given to efforts that generate the greatest community benefit providing clean, affordable, and reliable energy. No contracts anticipated for FY24, all awards will be made in FY25.

Total costs:

FY24: \$(41,036)

FY25: \$(700,151)

Climate Response Strategy (Natural Climate Solutions Account, 26D-1)

\$167,000 was provided for the department to implement the Engrossed Second Substitute House Bill 1170 (2023), to participate in the required update for a statewide strategy for climate resilience with input from many different agencies to strengthen the requirements for agencies to consider climate impacts in state agency efforts. This appropriation was provided on a one-time basis.

Total costs:

FY24: \$(50,435)

FY25: \$(794,911)

Local Government Division Impacts:

In the 2023-25 state operating budget, the Local Government Division received three appropriations with Climate Commitment Act (CCA) funds:

- \$40,953,000 in Climate Commitment Account – state funds for the Planning for Climate Change grant program, which was intended to implement the planning requirements of HB 1181 (2023). There are currently 109 contracts in progress with cities and counties totaling \$27.03 million.
- \$2.4 million in Climate Commitment Account - state funds for phase 4 of the Port Gamble S’Klallam Tribe Shoreline Restoration project. This includes only one contract that is currently in progress.
- \$2,747,000 in Natural Climate Solutions Account - state funds. This includes one contract that is currently in progress for which the department estimates all reimbursements would occur in fiscal year 2025.

The department’s estimated expenditure reductions identified are based on actual allotments and the remaining staff and resources that are budgeted in departmental spending plans between June 6 to June 30, 2024, to conclude fiscal year 2024 and for all planned expenditures in fiscal year 2025.

The department assumes that the Local Government Division would experience negative staffing impacts for the Growth Management Services Climate Policy, Operations, and Ecosystem Teams. This includes a staffing reduction of 10 team members, which are detailed below.

Port Gamble S’Klallam Tribe Shoreline Restoration Project (Climate Commitment Account, 26C-1)

The Port Gamble S’Klallam Tribe Shoreline Restoration Project was a one-time operating appropriation of \$2.4 million in CCA funds for the 2023-25 state operating budget with the goal to complete Phase Four of the Shoreline restoration project at Port Gamble. The department estimates that no funds from this grant award would be expended in fiscal year 2024, and

a remaining contract balance of \$2.35 million for fiscal year 2025.

- -0.12 FTE Commerce Specialist 3 (250 hours) in FY24 and -0.15 FTE (313 hours) in FY25.

Total Costs:

FY24: \$(19,372)

FY25: \$(2,374,475)

Salmon Recovery Planning Grant: (Natural Climate Solutions Account – 26D-1)

The Salmon Recovery Planning Grant Project was a one-time operating appropriation \$2,747,000 in NCSA funds for the 2023-25 state operating budget with the goal to finance local government salmon recovery plans via the comprehensive plan and development regulations under the Growth Management Act. The department estimates that the fiscal year 2024 share of this grant award would be expended by June 6, 2024 with a remaining contract balance of \$2,220,774 for fiscal year 2025.

- -0.06 FTE Commerce Specialist 5 (250 hours) in FY24 and -1.0 FTE (2,088) in FY25.
- -0.10 WMS Band 2 (209 hours) in FY 24 and -0.50 FTE (1,044 hours) in FY25.

Total Costs:

FY24: \$(33,784)

FY25: \$(2,500,283)

Planning for Climate Change: (Climate Commitment Account, 26C-1)

The department's climate planning grants support implementation of HB 1181 (2023), which adds a climate change and resilience goal to the Growth Management Act and requires certain cities and counties to update their comprehensive plans with a corresponding climate element and resilience and greenhouse gas emissions mitigation sub-elements. The underlying legislation also contains a null and void clause if funding is not provided per RCW 36.70A.070(10) and RCW 36.70A.097. An alternative funding source would need to be identified to ensure continuity of this new state planning requirement. Not only is the climate element a new mandatory GMA element, but the statutory timelines indicate that full implementation is through June 2029 in alignment with the comprehensive periodic update schedule. These funds were provided on an ongoing basis, with funding reduced to \$12.8 million in the first fiscal year and \$9.6 million in the second fiscal year in ensuing biennia.

- The department estimates that \$5,067,900, or approximately 75% of the total FY24 award, would be spent by June 6, 2024, with an unspent FY24 contract balance of \$1,689,300. The remaining contract balance for FY25 would be \$22,421,601. This is in addition to \$5 million in unobligated funds, which includes grants for community-based organizations to participate in the planning process.
- Given the mandate for all required jurisdictions to receive the funding needed to update their comprehensive plans and development regulations, the department assumes additional appropriations are needed through FY29.
- The department assumes the alternative funding source would be a biennial funding authority so that the department can maintain program service delivery at current staffing levels and for communities to spend their two-year grant agreements without additional contract administration. An alternative funding source or authority bound within a fiscal year will require additional, indeterminate staffing to draft and execute twice the number of contracts FY26-FY29.
- -0.24 FTE Commerce Specialist 3 (501 hours) in FY24 and -4.0 FTE (8,352 hours) in FY25, and 4.0 FTE (8,352 hours) FY26-FY29.
- -0.12 FTE Commerce Specialist 5 (251 hours) in FY 24 and -2.0 FTE (4,176 hours) in FY25, and 2.0 FTE (4,176 hours) FY26-FY29.
- -0.06 FTE Management Analyst 4 (125 hours) in FY 24 and -1.0 FTE (2,088 hours) in FY25, and 1.0 FTE (2,088 hours) FY26-FY29.
- -0.07 WMS Band 2 (146 hours) in FY24 and -1.0 FTE (2,080 hours) in FY25, and 1.0 FTE (2,088 hours) FY26-FY29.

Total Costs:

FY24: \$(2,108,897)

FY25: \$(29,330,205)

FY26: \$(12,800,000)

FY27: \$(9,600,000)

Community Services Division Impacts:

Low-Income Home Energy Assistance Program - (Climate Commitment Account, 26C-1)

The Low Income Home Energy Assistance Program (LIHEAP) exists within the Community and Economic Opportunity (CEO) unit in the Department of Commerce. Through the Climate Commitment Account, \$35,000,000 in funding was provided to support LIHEAP to provide low-income households below 80 percent of the area median income with energy utility bill assistance.

By June 6, 2024, the Department of Commerce anticipates that it will have spent \$135,318 in administrative costs of the Climate Commitment Account funding provided for LIHEAP, which includes salaries, benefits, goods & services, travel, and intra-agency reimbursements,

With no new expenditures to be incurred after June 6, 2024, this would result in a decrease of \$17,364,682 in funding for FY24 and \$17,500,000 in FY25. These funds were provided on an ongoing basis.

Total Costs:

FY24: \$(8,172)

FY25: \$(34,864,682)

Office of Economic Development and Competitiveness Impacts:

Climate Ready Communities – (Climate Commitment Account, 26C-1)

The Office of Economic Development and Competitiveness (OEDC) was provided one FTE to support clean energy projects throughout the state pursuant to HB 1216 – Clean Energy Project Siting (2023). This FTE oversees the development and execution of the Industrial Site Readiness grant program (\$2.5 million). These grants support cities, counties, ports and tribal governments in developing their project-ready industrial sites to increase private investment. This FTE also provides technical assistance to clean energy projects interested in locating to the state of Washington. OEDC received \$352,000 from the Climate Commitment Account (26C) for this position. The program projects to spend \$158,063 by June 6, 2024.

Total costs:

FY 24: \$(9,522)

FY 25 and ongoing: \$(115,558)

TOTAL COMMERCE IMPACT (Operating):

26C-1 Climate Commitment Account - State

FY 24: \$(2,555,687)

FY 25: \$(155,308,926)

26D-1 Natural Climate Solutions Account - State

FY 24: \$(43,183)

FY25: \$(2,591,208)  
 FY 26: \$(2,598,870)  
 FY 27: \$(157,900,134)

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-2	General Fund	Federal	0	(23,427,961)	(23,427,961)	0	0
26C-1	Climate Commitment Account	State	(2,555,687)	(158,711,476)	(161,267,163)	(71,416,000)	(71,416,000)
26D-1	Natural Climate Solutions Account	State	(43,183)	(2,597,572)	(2,640,755)	0	0
<b>Total \$</b>			(2,598,870)	(184,737,009)	(187,335,879)	(71,416,000)	(71,416,000)

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(3.8)	(46.0)	(24.9)	(9.2)	(9.2)
A-Salaries and Wages	(312,542)	(4,420,574)	(4,733,116)	(1,690,932)	(1,690,932)
B-Employee Benefits	(102,793)	(1,514,707)	(1,617,500)	(578,336)	(578,336)
C-Professional Service Contracts	(323,526)	(486,915)	(810,441)	(371,866)	(371,866)
E-Goods and Other Services	(24,062)	(345,223)	(369,285)	(137,001)	(137,001)
G-Travel	(10,000)		(10,000)		
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(1,689,300)	(176,016,881)	(177,706,181)	(67,891,272)	(67,891,272)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	(136,647)	(1,952,709)	(2,089,356)	(746,593)	(746,593)
9-					
<b>Total \$</b>	(2,598,870)	(184,737,009)	(187,335,879)	(71,416,000)	(71,416,000)

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

#### 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	54,199	(0.1)	(0.6)	(0.3)		
Administrative Services	111,168	(0.6)	(7.4)	(4.0)		
Budget Analyst 4	91,068	0.0	(0.1)	(0.1)		
Commerce Specialist 2	72,924	(0.2)	(1.8)	(1.0)		
Commerce Specialist 3	84,518	(0.6)	(7.3)	(3.9)		
Commerce Specialist 4	88,794	(0.1)	(1.0)	(0.5)		
Commerce Specialist 5	98,040	(0.4)	(5.6)	(3.0)	(5.0)	(5.0)
EMS Band 2	126,529	(0.5)	(5.6)	(3.0)		
IT APP Development - Journey	107,149	0.0	(0.4)	(0.2)		
Management Analyst 4	88,794	(0.9)	(11.1)	(6.0)	(3.2)	(3.2)
Management Analyst 5	98,040	(0.2)	(1.8)	(1.0)		
WMS Band 2	126,526	(0.2)	(1.5)	(0.8)	(1.0)	(1.0)
WMS Band 3	142,511	(0.2)	(1.9)	(1.0)		
<b>Total FTEs</b>		(3.8)	(46.0)	(25.0)	(9.2)	(9.2)

#### 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
26C-1	Climate Commitment Account	State	(224,141)	(289,850,692)	(290,074,833)	0	0
26D-1	Natural Climate Solutions Account	State	0	(1,425,000)	(1,425,000)	0	0
<b>Total \$</b>			(224,141)	(291,275,692)	(291,499,833)	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(1.6)	(18.7)	(10.2)		
A-Salaries and Wages	(120,563)	(1,446,718)	(1,567,281)		
B-Employee Benefits	(41,037)	(513,019)	(554,056)		
C-Professional Service Contracts					
E-Goods and Other Services	(9,374)	(112,479)	(121,853)		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		(288,558,722)	(288,558,722)		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	(53,167)	(644,754)	(697,921)		
9-					
<b>Total \$</b>	(224,141)	(291,275,692)	(291,499,833)	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### 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		(288,558,722)	(288,558,722)		
Staff	(224,141)	(2,716,970)	(2,941,111)		
Other					
<b>Total \$</b>	(224,141)	(291,275,692)	(291,499,833)		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Assistant 3	54,199	0.0	(0.5)	(0.3)		
Administrative Services	111,168	(0.2)	(2.9)	(1.5)		
Budget Analyst 4	91,068	0.0	(0.2)	(0.1)		
Commerce Specialist 2	72,924	(0.2)	(2.5)	(1.3)		
Commerce Specialist 3	84,518	(0.6)	(6.8)	(3.7)		
Commerce Specialist 5	98,040	(0.2)	(1.9)	(1.0)		
EMS Band 3	142,511	(0.1)	(1.2)	(0.7)		
Management Analyst 4	88,794	(0.1)	(1.5)	(0.8)		
Management Analyst 5	98,040	0.0	(0.5)	(0.3)		
WMS Band 2	126,529	(0.1)	(0.9)	(0.5)		
<b>Total FTEs</b>		(1.6)	(18.7)	(10.2)		0.0

Appropriations for the following projects and programs would be eliminated under 2117 XIL. The below narrative describes the total funding level and description of programs/projects that would be impacted followed by the anticipated reduction in expenditures if this legislation were to take effect beginning June 6, 2024.

Energy Division:

Clean Energy Fund Program (Climate Commitment Account, 26C-1). Project 40000294

\$60,000,000 has been appropriated for the Clean Energy Fund Program, including:

- **Clean Buildings Study:** \$500,000 for the department to convene a work group to analyze the financial investments required for owners of tier 1 covered buildings to comply with the state energy performance standard under RCW 19.27A.210 and make recommendations to the legislature to assist building owners in attaining compliance. The department has contracted out \$350,000 to a consultant to provide analysis and facilitation of the workgroup for FY24. The consultant has billed \$120,359.50 through Dec. 2023. The department anticipates spending an additional \$100,000 through June 6, 2024.
- **Research, development and deployment (RD&D):** \$12,000,000 for grants for strategic research, development, and demonstration of new and emerging clean energy generation and storage technologies and climate change mitigation technologies, including greenhouse gas removal. The department is currently reviewing applications for the RD&D program and plans to make awards for the full section appropriation amount in June 2024. No contract expenditures for FY24.
- **Federal Match:** \$10,000,000 for state match for federal funding. Approximately \$2,806,194 of the federal match appropriation in this section has been allocated as state match for the Department of Energy Grid Resilience formula award authorized by the Bipartisan Infrastructure Law. Washington received a formula allocation of \$23,427,961 (FFY 22: \$11,726,165 and FFY 23: \$11,701,796). The state is required to provide 15% match, totaling \$3,514,194, of which \$2.8 million will come from this appropriation. The department is planning to make the remaining funds available through a competitive process that launches mid-February 2024. Grant awards are anticipated to be made in spring and fall of 2024. All remaining contract expenditures will occur in FY25.
- **Tribal clean energy funding:** \$10,000,000 for grants to tribes for clean energy development projects, including planning, predesign, design, construction, project predevelopment, and deployment of clean energy projects that contribute to achieving the state's greenhouse gas emissions reduction goals and related policies. The department is planning to make these funds available through a competitive process that launches mid-February 2024. Grant awards are anticipated to be made in spring and fall of 2024. No contracts anticipated for FY24, all awards will be made in FY25.

- Grid integration and innovation funding: \$20,000,000 for grants for electrical grid integration and innovation projects. Three awards are under contract and are projected to incur approximately \$452,967 in expenditures through June 6, 2024. The department is planning to make the remaining funds available through a competitive process that launches mid-February 2024. Grant awards are anticipated to be made in spring and fall of 2024. All remaining contract expenditures will occur in FY25.
- Pacific Northwest National Laboratory (PNNL) Energy Analytics Project: \$7,500,000 to support regional energy analytics capability at Pacific Northwest national laboratory. This contract is currently under negotiation; no spending is planned in FY24.

Total costs:

FY24: \$(7,487)

FY25: \$(59,992,513)

Energy Retrofits and Solar Power for Public Buildings (Climate Commitment Account, 26C-1) Project 40000283

\$50,000,000 for the Energy Retrofits and Solar Power for Public Buildings program. This is a grant program for local governments, public higher education institutions, school districts, tribal governments, and state agencies for improvements to facilities and related projects that result in energy and operational cost savings, the purchase and installation of solar energy systems and energy efficiency and environmental performance improvements to minor works, stand-alone, and emergency projects at facilities owned by state agencies.

The department is planning to make these funds available through a competitive process that launches mid-February 2024. Grant awards are anticipated to be made in spring and fall of 2024. No contracts are anticipated for FY24, all awards will be made in FY25.

Home Electrification and Appliance Rebates Program (Climate Commitment Account, 26C-1) Project 40000284

- \$5,000,000 is provided solely for the department to administer grants to eligible third-party administrators for heat pumps for adult family homes. The department has contracted out \$800,000 for FY 2024, and these funds should be fully expended by June 6, 2024. The department is planning to make the remainder of these funds available through a competitive process in FY25.
- \$75,000,000 is provided solely for the department to administer grants to eligible third-party administrators for heat pump and other high-efficiency electric equipment rebates, with a focus on low/moderate income households and small businesses. The department anticipates having \$40,000,000 under contract in FY24, with \$5,000,000 in expenditures by June 6, 2024. The remainder of the funds will be under contract in FY25.

Hard to Decarbonize Sector Grants (Climate Commitment Account, 26C-1) Project 40000577

\$20,000,000 for a grant program for greenhouse gas emissions reduction strategies for hard to decarbonize sectors, including industry, aviation, and maritime. The budget proviso includes a competitive grant program, facilitation and consultation activities. The department is planning to make grant funds available through a competitive process that launches mid-February 2024. Grant awards are anticipated to be made in spring and fall of 2024. No contracts anticipated for FY24, all awards will be made in FY25.

Large Scale Solar Innovation Grants (Climate Commitment Account, 26C-1) Project 92001669

\$39,000,000 for large scale solar innovation.

- \$20,000,000 of the appropriation in this section is provided solely for the Yakama Nation Solar project. We are currently working with Yakama and their tribal utility, Yakama Power, on defining the scope and budget/deliverables for the project. The contract negotiations and final scope have dependencies related to federal funding timelines, many of which have been pushed out. As such, we do not anticipate any spending prior to June 6.

- \$19,000,000 of the appropriation is for a grant program to support large scale solar innovation projects. The department is planning to make these funds available through a competitive process that launches mid-February 2024. Grant awards are anticipated to be made in spring and fall of 2024.

There are no contracts anticipated for FY24, all awards will be made in FY25.

Port of Everett Shorepower (Climate Commitment Account, 26C-1) Project 92001364

\$5,000,000 for the Port of Everett to install equipment at the Port of Everett's Pier 3 to allow docked cargo ships to plug into the electric grid instead of running their diesel engines. This contract is currently under negotiation, so no spending is anticipated in FY24.

Local Greenhouse Gas Emission Reduction Grants (Climate Commitment Account, 26C-1)

Funding provided for the following list of projects:

- Great Northern School District HVAC7 Installation - Spokane - \$1,613,000
- Hydrogen Storage & Fuel Cell for Peak Shaving - Okanogan - \$1,648,000
- Meydenbauer Center Energy Efficiency - Bellevue - \$6,000,000
- Outdoor Fields LED Retrofit and Solar Installation - Tukwila - \$500,000
- Process Water Reuse Facility - Pasco - \$5,050,000
- Small Faces Preschool HVAC Upgrades - Seattle - \$435,000
- Waterfront Low Carbon District Energy System - Bellingham - \$100,000

Total - \$(15,346,000)

Local Greenhouse Gas Emission Reduction Grants (Natural Climate Solutions Account, 26D-1)

C6 Forest to Farm Biochar Pilot Plant - Leavenworth - \$1,425,000

Meydenbauer Center, Great Northern, Small Faces, Outdoor Fields LED retrofit, and Waterfront Low Carbon District projects are under contract and are anticipated to incur \$3,454,409 in expenditures prior to June 6, 2024. The remaining projects are still in contract negotiations or will not incur spending in FY24.

Weatherization Plus Health - Project 40000291

35,000,000 was provided for Weatherization Plus Health (Wx + Health) Program. An appropriation was provided for grants to agencies within the Washington state Community Action Network, Housing Authorities, and tribes. Wx + Health reduces energy costs for low-income households by increasing energy efficiency in their homes while addressing health and safety issues as well as measures to increase the overall health of the client and home. Wx + Health program provides retrofits to homes in; insulation, high-efficiency heating units, roof repair and replacement, fuel switch and electrical upgrades to support decarbonization, indoor air quality measures, mold and moisture repair, and more. \$8,112,308 will be spent by June 6, 2024. Approximately \$500,000 would have been spent in the remainder of fiscal year 2024; The remaining \$26,887,192 was projected to be spent in fiscal year 2025.

Total costs:

FY24: \$(500,000)

FY25: \$(26,887,192)

Local Government Division:

Tribal Climate Resilience (Climate Commitment Account - state) Project 40000421

The Tribal Climate Resilience Grant Program was appropriated \$50 million in Climate Commitment Account - state funds for the 2023-25 state capital budget for climate resilience planning and action for Washington's tribal communities. This appropriation includes five direct appropriations projects to the Quinault Tribe for \$12.05 million, and \$37.95 million in formula and competitive grants. Formula grants include \$750,000 to each of the 29 Federally Recognized Indian Tribes and

four federally recognized tribes with rights in Washington state totaling \$24.75 million. The department estimates that approximately \$6 million, or 25% of current awards, would be expended by June 6, 2024, with a remaining contract balance of \$18,005,625 in fiscal year 2025, which are in addition to approximately \$26 million in unobligated resources.

- The department estimates the expenditure reductions identified are based on actual allotments and the remaining staff and resources that are budgeted in departmental spending plans between June 6 to June 30, 2024 to conclude fiscal year 2024, and for all planned expenditures in fiscal year 2025.
- The department assumes additional, indeterminate costs for communities to render safe capital construction projects. It is unknown which projects would require render safe activities, such as fencing, or when they would require it for ongoing construction activities to ensure projects sites are safely secured.
- -0.06 FTE Commerce Specialist 4 (125 hours) in FY24 and -1.0 FTE (2,088 hours) in FY25.

Total Costs: Port Gamble

FY24: \$(10,093)

FY25: \$(43,815,134)

TOTAL COMMERCE IMPACT:

FY 24: \$(224,141)

FY 25: \$(291,275,692)

## **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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 105-Office of Financial Management
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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	(3.0)	(1.5)	(3.0)	(3.0)
<b>Account</b>					
Climate Investment Account-State 26B-1	(34,000)	(484,000)	(518,000)	0	0
Climate Commitment Account-State 26C-1	(1,863,847)	(2,242,500)	(4,106,347)	(4,485,000)	(4,485,000)
<b>Total \$</b>	<b>(1,897,847)</b>	<b>(2,726,500)</b>	<b>(4,624,347)</b>	<b>(4,485,000)</b>	<b>(4,485,000)</b>

### 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: 01/09/2024
Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 02/13/2024
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 02/13/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/13/2024

## 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.*

Initiative 2117 XIL is an act that prohibits state agencies from implementing any type of carbon tax trading, including the Climate Commitment Act.

This initiative will have a fiscal impact on the Office of Financial Management since several programs were funded using Climate Commitment Act funding in the 23-25 biennium.

### 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.*

OFM received three allocations of funding from the impacted accounts (Climate Investment Account and Climate Commitment Account).

Climate Investment Account (Account 26B):

OFM received funding for two activities:

The Greenhouse Green Emissions study

OFM received \$137,000 to complete an analysis of the laws regulating greenhouse gas emissions as required by RCW 70A.65.200 (10). OFM completed the study and spent \$39,000 in FY 2024 and will lapse \$98,000 in FY 2025.

Climate Accounts Data Portal

OFM was provided one-time funding of \$772,000 in the 23-25 biennium to develop a data portal to improve public understanding of expenditures related to the Climate Commitment Act accounts. The target date for the portal to become operational is September 30, 2024. Based on allotments, OFM plans to spend \$352,000 and assumes \$34,000 will lapse in FY 2024 and \$386,000 may lapse in FY 2025.

OFM is in the process of implementing the provisions of this bill and assumes work will start on the portal as soon as possible. However, an operational portal may not be fully completed if funding lapses on June 6, 2024.

Climate Commitment Account (Account 26C):

Serve Washington received ongoing biennial funding in the amount of \$4,485,000 in Climate Commitment Account to implement Chapter 231, Laws of 2023 (Climate and Clean Energy Service and Workforce Programs). OFM also received federal authority, but assumes the federal authority allocated for this bill will not be impacted by the initiative.

The allocation of Climate Commitment Account, for Climate Ready Communities, provided funding for:

- Salaries and benefits for three (3) staff to establish, administer, and manage Climate Corps Network, which requires management, stakeholder engagement, grantmaking, member and program training.
- Goods and services for recruitment postings, graphic design, web design, outreach support, and training.
- Grants, Benefits, and Client Services for Planning grants, AmeriCorps member stipends, Non-AmeriCorps Stipends and program supplements, and host fee offsets.

For the Climate Ready Communities, OFM assumes \$1,863,847 will lapse in FY 2024 and \$2,242,500 will lapse in FY 202

**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	(34,000)	(484,000)	(518,000)	0	0
26C-1	Climate Commitment Account	State	(1,863,847)	(2,242,500)	(4,106,347)	(4,485,000)	(4,485,000)
<b>Total \$</b>			(1,897,847)	(2,726,500)	(4,624,347)	(4,485,000)	(4,485,000)

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		(3.0)	(1.5)	(3.0)	(3.0)
A-Salaries and Wages	(17,700)	(224,088)	(241,788)	(448,000)	(448,000)
B-Employee Benefits	(6,004)	(72,048)	(78,052)	(144,000)	(144,000)
C-Professional Service Contracts	(37,000)	(496,000)	(533,000)	(24,000)	(24,000)
E-Goods and Other Services	(2,295)	(25,020)	(27,315)	(50,000)	(50,000)
G-Travel	(6,143)	(42,996)	(49,139)	(86,000)	(86,000)
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(1,806,750)	(1,804,492)	(3,611,242)	(3,609,000)	(3,609,000)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	(21,955)	(61,856)	(83,811)	(124,000)	(124,000)
<b>Total \$</b>	(1,897,847)	(2,726,500)	(4,624,347)	(4,485,000)	(4,485,000)

**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
Climate Corps Director	96,000		(1.0)	(0.5)	(1.0)	(1.0)
Climate Corps Manager	87,000		(1.0)	(0.5)	(1.0)	(1.0)
Communications	80,000		(1.0)	(0.5)	(1.0)	(1.0)
<b>Total FTEs</b>			(3.0)	(1.5)	(3.0)	(3.0)

**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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 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 05 - Bus and Occup Tax		(1,100,000)	(1,100,000)	(5,600,000)	(9,800,000)
Workforce Education Investment Account-State 01 - Taxes 05 - Bus and Occup Tax		(200,000)	(200,000)	(1,000,000)	(1,600,000)
<b>Total \$</b>		(1,300,000)	(1,300,000)	(6,600,000)	(11,400,000)

### Estimated Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
Climate Commitment Account-State 26C-1	(206,100)		(206,100)		
<b>Total \$</b>	(206,100)		(206,100)		

### 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: 60-786-7196	Date: 01/09/2024
Agency Preparation: Victor Crosetti	Phone: 60-534-1554	Date: 02/12/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/12/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/13/2024

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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 a revision to the expenditures, and replaces fiscal note number X2117-2.

#### CURRENT LAW:

The Climate Commitment Act (CCA) (E2SSB 5126, 2021) is a market-based “cap and invest” program, administered by the Department of Ecology (Ecology), that utilizes a system of carbon allowances and offset credits. The program is intended to reduce carbon pollution and meet greenhouse gas limits set by state law.

Covered entities must obtain allowances or credits equal to their emissions and submit them to Ecology according to a four-year compliance schedule. The first compliance deadline is November 1, 2024. Allowances are auctioned by a professional contracted by Ecology and can be sold or traded by the entities that possess them. Entities covered by the cap and trade program can also generate offset credits which can be bought, sold, and traded.

The program started on January 1, 2023. The first emissions allowance auction was held on Feb. 28, 2023.

The Service and Other Activities classification of the business and occupation (B&O) tax applies to income from sales of credits or allowances.

The Department of Revenue (department) does not administer any section of the CCA.

#### PROPOSAL:

Initiative 2117 prohibits state agencies from implementing any type of carbon tax credit trading and repeals the CCA.

#### EFFECTIVE DATE:

The initiative 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

- The legislature passes the initiative in the 2024 regular session, and the effective date is June 6, 2024.
- All participating entities selling emission allowances and offset credits will meet the taxable receipts threshold to be required to pay the higher 1.75% service and other activities B&O tax rate.
- The sale of carbon allowances and offset credits are subject to the service and other activities B&O tax rate. In certain circumstances, the entities may bundle their transactions to include the sale of utilities subject to the public utility (PU) tax. Due to insufficient information to estimate the PU tax, all sales are estimated under the service and other activities B&O tax rate.
- This estimate applies a low compliance factor on the early stages of the cap and invest program and assumes no taxpayers report this currently.
- This estimate assumes no enforcement activity during the first year of this program.
- Compliance factors are used as follows:
  - 0% for fiscal year 2024.
  - 13% for fiscal year 2025.
  - 26% for fiscal year 2026.
  - 39% for fiscal year 2027.

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- 52% for all fiscal years thereafter.

#### DATA SOURCES

- Washington Department of Ecology, Climate Commitment Act data reports
- 2021 E2SSB 5126 legislative bill
- Economic and Revenue Forecast Council, November 2023 forecast

#### REVENUE ESTIMATES

This bill decreases state revenues by an estimated \$1.3 million in the 2023-25 biennium and by an estimated \$6.6 million in the 2025-27 biennium.

#### TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ 0
FY 2025 -	(\$ 1,300)
FY 2026 -	(\$ 2,600)
FY 2027 -	(\$ 4,000)
FY 2028 -	(\$ 5,600)
FY 2029 -	(\$ 5,800)

#### 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:

- The legislature passes the initiative in the 2024 regular session, and the effective date is June 6, 2024.
- All appropriations from the Climate Commitment Account will end as of June 6, 2024. Unspent amounts from the Climate Commitment Account for fiscal year 2024 are provided as savings.
- Appropriations from the Climate Commitment Account were provided to the department to fund implementation and administration of ESSB 5447 Alternative Jet Fuel, passed during the 2023 legislative session. The department will continue to incur costs related to the implementation and administration of ESSB 5447 and will need to establish a new funding source.

#### EXPENDITURE IMPACT FROM REPEAL OF THE CARBON COMMITMENT ACT

#### FIRST YEAR COSTS:

The department will have net savings of \$206,100 in fiscal year 2024. These savings include:

- Unspent funds for consulting services, salaries and benefits.
- Less labor costs related to the repeal.
  - Update the special notice on carbon cap and trade programs.
  - Update the department's legislation web page on carbon cap and trade programs.

#### THE DEPARTMENT WILL REQUIRE ALTERNATIVE FUNDING FOR CONTINUED COSTS RELATED TO THE IMPLEMENTATION AND ADMINISTRATION OF THE ALTERNATIVE JET FUEL TAX PREFERENCE PROGRAMS

#### FIRST YEAR COSTS:

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The department will incur additional costs of \$4,800 in fiscal year 2024. These costs include:

- Object costs - \$4,800.
- Salaries of \$3,400.
- Benefits of \$1,400.

**SECOND YEAR COSTS:**

The department will incur total costs of \$150,000 in fiscal year 2025. These costs include:

- Object Costs - \$150,000.
- Salaries of \$105,000.
- Benefits of \$45,000.

**ONGOING COSTS:**

Ongoing costs for the 2025-27 biennium equal \$300,000 for salaries and benefits as described in the second-year costs.

**Part III: Expenditure Detail**

**III. A - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
C-Professional Service Contracts	(206,100)		(206,100)		
<b>Total \$</b>	<b>\$(206,100)</b>		<b>\$(206,100)</b>		

**III. B - Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

**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**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 179-Department of Enterprise Services
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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
<b>Account</b>					
Carbon Emissions Reduction Account-State 26A-1	(250,000)	(3,000,000)	(3,250,000)	0	0
Natural Climate Solutions Account-State 26D-1	(1,931,000)	(3,703,000)	(5,634,000)	0	0
<b>Total \$</b>	(2,181,000)	(6,703,000)	(8,884,000)	0	0

### 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	(1,327,000)	(1,518,000)	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	(1,327,000)	(1,518,000)	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: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Preparation: Jessica Goodwin	Phone: (360) 819-3719	Date: 02/05/2024
Agency Approval: Ashley Howard	Phone: (360) 407-8159	Date: 02/05/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/12/2024

## 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 1 is a new section added to chapter 70A.65 RCW that states that all agencies are prohibited from implementing any type of carbon tax credit trading, including the climate commitment act previously codified as chapter 70A.65RCW.

Section 2(27) repeals the carbon emissions reduction account.

Section 2(29) repeals the climate commitment account.

Section 2(30) repeals the natural climate solutions account.

This has fiscal impact to the Department of Enterprise Services.

### 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.*

This bill prohibits agencies from implementing any type of carbon tax credit trading, including the climate commitment act previously codified as chapter 70.65RCW. This bill also repeals the carbon emissions reduction account, climate commitment account, and natural climate solutions accounts; all of which the Department of Enterprise Services (DES) currently uses to fund four separate projects. Please see breakout of projects with biennial Transportation and Operating budget appropriations by fund below:

Carbon Emission Reduction Account (26A-1: Transportation Budget)

- EVSE Implementation, \$6,000,000

Natural Climate Solutions Account (26D-1: Operating Budget):

- Capital Lake – Deschutes Estuary Long Term Management, \$7,000,000

For the purposes of this fiscal note, as established in lead agency assumptions, we assume the effective date of this bill to be June 6, 2024. DES assumes that alternative funding sources would be needed to continue these projects after June 6th, 2024.

EVSE Implementation (Carbon Emissions Reduction Account, 26A-1: Transportation Budget):

This project includes installing electric vehicle supply equipment (EVSE) to accommodate electric vehicle charging. In addition to the Climate Commitment Act (CCA) funding, Through today's date, DES has entered into agreements with nine state agencies, totaling \$3,500,000. Based on current expenditure history and estimated costs to end the project, we anticipate \$250,000 in unspent allocations for FY2024, and \$3,000,000 in FY2025.

Capital Lake – Deschutes Estuary Long Term Management (Climate Commitment Account, 26D-1: Operating Budget):

This project advances the preferred alternative of the final environmental impact statement for the Capitol Lake Deschutes Estuary Long-term Management Project. Based on current expenditure history and estimated costs to end the project, we anticipate \$1,931,000 in unspent allocations for FY2024, and \$3,703,000 in FY2025. Currently, we have active applications



for approximately \$80M in several NOAA federal grant opportunities. We would have to stall or forego significant project grant funding because we would not have staffing to support the negotiations to provide matching funds.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26A-1	Carbon Emissions Reduction Account	State	(250,000)	(3,000,000)	(3,250,000)	0	0
26D-1	Natural Climate Solutions Account	State	(1,931,000)	(3,703,000)	(5,634,000)	0	0
<b>Total \$</b>			(2,181,000)	(6,703,000)	(8,884,000)	0	0

#### 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	(2,181,000)	(6,703,000)	(8,884,000)		
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-					
<b>Total \$</b>	(2,181,000)	(6,703,000)	(8,884,000)	0	0

**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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	(1,327,000)	(1,518,000)	(2,845,000)	0	0
<b>Total \$</b>			(1,327,000)	(1,518,000)	(2,845,000)	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	(1,327,000)	(1,518,000)	(2,845,000)		
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-					
<b>Total \$</b>	(1,327,000)	(1,518,000)	(2,845,000)	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	(1,327,000)	(1,518,000)	(2,845,000)		
Construction					
Grants/Loans					
Staff					
Other					
<b>Total \$</b>	(1,327,000)	(1,518,000)	(2,845,000)		

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

NONE

This bill prohibits agencies from implementing any type of carbon tax credit trading, including the climate commitment act previously codified as chapter 70.65RCW. This bill also repeals the carbon emissions reduction account, climate commitment account, and natural climate solutions accounts; all of which the Department of Enterprise Services (DES) currently uses to fund four separate projects. Please see breakout of projects with biennial Capital budget appropriations by fund below:

Climate Commitment Account (26C-1: Capital Budget):

- Washington Street Building, \$2,800,000
- District Energy Systems, \$450,000

For the purposes of this fiscal note, as established in lead agency assumptions, we assume the effective date of this bill to be June 6, 2024. DES assumes that alternative funding sources would be needed to continue these projects after June 6th, 2024.

District Energy Systems (Climate Commitment Account, 26C-1: Capital Budget):

This project is for decarbonization plan for the Capitol Campus. The decarbonization plan for the Capitol Campus will create a roadmap for implementing HB1390 for campus energy systems. It will also document the current condition of connected facilities and systems. Based on current expenditure history and estimated costs to end the project, we anticipate \$0 in unspent allocations for FY2024, and \$118,000 in FY2025.

Washington Street Building (Natural Climate Solutions Account, 26C-1: Capital Budget):

This project replaces the roof and HVAC system at the Washington Street Building. The current tenant in this building is Legislative Support Services (LSS). Based on current expenditure history and estimated costs to end the project, we anticipate \$1,327,000 in unspent allocations for FY2024, and \$1,400,000 in FY2025.

## **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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 215-Utilities and Transportation Commission
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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: 01/09/2024
Agency Preparation: Kim Anderson	Phone: 360-664-1153	Date: 02/06/2024
Agency Approval: Kim Anderson	Phone: 360-664-1153	Date: 02/06/2024
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 02/12/2024

## 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.*

New Section 1 – Repeals cap and trade, including climate commitment act (CCA), and prohibits implementation by a state agency of associated statutory provisions; this applies to whether resulting increased costs are imposed on fuel recipients or fuel suppliers. In Q2-2024, prior to the assumed effective date of June 6, 2024, the UTC assumes revisiting and reviewing additional electric and gas investor-owned utilities' cost recovery tariffs for nullification, which were previously filed in 2023. Seven (7) CCA compliance and implementation tariffs and filings would require review; these filings allowed companies to recover costs of doing business through rate increases, thereby allowing companies to incorporate CCA allowance costs and auction proceeds into rates. Additionally, UTC assumes existing orders and settlements associated with various general rate cases that include CCA language would need to be updated. The UTC assumes no material fiscal impact; this activity is part of open meetings and normal business operations.

New Section 2 – Lists acts or parts of CCA repealed; the Commission assumes same associated fiscal impact as Section 1.

New Section 3 – Clarifies provisions are to be liberally construed to effectuate the policies, purposes, and intent of this act. No fiscal impact assumed.

New Section 4 – Clarifies legal application. No fiscal impact assumed.

### 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.*

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.*

None.

## 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.*

None.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 235-Department of Labor and Industries
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	(329,000)	0	0	0	0
Construction	0	(400,000)	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	(1,196,000)	0	0	0	0
<b>Total \$</b>	<b>0</b>	<b>(1,925,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*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: 01/09/2024
Agency Preparation: Donald Jenson Jr	Phone: 360-902-6981	Date: 02/12/2024
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 02/12/2024
OFM Review: Seth Nickerson	Phone: (360) 995-3604	Date: 02/12/2024

## 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.*

This initiative relates to prohibiting all state agencies, counties, and cities from implementing any type of carbon tax credit trading.

Section 1 adds a new section to RCW 70A.65 prohibiting all state agencies from implementing any type of carbon tax credit trading, including the climate commitment account previously codified as RCW 70A.65.

Section 2 repeals numerous RCWs, including RCW 70A.65.260, the climate commitment account.

### 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.*

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.*

None

## 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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	0	(1,925,000)	(1,925,000)	0	0
<b>Total \$</b>			0	(1,925,000)	(1,925,000)	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		(729,000)	(729,000)		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays		(1,196,000)	(1,196,000)		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	(1,925,000)	(1,925,000)	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
Predesign/Design		(329,000)	(329,000)		
Construction		(400,000)	(400,000)		
Grants/Loans					
Staff					
Other		(1,196,000)	(1,196,000)		
<b>Total \$</b>		(1,925,000)	(1,925,000)		

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

NONE

This initiative eliminates funding from the Climate Commitment Account, fund 26C. The following assumptions were used to estimate the impact:

- The Department of Labor and Industries has two capital projects funded with the Climate Commitment Account for the 23-25 biennium:
  - o Project 40000014, Interior Lighting and Controls Upgrade, \$1,925,000
  - o Project 40000015, Solar Panel Installation – Lab & Training Facility, \$3,734,000
- Assumes an effective date of June 6, 2024 and no expenditures are incurred past this date.
- Based on the current project plan, this is the estimate of expenditures and impacts through June 5, 2024:
  - o Project Number 4000014 – Interior Lighting and Controls
    - This project will redesign and upgrade the interior lighting at the L&I Tumwater Headquarters (HQ) building to provide an efficient ambient light level of approximately 20 fc that can be supplemented with individualized task lighting as needed.
    - Total Appropriation - \$1,925,000
    - Planned expenditures July 1, 2023 – June 5, 2024 - \$0
    - Remainder after June 6, 2024 - \$1,925,000
    - L&I is utilizing a grant from the Department of Commerce to accomplish the first part of this work. The grant is from the State Building Construction Account (057).
    - Without access to the Climate Commitment Account the project will not be able to be completed it is entirety

and only a portion of the building will be upgraded.

- o Project Number 40000015 – Solar Panel Installation
  - This project will install a fully functional photovoltaics (PV) array system at the new L&I Lab & Training Facility in Tumwater.
  - Final completion of the project is currently June 3, 2024.
  - Total Appropriation - \$3,734,000
  - Planned expenditures July 1, 2023 – June 5, 2024 - \$3,734,000
  - Remainder after June 6, 2024 - \$0

Options for alternative fund sources for these projects are the Accident Fund, fund 608, and Medical Aid Fund, fund 609, which is consistent with other agency capital projects.

## **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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 245-Military Department
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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
<b>Account</b>					
Natural Climate Solutions Account-State 26D-1	(7,000)	(42,000)	(49,000)	(56,000)	0
<b>Total \$</b>	(7,000)	(42,000)	(49,000)	(56,000)	0

### 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: 01/09/2024
Agency Preparation: Serina Roberts	Phone: 2535127388	Date: 02/14/2024
Agency Approval: Regan Hesse	Phone: 253-512-7698	Date: 02/14/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/14/2024

## 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.*

The initiative prohibits any type of carbon tax credit trading, including the Climate Commitment Act. Section 2(30) repeals RCW 70A.65.270 (Natural Climate Solutions Account) and 2021 c 316 s 30. All fund balances remaining in the Natural Climate Solutions Account account after July 15, 2024 shall be transferred by the State Treasurer into the state General Fund.

The Military Department has an appropriation of \$113,000 from the Natural Climate Solutions Account (26D-1) provided solely for the implementation of Engrossed Second Substitute House Bill No. 1170 (climate response strategy). That bill, enacted during the 2023 legislative session, amended RCW 70A.05.010 and other parts of Title 70A.05 RCW to require the Military Department to support the Department of Ecology to develop an integrated climate change response strategy to better enable the state to prepare for, address, and adapt to the impacts of climate change. This RCW is not repealed by the initiative.

The Military Department would be unable to incur obligations and make expenditures out of the Natural Climate Solutions Account after June 6, 2024, and therefore would require alternate funding to meet the requirements of E2SHB 1170.

### 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.*

Expenditure reductions from the elimination of funding from account 26D-1 Natural Climate Solutions Account. The Military Department would require alternative funding for the implementation of E2SHB 1170 (Climate Response Strategy). The reduction reflects the Military Department's appropriations out of the Natural Climate Solutions Account that is projected to be unspent as of June 6, 2024, the effective date of the elimination of that account.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26D-1	Natural Climate Solutions Account	State	(7,000)	(42,000)	(49,000)	(56,000)	0
<b>Total \$</b>			(7,000)	(42,000)	(49,000)	(56,000)	0

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages	(4,200)	(25,000)	(29,200)	(33,158)	
B-Employee Benefits	(1,900)	(12,000)	(13,900)	(15,917)	
C-Professional Service Contracts					
E-Goods and Other Services					
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	(900)	(5,000)	(5,900)	(6,925)	
9-					
<b>Total \$</b>	(7,000)	(42,000)	(49,000)	(56,000)	0

**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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 300-Department of Social and Health Services
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	(54,511)	0	0	0	0
Construction	0	(163,534)	(3,349,022)	(2,232,681)	(2,103,873)	(901,660)
Grants/Loans	0	0	0	0	0	0
Staff	0	(120,000)	(21,317)	(21,317)	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	<b>0</b>	<b>(338,045)</b>	<b>(3,370,339)</b>	<b>(2,253,998)</b>	<b>(2,103,873)</b>	<b>(901,660)</b>

*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: 01/09/2024
Agency Preparation: Dan Winkley	Phone: 360-902-8236	Date: 02/12/2024
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 02/12/2024
OFM Review: Seth Nickerson	Phone: (360) 995-3604	Date: 02/12/2024

## 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.

This initiative will prohibit agencies with appropriations from the Carbon Emission Reduction Account (26A-1), Climate Investment Account (26B-1), Climate Commitment Account (26C-1), the Natural Climate Solutions Account (26D-1) and the Air Quality and Health Disparities Improvement Account (26E-1) from incurring expenditures from these accounts following the effective date of June 6, 2024.

### 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.

There are no cash receipts.

### 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.

There is no impact to operating expenditures.

## 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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	0	(338,045)	(338,045)	(5,624,337)	(3,005,533)
<b>Total \$</b>			0	(338,045)	(338,045)	(5,624,337)	(3,005,533)

**IV. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages		(100,000)	(100,000)	(30,108)	
B-Employee Benefits		(20,000)	(20,000)	(12,526)	
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays		(218,045)	(218,045)	(5,581,703)	(3,005,533)
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	(338,045)	(338,045)	(5,624,337)	(3,005,533)

**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		(54,511)	(54,511)		
Construction		(163,534)	(163,534)	(5,581,703)	(3,005,533)
Grants/Loans					
Staff		(120,000)	(120,000)	(42,634)	
Other					
<b>Total \$</b>		(338,045)	(338,045)	(5,624,337)	(3,005,533)

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

NONE

CBPS statewide: Clean Buildings Act - RCW 19.27A.210 establishes compliance goals to report energy consumptions by building. The Department of Social and Health Services (DSHS) utilities are mainly served by one master meter per campus per utility. This project installs utility-grade sub-meters to collect energy consumption information to establish an energy use intensity target to meet RCW 19.27A.210. This project was appropriated using the Climate Commitment Account (26C-1) in the amount of \$3,727,000. This project is a phased project over two biennia for a total expected cost of \$12,602,000. DSHS anticipates expending \$649,085 by June 6th, 2024.

CBPS Yakima Valley School-Main Building: Exterior Window Replacement - The existing windows in the Yakima Valley School Main Building are 38 years old. Most of the windows have broken seals, causing considerable fogging and leaking. The replacement of the windows will increase the energy efficiency of the building and improve the interior working environment of the 260 staff. This project replaces the 215 exterior windows on the Main Building at Yakima Valley School. This project was appropriated using the Climate Commitment Account (26C-1) in the amount of \$5,330,000. DSHS anticipates expending \$296,000 by June 6th, 2024.

Eastern State Hospital - Commissary: Building Repairs - The Commissary Building is the primary receiving, storage, and distribution point for all supplies and equipment utilized on the Medical Lake Campus serving Eastern State Hospital, Lakeland Village, and Pine Lodge. Built in 1936, and consisting of approximately 15,600sf, the Commissary Building is vital to the daily operations of the campuses. However, this critical building is in need of immediate renovations. This project was appropriated using the Climate Commitment Account (26C-1) in the amount of \$1,100,000 of the total projected cost of \$5,435,00. DSHS anticipates expending \$244,000 by June 6th, 2024.

These projects are key in meeting energy performance standards (RCW 19.27A.210) and Executive Order 20-01.



These projects are currently in design phase. DSHS has the ability to continue to perform design efforts to a predetermined date while either canceling or postponing existing agreements.

## **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 Social and Health Services  
 2024 Legislative Session  
 Fiscal Note XIL-2117

CBS #	Fund	Projecct Title	Description	Funding
40000960	26C-1	CBPS Statewide: Clean Buildings Act	RCW 19.27A.210 establishes compliance goals to report energy consumptions by building. The Department of Social and Health Services (DSHS) utilities are mainly served by one master meter per campus per utility. This project installs utility-grade sub-meters to collect energy consumption information to establish an energy use intensity target to meet RCW 19.27A.210.	\$ 3,727,000.00
40000962	26C-1	CBPS Yakima Valley School-Main Building: Exterior Window Replacement	The existing windows in the Yakima Valley School Main Building are 38 years old. Most of the windows have broken seals, causing considerable fogging and leaking. The replacement of the windows will increase the energy efficiency of the building and improve the interior working environment of the 260 staff. This project replaces the 215 exterior windows on the Main Building at Yakima Valley School.	\$ 5,330,000.00
40000606	26C-1	Eastern State Hospital-Commissary: Building Repairs	The Commissary Building is the primary receiving, storage, and distribution point for all supplies and equipment utilized on the Medical Lake Campus serving Eastern State Hospital, Lakeland Village, and Pine Lodge. Built in 1936, and consisting of approximately 15,600sf, the Commissary Building is vital to the daily operations of the campuses. However, this critical building is in desperate need of immediate renovations.	\$ 1,100,000.00
<b>Total</b>				<b>\$ 10,157,000.00</b>

Department of Social and Health Services  
2024 Legislative Session  
Fiscal Note XIL-2117  
IV.B-Expenditures by Object of Purpose

	FY 2024	FY 2025	2023-25	FY 2026	FY 2027	FY 2028	FY 2029	Total allotment	Anticipated Exp (6/6/2024)	Lapse
A-Salaries and Wages	\$ 154,832.00	(\$100,000.00)	\$ 254,832.00	(\$15,053.60)	(\$15,053.60)	\$0.00	\$0.00	\$ 284,939.20	\$ 154,832.00	(\$130,107.20)
B-Employee Benefits	\$ 38,708.00	(\$20,000.00)	\$ 58,708.00	(\$6,263.40)	(\$6,263.40)	\$0.00	\$0.00	\$ 71,234.80	\$ 38,708.00	(\$32,526.80)
C-Professional Service Contracts		\$0.00	\$ -	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00
E-Goods and Other Services		\$0.00	\$ -	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00
G-Travel		\$0.00	\$ -	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00
J-Capital Outlays	\$ 995,545.41	(\$218,044.59)	\$ 1,213,590.00	(\$3,349,022.04)	(\$2,232,681.36)	(\$2,103,872.82)	(\$901,659.78)	\$ 9,800,826.00	\$ 995,545.41	(\$8,805,280.59)
M-Inter Agency/Fund Transfers		\$0.00	\$ -	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00
N-Grants, Benefits & Client Services		\$0.00	\$ -	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00
P-Debt Service		\$0.00	\$ -	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00
S-Interagency Reimbursements		\$0.00	\$ -	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00
T-Intra-Agency Reimbursements		\$0.00	\$ -	\$0.00	\$0.00	\$0.00	\$0.00			\$0.00
	<b>\$ 1,189,085.41</b>	<b>(\$338,044.59)</b>	<b>\$ 1,527,130.00</b>	<b>(\$3,370,339.04)</b>	<b>(\$2,253,998.36)</b>	<b>(\$2,103,872.82)</b>	<b>(\$901,659.78)</b>	<b>\$ 10,157,000.00</b>	<b>\$ 1,189,085.41</b>	<b>(\$8,967,914.59)</b>

IV.C-Capital Budget Breakout

	FY 2024	FY 2025	2023-25	FY 2026	FY 2027	FY 2028	FY 2029	Total allotment	Anticipated Exp (6/6/2024)	Lapse
Construction Est. - Lapse funding -Allotments - Signed Contracts										
Pre-design/Design-Obj J	\$ 995,545.41	(\$54,511.15)	\$ 1,050,056.56	\$0.00	\$0.00	\$0.00	\$0.00	\$ 1,050,056.56	\$ 995,545.41	(\$54,511.15)
Construction		(\$163,533.44)	\$ 163,533.44	(\$3,349,022.04)	(\$2,232,681.36)	(\$2,103,872.82)	(\$901,659.78)	\$ 8,750,769.44	\$ -	(\$8,750,769.44)
Grants/Loans		\$0.00	\$ -	\$0.00	\$0.00	\$0.00	\$0.00			\$ -
Staff	\$ 193,540.00	(\$120,000.00)	\$ 313,540.00	(\$21,317.00)	(\$21,317.00)	\$0.00	\$0.00	\$ 356,174.00	\$ 193,540.00	(\$162,634.00)
Other		\$0.00	\$ -	\$0.00	\$0.00	\$0.00	\$0.00			\$ -
<b>Total</b>	<b>\$ 1,189,085.41</b>	<b>(\$338,044.59)</b>	<b>\$ 1,527,130.00</b>	<b>(\$3,370,339.04)</b>	<b>(\$2,253,998.36)</b>	<b>(\$2,103,872.82)</b>	<b>(\$901,659.78)</b>	<b>\$ 10,157,000.00</b>	<b>\$ 1,189,085.41</b>	<b>(\$8,967,914.59)</b>

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 303-Department of Health
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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	(8.6)	(66.8)	(37.7)	(34.7)	(34.7)
<b>Account</b>					
Climate Investment Account-State 26B-1	(148,000)	(449,000)	(597,000)	(698,000)	(698,000)
Climate Commitment Account-State 26C-1	(28,399,000)	(55,539,000)	(83,938,000)	(22,834,000)	(22,834,000)
Natural Climate Solutions Account-State 26D-1	0	(25,000)	(25,000)	(72,000)	(72,000)
<b>Total \$</b>	<b>(28,547,000)</b>	<b>(56,013,000)</b>	<b>(84,560,000)</b>	<b>(23,604,000)</b>	<b>(23,604,000)</b>

### 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: 01/09/2024
Agency Preparation: Katie Osete	Phone: 3602363000	Date: 02/13/2024
Agency Approval: Amy Burkel	Phone: 3602363000	Date: 02/13/2024
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 02/13/2024

## 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 (new section) Lists the following acts or parts of acts that are each repealed that will have fiscal impact to the Department of Health (department):

- (6) RCW 70A.65.020 (Environmental justice review)
- (28) RCW 70A.65.250 (Climate Investment Account)
- (29) RCW 70A.65.260 (Climate Commitment Account)
- (30) RCW 70A.65.270 (Natural Climate Solutions Account)

### 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 repeals listed in this Initiative will have fiscal impact to the department. To better categorize and describe the impact, two categories of impact are listed.

Category 1 is Operating Budget Items – Funded from CCA Accounts Required Outside of the CCA:

The following funding would be eliminated for activities funded by the CCA accounts that are required outside of the Climate Commitment Act statute. If these activities were to continue, the Legislature would need to identify alternative funding for these purposes.

Category 2: Operating Budget Items – Related to Implementation of the CCA:

The following funding would be eliminated for activities directly related to implementation of the CCA.

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Category 1 Provisos:

The following funding would be eliminated for these activities funded by the CCA accounts that are required outside of the Climate Commitment Act statute.

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Workplace Health & Safety Program Proviso:

Total appropriation \$10,000,000 from the Climate Commitment Account

The Workplace Health and Safety Program addresses workers who are affected by climate impacts, including but not limited to, extreme heat and cold, wildfire smoke, drought, and flooding. This program addresses workplace health and safety for farmworkers, construction workers, and other workers who experience the most risk from climate-related impacts. The work in this program solely supports vulnerable populations in overburdened communities as defined in RCW 70A.65.010 (also repealed in this initiative.)

The following work will cease when the funding ends on June 6th, 2024:

-Pass through grants to community-based organizations, tribal governments, and tribal organizations. These grants support

workplace health and safety for workers who are burdened by the intersection of their work and climate impacts,  
-Procurement and distribution of equipment and resources for workers who are burdened by the intersection of their work and climate impacts.  
-The evaluation of mechanisms to provide workers with financial assistance to cover lost wages or other financial hardships caused by extreme weather events and climate threats.

Of this total appropriation the department anticipates spending \$459,000 by June 6th, 2024 on staffing and related costs to prepare the grant request for funding process and select grant awards. The remaining allocation of \$4,541,000 for FY2024 and \$5,000,000 FY2025 (and ongoing) would be eliminated and would not fund pass-through grants, procurements or provide assistance for lost wages for workers. To continue this work, an alternative appropriation would be necessary.

Environmental Health Disparities Map Capacity Grants Proviso  
Total appropriation \$26,355,000 from the Climate Commitment Account

The Capacity Grants to tribes, tribal organizations, overburdened communities, and vulnerable populations work to increase organizational capacity and provide practical support for entities to hire additional staff or contract with consultants to increase organizations' capacity to engage with agencies to update the Environmental Health Disparities Map, and in the implementation of the Healthy Environments for All act.

The following work will cease when the funding ends on June 6th, 2024:

The department's grant process that conducts outreach to tribes and communities. The department has communicated externally that applications will be accepted until October 31, 2024, and has been receiving applications. The total amount for grants is split roughly in half between tribes and tribal organizations, and overburdened communities and vulnerable populations. The department is currently in the process of putting together a Community Advisory Committee to develop the Request for Proposals (RFPs) for the Community Capacity Grants and a scoring matrix for the applications that come in. The department anticipates releasing the Request for Proposals (RFPs) for Community Capacity Grants in late April and announcing awards in late May, or early June.

Of this total appropriation the department anticipates spending \$1,051,000 by June 6th, 2024, on staffing and related costs to execute tribal capacity grants and recruit for community granting advisory committee. The remaining allocation of \$12,126,000 for FY2024 and \$13,177,000 FY2025 would be eliminated and would not fund pass-through grants and DOH administrative costs.

To continue this work, an alternative appropriation would be necessary.

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Coordination for process to track expenditures from climate commitment act accounts Proviso  
Total appropriation \$200,000 from the Climate Investment Account

This work establishes a process to track state agency expenditures from the climate commitment accounts relating to public engagement with tribes and vulnerable populations, and cost recovery or stipends (as described in RCW 43.03.220) for participants in the public process to reduce barriers to participation. This work would be completed in coordination with the Department of Ecology and the Environmental Justice Council and will cease when the funding ends June 6th, 2024.

Of this total appropriation the department does not anticipate spending any funds prior to June 6th, 2024. The remaining allocation of \$100,000 for FY2024 and \$100,000 FY2025 would be eliminated and not fund pass-through agreement to the Department of Ecology to establish a process to account for expenditures.

To continue this work, an alternative appropriation would be necessary.

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Public Health Seattle King County (PHSKC) SEATAC Air/Asthma Proviso  
Total appropriation \$1,393,000 from the Climate Commitment Account

The Public Health Air/Asthma work addresses the disproportionate rates of asthma among children who reside within 10 miles of the Seattle-Tacoma International Airport. The following work will cease when the funding ends on June 6th, 2024:

- Increased access to community health worker asthma interventions.
- An independent investigation of the added benefit of indoor air quality interventions, including high efficiency particulate air filters, on disparities in indoor air pollution.
- Regional data analysis and surveillance of asthma diagnoses and hospitalizations in King County.

Of this total appropriation the department anticipates spending \$412,000 by June 6th, 2024, on pass through payment to PHSKC. The remaining allocation of \$284,000 for FY2024 and \$697,000 FY2025 would be eliminated and would no longer fund the pass-through agreement to PHSKC to fulfill requirements of proviso.

To continue this work, an alternative appropriation would be necessary.

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#### Climate Health Adaptation Initiative (CHAI) Proviso

Total appropriation \$1,305,000 from the Climate Commitment Account

The Climate and Health Adaptation Initiative (CHAI) is a grant program that invests in community capacity building efforts through advancing grassroots climate adaptation efforts. CHAI uses a climate justice framework to connect local and community level climate adaptation efforts with state and federal resources to support climate action plan implementation and coordination. The department published the Request for Application (RFA) in December 2023 and has communicated externally that awards to tribal and community-based organizations would be announced in February 2024. The following work will cease when the funding ends on June 6th, 2024:

- Any agreements in place for this work.
- Future climate justice focused climate resilience projects by community-based organizations and tribal organizations.
- Dedicated funding for climate justice initiatives by community groups supporting communities most impacted by emerging climate change issues.

Of this total appropriation the department anticipates spending \$230,000 by June 6th, 2024, on staffing and related costs to prepare the grant request for funding process and select grant awards. The remaining allocation of \$323,000 for FY2024 and \$752,000 for FY2025 (and ongoing) would be eliminated and would not fund pass-through grants and DOH administrative costs.

To continue this work, an alternative appropriation would be necessary.

---

#### School District HVAC Grants Proviso

Total appropriation \$5,496,000 from the Climate Commitment Account

School District HVAC Grants support small school districts adapt to increasing wildfire and wildfire smoke. These grants help subsidize the (increasing) cost difference between building HVAC systems to local building codes versus building HVAC systems to the Environmental Protection Agency's (EPA) "Schools as Community Clean Air and Cooling Centers" guidance. The department published the Request for Application (RFA) in December 2023 and has communicated externally that awards would be announced in February 2024. The following work will cease when the funding ends on June 6th, 2024:

- Assist school districts access to funding for infrastructure outside of school levies.
- Provide increased access to clean air or cool air during emergencies.
- Improve respiratory outcomes during non-wildfire smoke days, such as reduced infections disease risk at school, improved indoor air quality in general.

Of this total appropriation the department anticipates spending \$199,000 by June 6th, 2024, on staffing and related costs to prepare the grant request for funding process and select grant awards. The remaining allocation of \$5,082,000 for FY2024 and \$215,000 FY2025 would be eliminated and not fund pass-through grants and DOH administrative costs. Biennial

funding amount is ongoing.

To continue this work, an alternative appropriation would be necessary.

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#### Participatory Budget Grant Program for overburdened communities Proviso

Total appropriation \$38,600,000 from the Climate Commitment Account

This grant program for overburdened communities establishes a participatory budgeting process with five overburdened communities to develop a process to select and fund projects that mitigate the disproportionate impacts of climate change on overburdened communities.

The following work will cease when the funding ends on June 6th, 2024:

- The participatory budgeting process with five overburdened communities.
- Full community engagement and development of criteria for eligible entities and projects.
- Establishment of priorities to achieve greatest gain for decarbonization and resiliency.
- The department is currently establishing a Community Advisory Committee in collaboration with the Department of Commerce to help identify and prioritize the five overburdened communities to participate in this grant program.

Of this total appropriation the department anticipates spending \$713,000 by June 6th, 2024, on staffing and related costs to prepare the grant request for funding. The remaining allocation of \$5,287,000 for FY2024 and \$32,600,000 FY2025 would be eliminated and not fund pass-through grants and DOH administrative costs.

To continue this work, an alternative appropriation would be necessary.

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#### Healthy Environment for All (HEAL) Act Proviso

Total appropriation \$5,996,000 from the Climate Commitment Account

The Healthy Environment for All (HEAL) act (chapter 70A.02 RCW) works to reduce environmental and health disparities in Washington state and improve the health of all Washington state residents. The department's role in implementing the HEAL act includes the Environmental Health Disparities (EHD) mapping, the Environmental Justice Council and staffing the HEAL Interagency Workgroup. The department completes Environmental Justice (EJ) assessments, engagement with overburdened communities and vulnerable populations, and participates in the interagency HEAL workgroup.

The department is obligated by statute to complete these activities (RCW 70A.02 (Environmental Justice) and RCW 43.70.815 (Environmental health disparities map)). This proviso is currently funded by the Climate Commitment Account, which is repealed in this initiative. The department is obligated to continue these activities per RCW 70A.02 and 43.70.815 and will require an alternative fund source beginning June 6th, 2024.

Of the total appropriation the department anticipates spending \$2,441,000 by June 6th, 2024, on grants, contracts, staff, and related costs. The remaining allocation of \$539,000 for FY2024 and \$3,016,000 FY2025 (and ongoing) would be repealed and not fund completion of HEAL implementation, support the EJ council, and complete mapping requirements as required in RCW70A.02 and RCW 43.70.815.

To continue this work, an alternative appropriation would be necessary.

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#### 1170 SSHB Climate Response Strategy Proviso

Total appropriation \$72,000 from the Climate Commitment Account

The Climate Response Strategy is a cooperative effort between state agencies to develop an integrated climate change response strategy to better enable the state to prepare for, address, and adapt to the impacts of climate change as directed by RCW 70A.05.010. The department provides informative public health data for this adaptation plan. To comply with RCW 70A.05.010 the department requires an alternative fund source beginning June 6th, 2024, when this initiative is set to



repeal the Natural Climate Solutions account (RCW 70A.65.270) that currently funds this work.

Of the total appropriation the department anticipates spending \$47,000 by June 6th, 2024, on staffing and related costs to develop an integrated climate change response strategy. The remaining \$25,000 biennial allocation (and ongoing) would be eliminated and would not fund completion of this activity.

To continue this work, an alternative appropriation would be necessary.

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SHB 1181 Climate change/planning Proviso

Total appropriation \$407,000 from the Climate Commitment Account

The department provides technical expertise for climate change planning. In conjunction with the University of Washington's Climate Impact Group, the department develops guidance for water systems compliance for climate resiliency as required in RCW 43.20.310. The department also provides technical expertise on how to best incorporate climate change resilience into comprehensive plans as directed in RCW 70A.45.120 (local government comprehensive plans) with the Department of Commerce and other consulting agencies. To comply with RCW 43.20.310 and RCW 36.70A.190 the department requires an alternative fund source beginning June 6th, 2024, when this initiative is set to repeal the Climate Commitment account (RCW 70A.65.260) that currently funds these activities.

Of this total appropriation the department anticipates spending \$108,000 by June 6th, 2024, on staffing and related costs to provide updated water system guidance and provide technical assistance to the Department of Commerce. The remaining allocation of \$217,000 for FY2024 and \$82,000 FY2025 would be eliminated and would not fund completion of these activities.

To continue this work, an alternative appropriation would be necessary.

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Category 2 Proviso:

This proviso is funded from accounts eliminated in this initiative, in addition to the associated statutes that are also repealed in this Initiative. The activities in this category will be eliminated on the effective date of the Initiative on June 6, 2024.

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Section (2) (6) RCW 70A.65.020 (Environmental justice review)

Climate Commitment Act Proviso

Total appropriation \$702,000 from the Climate Investment Account

The Climate Commitment Act works to improve air quality for overburdened communities. The Department supports the Department of Ecology in conducting environmental justice assessments and engaging with communities. This work includes epidemiological health assessments and analyzing and interpreting health outcome information. This work will cease when the funding (RCW 70A.65.250, Climate Investment Account) and statutory requirements (RCW 70A.65.020, Environmental justice review) end on the effective date June 6th, 2024.

Of this total appropriation the department anticipates spending \$305,000 June 6th, 2024, on staff and related costs to provide updated environmental justice assessment support and epidemiological analysis and interpretation. The remaining allocation of \$48,000 for FY2024 and \$349,000 FY2025 would be eliminated.

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Fiscal Note Total Impact Summary:

For these activities to continue, the Legislature would need to identify alternative funding for these purposes.

FY2024 Total: Grant/Contracts and Salaries, benefits, and related expenses (\$28,547,000)

FY2025 Total: (66.8 FTE), Grant/Contracts and Salaries, benefits, and related expenses (\$56,013,000)

FY2026 Total: (35.1 FTE) Grant/Contracts and Salaries, benefits, and related expenses (\$14,335,000)

FY2027 Total: (34.3 FTE) Grant/Contracts and Salaries, benefits, and related expenses (\$9,269,000)

FY2028 Total: (35.1 FTE) Grant/Contracts and Salaries, benefits, and related expenses (\$14,335,000)

FY2029 Total: (34.3 FTE) Grant/Contracts and Salaries, benefits, and related expenses (\$9,269,000)

**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	(148,000)	(449,000)	(597,000)	(698,000)	(698,000)
26C-1	Climate Commitment Account	State	(28,399,000)	(55,539,000)	(83,938,000)	(22,834,000)	(22,834,000)
26D-1	Natural Climate Solutions Account	State	0	(25,000)	(25,000)	(72,000)	(72,000)
<b>Total \$</b>			<b>(28,547,000)</b>	<b>(56,013,000)</b>	<b>(84,560,000)</b>	<b>(23,604,000)</b>	<b>(23,604,000)</b>

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(8.6)	(66.8)	(37.7)	(34.7)	(34.7)
A-Salaries and Wages	(573,000)	(5,121,000)	(5,694,000)	(5,660,000)	(5,660,000)
B-Employee Benefits	(236,000)	(1,961,000)	(2,197,000)	(2,106,000)	(2,106,000)
C-Professional Service Contracts					
E-Goods and Other Services	(130,000)	(399,000)	(529,000)	(419,000)	(419,000)
G-Travel					
J-Capital Outlays	(11,000)		(11,000)		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(27,565,000)	(48,129,000)	(75,694,000)	(14,961,000)	(14,961,000)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	(32,000)	(403,000)	(435,000)	(458,000)	(458,000)
9-					
<b>Total \$</b>	<b>(28,547,000)</b>	<b>(56,013,000)</b>	<b>(84,560,000)</b>	<b>(23,604,000)</b>	<b>(23,604,000)</b>

**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 ASST 3	52,620		(0.3)	(0.2)		
ADMINISTRATIVE ASST 4	61,056		(0.3)	(0.2)		
ADMINISTRATIVE ASST 5	67,380		(1.0)	(0.5)	(0.3)	(0.3)
Board Member FTE @ 250 per day						
Board Member FTE @ 50 per day						
COMMUNICATIONS CONSULTANT 3	69,072	(0.1)	(1.0)	(0.6)	(0.7)	(0.7)
ENVIRONMENTAL PLANNER 4	92,868					
EPIDEMIOLOGIST 1	88,416	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
EPIDEMIOLOGIST 2 (NON-MEDICAL)	102,540	(0.3)	(3.5)	(1.9)	(3.5)	(3.5)
EPIDEMIOLOGIST 3 (NON-MEDICAL)	113,160					
Fiscal Analyst 2	53,000	(4.9)	(17.8)	(11.4)	(6.8)	(6.8)
HEALTH SERVICES CONSULTANT 2	69,072	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
HEALTH SERVICES CONSULTANT 3	78,120	(0.8)	(8.6)	(4.7)	(2.8)	(2.8)
HEALTH SERVICES CONSULTANT 4	86,208	(0.4)	(6.6)	(3.5)	(4.7)	(4.7)
Health Svcs Conslt 1	53,000	(0.3)	(5.9)	(3.1)	(3.4)	(3.4)
IT APPLICATION DEVELOPMENT JOURNEY	104,028	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
MANAGEMENT ANALYST 3	74,376	(0.4)	(4.0)	(2.2)	(0.3)	(0.3)
MANAGEMENT ANALYST 4	86,208	(0.4)	(5.4)	(2.9)	(1.8)	(1.8)
MANAGEMENT ANALYST 5	95,184	(0.5)	(6.1)	(3.3)	(5.8)	(5.8)
OFFICE MANAGER	56,676		(0.4)	(0.2)	(0.1)	(0.1)
PUBLIC HEALTH ADVISOR 4	86,208		(0.1)	(0.1)	(0.2)	(0.2)
SENIOR EPIDEMIOLOGIST (NON-MEDICAL)	128,040		(0.3)	(0.2)	(0.3)	(0.3)
WMS02	118,932	(0.2)	(1.9)	(1.1)	(1.0)	(1.0)
WMS03	134,508		(0.6)	(0.3)		
<b>Total FTEs</b>		(8.6)	(66.8)	(37.7)	(34.7)	(34.7)

**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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 305-Department of Veterans Affairs
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	(400,000)	0	0	0	0
<b>Total \$</b>	<b>0</b>	<b>(400,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*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: 01/09/2024
Agency Preparation: Mirach Sebhat	Phone: (360) 451-2296	Date: 02/09/2024
Agency Approval: Yacob Zekarias	Phone: 253-545-1942	Date: 02/09/2024
OFM Review: Seth Nickerson	Phone: (360) 995-3604	Date: 02/12/2024

## 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.*

2117 XIL prohibits all state agencies, counties, and cities from implementing any type of carbon credit trading. This includes the climate commitment act, which was previously established as chapter 70A.65 RCW. This restriction applies irrespective of whether additional costs are imposed on fuel recipients or fuel suppliers.

2117 XIL would result in the removal of funding from the Climate Commitment Act. Washington State Department of Veterans Affairs (WDVA) would not have funding to implement House Bill 1390 requirements, which is funded through the Climate Commitment Account (26C). Per assumptions provided by the State, WDVA would be precluded from incurring expenditures for activities funded through the Climate Commitment Account past June 6, 2024 unless an alternative funding source was identified.

### 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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	0	(400,000)	(400,000)	0	0
<b>Total \$</b>			0	(400,000)	(400,000)	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		(400,000)	(400,000)		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	(400,000)	(400,000)	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					
Staff					
Other		(400,000)	(400,000)		
<b>Total \$</b>		(400,000)	(400,000)		

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

NONE

Per assumptions provided by the State, WDVA would be precluded from incurring expenditures for activities funded through the Climate Commitment Account (26C) past June 6, 2024. WDVA received \$400K in appropriations from Account 26C to support decarbonization planning efforts as mandated by HB 1390. HB 1390 mandates owners of campus district energy systems to commence developing a decarbonization plan, with an alternative compliance pathway provided.

WDVA’s original timeline, as indicated in our capitol allotment, was to utilize the entire \$400K by April 2024. However, owing to capacity and resource limitations, the implementation of the project has been postponed to FY2025. Consequently, 2117 XIL would prohibit funds availability when needed and WDVA would therefore discontinue the project.

**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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 310-Department of Corrections
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

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

### Estimated Capital Budget Impact:

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

*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: 01/09/2024
Agency Preparation: Stephanie Marty	Phone: (360) 725-8428	Date: 02/12/2024
Agency Approval: Michael Steenhout	Phone: (360) 789-0480	Date: 02/12/2024
OFM Review: Seth Nickerson	Phone: (360) 995-3604	Date: 02/12/2024



## 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.*

Initiative measure 2117 relates to prohibiting all state agencies, counties, and cities from implementing any type of carbon tax credit trading by adding a new section to 70A.65 RCW and repealing a multitude of acts or parts of acts. This prohibition applies whether the resulting increased costs are imposed on fuel recipients or fuel suppliers.

Section 1 is a new section stating all state agencies are prohibited from implementing any type of carbon tax credit trading including the climate commitment act (CCA) previously codified as chapter 70A.65 RCW.

Section 2(1-7) repeals RCW 43.21C.520 (Greenhouse gas emissions from new or expanded facility), RCW 70A.15.1100 (Issuance of enforceable order – overburdened communities), RCW 70A.45.110 (Siting of certain facilities), RCW 70A.65.005 (Findings—Intent), RCW 70A.65.010 (Definitions), RCW 70A.65.020 (Environmental justice review) and RCW 70A.65.030 (Environmental justice assessment).

Section 2(25-36) repeals RCW 70A.65.250 (Climate investment account).

Effective date is assumed to be 90 days after adjournment of session, or June 6, 2024.

### 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 fiscal impact of this bill is indeterminate, assumed to be greater than \$50,000 per Fiscal Year (FY).

As described under Part IV: Capital Budget Impact, the Department of Corrections (DOC) has entered into contracts with University Mechanical to begin predesign studies funded by appropriations received in the 2023-25 Capital budget. Based on contract language, the predesign studies will not be completed prior to June 6, 2024. Completion of the Energy Audit and Energy Services Proposal predesign is scheduled to occur within 18 months after the December 4, 2023, authorization to proceed date. The total lapsing 26C-1 appropriated funds is \$1,600,000 if this bill is repealed.

The DOC assumes the contractual obligations to University Mechanical could not be terminated therefore the \$1,600,000 funding obligation for OFM project #91000434: HB 1390 – District Energy Systems will need to be supported through the 057-1-State Building Construction Account (SBCA), or another alternative appropriated funding source.

OFM Agency Assumptions used to develop this analysis include:

- Assumes the provisions of the initiative apply prospectively, not retroactively.
- Assumes no new obligations that would require expenditures tied to contracts or grant agreements would occur after June 6, 2024, unless, working with your assigned assistant attorney general, the contract or grant would not need to be terminated.
- Assumes expenditure estimates for grants or contracts should not include accruals past the June 6, 2024, effective date.
- Assumes agencies with appropriations from the Carbon Emission Reduction Account (26A-1), Climate Investment Account (26B-1), Climate Commitment Account (26C-1), the Natural Climate Solutions Account (26D-1) and the Air Quality and Health Disparities Improvement Account (26E-1) would not be able to incur expenditures following the June 6,

2024, effective date and work funded through these accounts may stop on June 6, 2024.

- To calculate the amount of appropriations that may lapse, agencies should use their expenditures / estimated allotments as a guide through June 6, 2024.
- Agencies will show negative expenditures in the Fiscal Note System for CCA expenditures that were estimated to occur after June 6, 2024. For Capital, show negative expenditure levels only for current biennium and explain how you determined your estimates

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

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

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

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

**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**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	1,600,000	0	1,600,000	0	0
26C-1	Climate Commitment Account	State	(1,600,000)	0	(1,600,000)	0	0
<b>Total \$</b>			0	0	0	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**IV. B - Expenditures by Object Or Purpose**

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

**IV. C - Capital Budget Breakout**

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

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

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
057 Construction Project Coordinator 3		0.5		0.3		
26C-1 Construction Project Coordinator 3		(0.5)		(0.3)		
<b>Total FTEs</b>						0.0

The fiscal impact of this bill is indeterminate, assumed to be greater than \$50,000 per Fiscal Year (FY).

If this initiative passes it would affect \$1.6 million in the 2023-25 biennial Capital budget funded specifically by the Climate Commitment Account (CCA) (EA code 26C-1) for a predesign study that will look at Statewide District Energy Systems (HB 1390). The predesign study requires the DOC to conduct a statewide feasibility study and energy audits at all prison and reentry center campuses, both those with district heating systems and those that might benefit from in district heating systems.

The DOC has signed multiple facility contracts with University Mechanical to begin the predesign studies obligating spending of CCA 26C-1 appropriated funding including 0.5 FTEs for FY2024 (\$64,000). As of February 1, 2024, there are no expenditures to report.

Based on contract language, the predesign studies will not be completed prior to June 6, 2024. Completion of the Energy Audit and Energy Services Proposal predesign will occur within 18 months after the authorization to proceed date, which was December 4, 2023. The total lapsing 26C-1 CCA appropriated funds is \$1,600,000 if this bill is repealed.

The DOC assumes the contractual obligations to University Mechanical could not be terminated therefore the \$1,600,000 funding obligation for OFM project #91000434: HB 1390 – District Energy Systems will need to be supported through the 057-1-State Building Construction Account (SBCA), or another alternative appropriated funding source.

Additional consideration was given as to other funds that could be used for a federal match in the event the CCA accounts are not available to match federal funds, but the DOC does not have a dedicated fund source to use as a fund base for matching federal funds.

## **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

Revised

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 350-Superintendent of Public Instruction
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	(10,663,000)	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	<b>0</b>	<b>(10,663,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*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: 01/09/2024
Agency Preparation: Kirti Vijay	Phone: 3607256261	Date: 02/09/2024
Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 02/09/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/12/2024

## 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 1 (New Section)

- Adds a new section to chapter 70A.65 RCW.
- Prohibits all state agencies from implementing any type of carbon tax credit trading, also known as “cap and trade” or “cap and tax” scheme, including the climate commitment act previously codified as chapter 70A.65 RCW.

#### Section 2 (New Section)

Repeals acts or parts of acts to the following:

(29) RCW 70A.65.260 (Climate commitment account) and 2023 c 475 s 939, 2022 c 179 s 17, & 2021 c 316 s 29;

### 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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	0	(10,663,000)	(10,663,000)	0	0
Total \$			0	(10,663,000)	(10,663,000)	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					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		(10,663,000)	(10,663,000)		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	(10,663,000)	(10,663,000)	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		(10,663,000)	(10,663,000)		
Staff					
Other					
<b>Total \$</b>		(10,663,000)	(10,663,000)		

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

NONE

The fiscal impact of the proposal would be limited to the grants that were appropriated out of the Climate Commitment Account.

**Energy Assessment Grants for Small Districts**

\$5,000,000 of the climate commitment account was provided in the 2023-25 biennial budget for the small school districts to conduct energy assessments of instructional buildings. \$423,718 of the same has been obligated as of the date of this analysis. Please see attachment 1 for details. The grant application is currently open and school districts are allowed to apply for as long as funding is available to be awarded. Hence, there is no specific timeline as to when the grants will be fully awarded.

Additionally, the grant awardees do not have a schedule of when the grant may be claimed for reimbursement. Therefore, the timing of the fiscal impact of the proposal is indeterminate. Nevertheless, the grants will continue to be awarded until the effective date of June 6, 2024. Since this grant is crucial to the energy health of small school districts, it is desirable to have the grant (\$5 million) backfilled with state building construction account so that the most vulnerable school districts with minimal resources may be engaged in the conversation around energy conservation.

**Chief Leschi School HVAC Project**

\$10,000,000 of the climate commitment account was provided in the 2023-25 biennial budget and \$15,000,000 appropriated from the state building construction account for the Chief Leschi school HVAC project. The funding has been completely obligated as of the date of this analysis.

As per the details described on attachment 1, the project management team estimates \$4.337 million of the grant may be claimed for reimbursement by June 6, 2024, financed by the climate commitment funding provided which will leave an appropriation balance of \$5.663 million. Any reduction in climate commitment funding will need to be backfilled by funding from the state building construction account to cover the full cost of the project.

## **Part V: New Rule Making Required**

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

# Office of Superintendent of Public Instruction

## Attachment 1

### Energy Assessment Grants for Small Districts

School District	Grant Awarded
Chimacum	\$ 59,120
Creston	\$ 17,649
Grand Coulee Dam	\$ 54,945
Hood Canal	\$ 21,972
Methow Valley	\$ 54,824
Pomeroy	\$ 36,149
Soap Lake	\$ 46,938
Wilbur	\$ 31,157
Southside	\$ 9,920
Napavine	\$ 34,367
Toledo	\$ 56,677
<b>Total Awards</b>	<b>\$ 423,718</b>
Unobligated Funds	\$ 4,576,282
<b>Total Appropriation</b>	<b>\$ 5,000,000</b>

### Chief Leschi School HVAC Project

Project	Climate Commitment Account	State Building Construction Account	Total All Funds
Chief Leschi School HVAC Project Appropriation	\$ 10,000,000	\$ 15,000,000	\$ 25,000,000
Estimated Expenditures Through June 6, 2024	\$ 4,337,000	0	\$ 4,337,000
<b>Estimated Unobligated Funding Through June 6, 2024</b>	<b>\$ 5,663,000</b>	<b>\$ 15,000,000</b>	<b>\$ 20,663,000</b>

### Climate Commitment Account Summary

Energy Assessment Grant Funding	\$ 5,000,000
Chief Leschi School HVAC Project	\$ 5,663,000
<b>Estimated Total of Climate Commitment Funding Not Expended by June 6, 2024</b>	<b>\$ 10,663,000</b>



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 354-Workforce Training and Education Coordinating Board
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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	(0.1)	(2.9)	(1.5)	(2.0)	(2.0)
<b>Account</b>					
Climate Commitment Account-State 26C-1	(20,000)	(755,000)	(775,000)	(754,000)	(754,000)
<b>Total \$</b>	(20,000)	(755,000)	(775,000)	(754,000)	(754,000)

### 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: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Preparation: Ilene Munk	Phone: 3607094600	Date: 02/13/2024
Agency Approval: Nova Gattman	Phone: 360-709-4600	Date: 02/13/2024
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 02/13/2024

## 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.*

Initiative 2117 would prohibit agencies from implementing carbon tax credit trading, which would eliminate funding for the Climate Committee Act.

In 2023 the Washington legislature passed 2SHB 1176, an Act relating to developing opportunities for service and workforce programs to support climate-ready communities.

Under the bill, and codified in 28C.18 RCW, the Workforce Board is responsible to create and staff the Clean Energy Technology Workforce Advisory Committee, (“Advisory Committee” or “CETWAC”). The Department of Commerce and Employment Security Department are named partners in the Workforce Board’s implementation requirements in the bill. As an ongoing project, the Workforce Board is directed to convene this open group of stakeholders.

The Workforce Board is also required in the bill, in consultation with CETWAC and the Department of Commerce and Employment Security Department, to collect and review labor market trends and projected workforce demand data specific to both the traditional and clean energy technology professions – including the restructuring of jobs and adjusted skillsets associated with climate change mitigation strategies, develop an inventory of skills and competencies in the clean energy technology sector and gaps in education, work with training providers to identify where existing programs might meet the needs or be adapted as needed, and create recommendations to mitigate climate change policy impacts on businesses and workers. The Board is also directed to contract with an organization for a feasibility study for a transition to retirement program for late-career workers.

Ongoing staffing and contract costs for the implementation of 2SHB 1176 is funded through the Climate Commitment Act.

### 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.*

As required by the final assumptions issued by OFM, “No new obligations that would require expenditures tied to contracts or grant agreements would occur after June 6, 2024 ...”

Terminating these activities in early June would reduce SFY 24 expenditure by an estimated \$20,000. The Workforce Board projected the FY 2025 expenditure of \$755,000 to support the Advisory Committee and for initial studies and research, including the transition to retirement study. Ongoing work in future years supporting the Advisory Committee and addressing related issues are projected at an expenditure level of \$ 377,000 per year. As such, the total anticipated loss for SFY 24 through SFY 29 would be \$-2,283,000. This amount includes 20,000 in SFY 24, 755,000 in SFY 25, and 377,000 in each of the four following years.

The Workforce Board has hired a staff manager and released the first report in November of 2023. Research efforts are underway, and CETWAC has appointed Co-Chairs from Business and from Labor and are working on the next round of developing strategies to ensure a robust clean energy technology workforce, and that workers and businesses are part of the solution as less clean forms of energy and technology are phased out through federal, state, and local decisions. If the Climate Commitment Act funding ends, all current and future climate- and clean energy-related work will cease for lack of

funding. The Workforce Board does not have any existing capacity to absorb this body of work.

This work includes:

1. The Clean Energy Technology Workforce Advisory Committee
2. All work related to determining the feasibility of a path to retirement for workers nearing retirement in the fossil fuel industry.
3. All work related to identifying transferable skills, and any training or education programs available to allow workers to find good careers in the clean energy sector.
4. All work related to assessing the state's registered apprenticeship program's ability to meet the demand for a clean energy skilled workforce.
5. All work related to coordinating efforts to leverage existing resources and additional funding opportunities to attract clean energy technology business to Washington and identify the number of jobs and skills needed to provide living wage careers to Washington workers.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	(20,000)	(755,000)	(775,000)	(754,000)	(754,000)
<b>Total \$</b>			(20,000)	(755,000)	(775,000)	(754,000)	(754,000)

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(0.1)	(2.9)	(1.5)	(2.0)	(2.0)
A-Salaries and Wages	(10,000)	(254,000)	(264,000)	(362,000)	(362,000)
B-Employee Benefits	(4,000)	(85,000)	(89,000)	(120,000)	(120,000)
C-Professional Service Contracts		(315,000)	(315,000)	(150,000)	(150,000)
E-Goods and Other Services	(2,000)	(51,000)	(53,000)	(74,000)	(74,000)
G-Travel	(3,000)	(12,000)	(15,000)	(10,000)	(10,000)
J-Capital Outlays		(12,000)	(12,000)		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	(1,000)	(26,000)	(27,000)	(38,000)	(38,000)
9-					
<b>Total \$</b>	(20,000)	(755,000)	(775,000)	(754,000)	(754,000)

#### 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
AA4	61,056	0.0	(1.0)	(0.5)	(0.4)	(0.4)
Deputy Director	114,000	0.0	(0.2)	(0.1)	(0.1)	(0.1)
Project Dir MA 5	90,000	(0.1)	(1.0)	(0.5)	(1.0)	(1.0)
Researcher MA 5	95,184	0.0	(0.7)	(0.4)	(0.5)	(0.5)
<b>Total FTEs</b>		(0.1)	(2.9)	(1.5)	(2.0)	(2.0)

#### 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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 355-Department of Archaeology and Historic Preservation
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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	(0.1)	(1.6)	(0.9)	(1.6)	(1.6)
<b>Account</b>					
Climate Commitment Account-State 26C-1	(63,129)	(408,841)	(471,970)	(774,000)	(774,000)
<b>Total \$</b>	(63,129)	(408,841)	(471,970)	(774,000)	(774,000)

### 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: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Preparation: Diann Lewallen	Phone: 360-407-8121	Date: 02/12/2024
Agency Approval: Diann Lewallen	Phone: 360-407-8121	Date: 02/12/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/12/2024

## 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.*

Initiative Measure No. 2117 would repeal the Climate Commitment Act – Cap and Invest Program.

Repealing the program would make Climate Commitment Account (CCA) funds unavailable to the Department of Archaeology and Historic Preservation (DAHP) which was appropriated funding from the account to participate in the Clean Energy Siting Coordinating Council (Chapter 30, Laws of 2023, E2SHB 1216), update the statewide predictive archaeological model, and review renewable energy siting applications. The agency also received authority to spend from the CCA to conduct cultural resource surveys on state-owned lands that may be leased for clean energy projects. DAHP was appropriated \$977,000 from the Climate Commitment Account in the 23-25 biennium. If the Initiative passes, funding for staffing to conduct CCA clean energy siting reviews, make future updates to the predictive model, and cultural resource surveys would be eliminated as of June 6, 2024, and future appropriations would be eliminated.

Should Initiative Measure No. 2117 pass, the DAHP would discontinue the work associated with conducting the cultural resource surveys. However, the RCW's related to E2SHB 1216 which requires DAHP to work with developers/applicants was not repealed in the initiative. The agency would still have an obligation to work with the developers/applicants. The DAHP would need an alternative funding source for renewable energy siting activities.

### 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.*

FY24 Impacts to the Climate Commitment Account authority:

Expenditure reductions from the Climate Commitment Account assume the legislation would be effective June 6, 2024, therefore 80% of the allotted authority in June 2024 would no longer be available (24 days/30 days in June=80%). The fiscal year 2024 impact would be 80% of the June 2024 spending plan for salaries, benefits, goods and services and travel. The current June spending plan for those costs totals \$28,418. The reduction would then equal \$28,418 times 80% or \$22,734. In FY24 contract spending is slower than planned for cultural resource survey work. The agency contract assumed spending of \$201,973 in FY24 and \$258,027 in FY25. The agency estimates only \$161,578 will be spent before June 6 so the FY24 contract impact is assumed to be the difference of \$40,395.

FY25 Impacts to the Climate Commitment Account authority:

Contract impacts in FY25 are assumed to be a reduction to the entire \$258,027 contracted during FY25. It is assumed the whole fiscal year 2025 allotment would be reduced for salaries, benefits, goods and services and travel.

Carryforward Impacts:

The legislature provided the funding on an ongoing basis so reductions in years after the 2023-25 biennium is assumed at estimated carryforward amounts which exclude one-time funding to update the archaeological predictive model which was \$200,000 and equipment for the commerce specialist 4FTE totaling \$3,000.

**Alternative Funding:**

The DAHP would need an alternative funding source for the 1.1 FTE in work required to meet its obligations under E2SHB 1216. That includes 1 FTE of a commerce specialist 4 to work with developers/applicants and .1 FTE of the deputy director to participate in Clean Energy Siting Coordinating Council meetings and activities.

The salary cost of 1 fulltime commerce specialist 4 (range 60 step L) is estimated at \$86,208 per year, on-going. Related benefits costs, at current benefits rates, are estimated at \$29,637, on-going. Goods and services are estimated at \$6,094 per year and include costs such as communication, training, software, and supplies. Travel costs are estimated at \$5,254 at low cost per diem rates. These costs would also be on-going.

The salary cost of .1 FTE of the deputy director is estimated at \$9,763 per year, on-going. Related benefits costs, at current benefits rates, are estimated at \$3,162 per year, on-going. Goods and services are estimated at \$571 per year and include costs such as communication, training, software, and supplies. Travel costs are estimated at \$525 at low cost per diem rates. These costs would also be on-going.

The total needed from alternative funding sources would be \$141,214 per year.

For the 24 days in June of FY24 the alternative funding needed for these staff is estimated at \$6,398 for salaries, \$2,187 for benefits, \$726 for goods and services and \$385 for travel. The total alternative funding needed in FY24 would be \$9,695.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	(63,129)	(408,841)	(471,970)	(774,000)	(774,000)
<b>Total \$</b>			(63,129)	(408,841)	(471,970)	(774,000)	(774,000)

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(0.1)	(1.6)	(0.9)	(1.6)	(1.6)
A-Salaries and Wages	(6,624)	(102,348)	(108,972)	(202,958)	(202,958)
B-Employee Benefits	(2,319)	(35,987)	(38,306)	(70,988)	(70,988)
C-Professional Service Contracts	(40,395)	(258,027)	(298,422)	(475,620)	(475,620)
E-Goods and Other Services	(13,662)	(6,526)	(20,188)	(13,052)	(13,052)
G-Travel	(129)	(5,953)	(6,082)	(11,382)	(11,382)
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	(63,129)	(408,841)	(471,970)	(774,000)	(774,000)

**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
Commerce Specialist 3	80,112		(0.5)	(0.3)	(0.5)	(0.5)
Commerce Specialist 4	86,208	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
Deputy Director	97,632		(0.1)	(0.1)	(0.1)	(0.1)
<b>Total FTEs</b>		(0.1)	(1.6)	(0.9)	(1.6)	(1.6)

**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

Revised

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 360-University of Washington
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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
<b>Account</b>					
General Fund-State 001-1	0	(1,733,000)	(1,733,000)	(3,466,000)	(3,466,000)
Inst of HI ED-Operating Fees Acct-Non-Appropriated 149-6	0	(2,383,800)	(2,383,800)	(5,707,160)	(7,094,920)
Climate Commitment Account-State 26C-1	(256,250)	(75,000)	(331,250)	0	0
Natural Climate Solutions Account-State 26D-1	(34,875)	(418,500)	(453,375)	(837,000)	(837,000)
<b>Total \$</b>	(291,125)	(4,610,300)	(4,901,425)	(10,010,160)	(11,397,920)

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### 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	(468,750)	(5,625,000)	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	(468,750)	(5,625,000)	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	(937,500)	(11,250,000)	0	0	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

*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: 01/09/2024
Agency Preparation: Michael Lantz	Phone: 2065437466	Date: 02/09/2024
Agency Approval: Jed Bradley	Phone: 2066164684	Date: 02/09/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/12/2024

## 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.*

Initiative 2117 is an initiative to the Legislature. It would prohibit any state agency from implementing any type of carbon tax trading program. It would also repeal the Climate Commitment Act (CCA), which was enacted in 2021. The University of Washington (UW) is a covered entity under the CCA and is therefore required to purchase carbon allowances through the Department of Ecology's carbon auction program. The UW also has received funding from state CCA related accounts.

### 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.*

Based on assumptions UW has received from the Office of Financial Management, funding from the CCA would lapse on June 6, 2024, approximately one month before the end of FY24. The UW would plan to cease expenditures from these funds before June 1, 2024. Our calculations assume that 1/12 of the current total FY24 appropriations, the entirety of FY25 appropriations, and any ongoing amounts will not be provided.

UW is currently receiving CCA funding on the operating side to develop a clean energy strategy for UW (\$3 million in FY24 only), to support the Washington Ocean Acidification Center (WOAC) (\$418,500 per FY ongoing), and to support local government climate planning (\$75,000 in FY24 and FY25 only).

Should Initiative 2117 be adopted by the Legislature, UW expects to lose approximately \$256,000 in funding from the Climate Commitment Account and approximately \$35,000 from the Natural Climate Solutions Account in June FY24. Prior to June 1, funding will be used to advance the clean energy strategy, continue operations and support WOAC, and local government climate planning efforts as required in those proviso allocations.

For FY25, the UW expects to lose approximately \$75,000 in funding from the Climate Commitment Account and approximately \$419,000 from the Natural Climate Solutions Account. Funding from the Natural Climate Solutions Account is ongoing, so approximately \$419,000 will be lost in future fiscal years as reflected in the tables.

The above losses are shown as negative expenditures for salaries and benefits.

Meanwhile, Initiative 2117 will result in savings (also negative expenditures) for the UW starting in FY25. As noted, the UW is a covered entity under the CCA and must purchase emission allowances through the Department of Ecology's quarterly auctions. The cost of these allowances can vary significantly based on market demand. Additionally, UW hopes to reduce its carbon emissions in future years, eventually eliminating the need to purchase allowances. However, absent knowing those amounts and for the purpose of this fiscal note, the UW estimates that it will need to purchase approximately 83,000 carbon allowances per year through FY29 based on current year data. Relying on an allowance price forecast provided by the Department of Ecology, the cost of this to the UW will be approximately \$4.17 million in FY25 (\$49.60 per unit), \$4.43 million in FY26 (\$53.36 per unit), \$4.74 million in FY27 (\$57.16 per unit), \$5.10 million in FY28 (\$61.40 per unit), and \$5.46 million in FY29 (\$65.84 per unit). The UW currently receives \$1.733 million in state general funds per fiscal year to cover a portion of its obligations as a covered entity. This number is based on fiscal note estimates from when CCA was under consideration. The remainder of UW's obligations are required to be covered by other funding sources and are reflected as negative Fund 149 (non-state appropriated) expenditures in the tables.

Finally, absent this initiative, the UW expects to receive future funding proceeds under the CCA to address its aging power plant infrastructure, improve energy efficiency, and move to decarbonize our Bothell, Seattle, and Tacoma campuses and hospital system. Nearly all of this work will still need to be completed, regardless of whether this initiative is adopted, given other mandates such as the City of Seattle’s building emissions standards, the Clean Building Act, and district energy legislation (HB 1390). However, the amount of funding that will be provided to the UW from CCA revenue in coming years and the cost of other compliance efforts are unknown.

Overall, ending CCA funding in June 2024 will have significant fiscal impacts to UW for FY 2024 and future fiscal years. However, the full impact is not known and therefore the fiscal note is marked as indeterminate.

**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	(1,733,000)	(1,733,000)	(3,466,000)	(3,466,000)
149-6	Inst of HI ED-Operating Fees Acct	Non-Appropriated	0	(2,383,800)	(2,383,800)	(5,707,160)	(7,094,920)
26C-1	Climate Commitment Account	State	(256,250)	(75,000)	(331,250)	0	0
26D-1	Natural Climate Solutions Account	State	(34,875)	(418,500)	(453,375)	(837,000)	(837,000)
<b>Total \$</b>			(291,125)	(4,610,300)	(4,901,425)	(10,010,160)	(11,397,920)

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages	(189,231)	(320,775)	(510,006)	(544,050)	(544,050)
B-Employee Benefits	(101,894)	(172,725)	(274,619)	(292,950)	(292,950)
C-Professional Service Contracts					
E-Goods and Other Services		(4,116,800)	(4,116,800)	(9,173,160)	(10,560,920)
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-					
<b>Total \$</b>	(291,125)	(4,610,300)	(4,901,425)	(10,010,160)	(11,397,920)

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	(937,500)	(11,250,000)	(12,187,500)	0	0
<b>Total \$</b>			(937,500)	(11,250,000)	(12,187,500)	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages	(304,687)	(3,656,250)	(3,960,937)		
B-Employee Benefits	(164,063)	(1,968,750)	(2,132,813)		
C-Professional Service Contracts					
E-Goods and Other Services	(468,750)	(5,625,000)	(6,093,750)		
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-					
<b>Total \$</b>	(937,500)	(11,250,000)	(12,187,500)	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### 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
Predesign/Design					
Construction	(468,750)	(5,625,000)	(6,093,750)		
Grants/Loans					
Staff	(468,750)	(5,625,000)	(6,093,750)		
Other					
<b>Total \$</b>	(937,500)	(11,250,000)	(12,187,500)		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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

NONE

On the capital side, UW is receiving CCA funding for infrastructure renewal (\$7.5 million per FY) and for Clean Energy Institute testbeds (\$3.75 million per FY) for the current biennium. Again, the UW would plan to cease expenditures from these funds before June 1, 2024. Our calculations assume that 1/12 of the current total FY24 appropriations and the entirety of FY25 appropriations will not be provided (which are reflected as negative expenditures in the tables). Therefore, UW expects to lose \$937,500 for June FY24 from the Climate Commitment Account. Prior to June 1, funding will be used to support the ongoing projects. For FY25, UW expects to lose \$11.25 million in funding, also from the Climate Commitment Account. Object codes in the tables are a blended estimate based on the various appropriations and associated allotments. Losses in future years are unknown and therefore the fiscal note is marked as indeterminate.

**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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 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
<b>Account</b>					
General Fund-State 001-1	0	(3,812,030)	(3,812,030)	(6,279,464)	(9,003,768)
Climate Commitment Account-State 26c-1	(828,841)	(5,067,443)	(5,896,284)	(9,874,000)	(9,874,000)
<b>Total \$</b>	(828,841)	(8,879,473)	(9,708,314)	(16,153,464)	(18,877,768)

### Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	(4,710,000)	0	0	0	0
<b>Total \$</b>	<b>0</b>	<b>(4,710,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*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: 01/09/2024
Agency Preparation: Chris Jones	Phone: 509-335-9682	Date: 02/13/2024
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 02/13/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/13/2024

## 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.*

Initiative 2117 XIL would repeal provisions of the 2021 Washington Climate Commitment Act (CCA) and prohibit all state agencies, counties, and cities from implementing any type of carbon tax credit trading.

Section 2. (29) would repeal RCW 70A.65.260, which created the Climate Commitment Account and allows for appropriations from that account to eligible projects, activities, and programs.

I-2117 would have a fiscal impact because Washington State University is a covered entity and must participate in auctions to purchase carbon allowances to remain in compliance with the CCA. WSU also receives appropriations from the CCA.

### 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.*

Washington State University received the following appropriations in 2023-25 from the Climate Commitment Account (CCA):

1. Creation of the Insititute for Northwest Energy Futures - \$7,721,000
2. Clean Energy Siting (2SHB 1216) - \$600,000

In alignment with lead agency assumptions for the fiscal note, WSU has estimated the expenditures that would not occur after June 6, 2024 and recorded them as negative expenditures in the table below. WSU has assumed no acceleration in its spending of previously appropriated funds due to the possibility of the CCA funds being unavailable after June 6, 2024.

Institute for Northwest Energy Futures (INEF)

The INEF was created per the state's 2023-2025 operating budget (ESSB 5187) and is headquartered in Richland, Washington, adjacent to the WSU Tri-Cities campus.

To estimate fiscal impact, WSU reviewed its current year-to-date expenditures in its finance system and also future financial commitments and obligations. Using this data, expenses were projected out until June 6, 2024. WSU then subtracted this amount from its total allotment by expenditure object for FY24 and FY25. The expected foregone expenditures for INEF are \$618,878 in FY24 and \$4,937,000 annually in FY25 - FY29.

To provide the infrastructure needed for INEF operations, WSU entered into a lease-to-own arrangement for a building located Richland, Washington. WSU is contractually obligated for lease payments through December 1, 2026. The lease also includes obligations for operating costs throughout the duration of the tenancy. The lease does not contain a termination provision and there is not an alternative funding source to meet lease-to-own obligations. Costs to meet those obligations are reflected on account 001 General Fund-State (GF-S) as a positive expenditure on the "Goods and Other Services" line. Assumed lease costs per fiscal year are:

FY25: \$1,890,000



FY26: \$ 810,000  
FY27: \$ 809,000

WSU will develop industry partnerships and build research capacity to take a systems approach to analyzing clean energy transition plans. Expertise will include life cycle assessment of varying energy technologies, data analytics to better understand energy demands and consumption patterns, social impacts of action or inaction, translating scientific enhancements to new energy technologies, and advancing the nexus between power engineering and power electronics in an era in which demands on power grids are more complex. To aid with this work, the institute is recruiting seven full-time faculty who would be engaged in the research of clean energy solutions, including energy systems research and scientific enhancements to foster the integration of clean energy technologies. WSU expects that offer letters for the faculty positions will be signed before the end of fiscal year 2024, with the faculty appointments beginning at the start of the next academic year (August 2024).

### Clean Energy Siting

Funding for the clean energy siting project was appropriated in the 2023-25 biennial budget bill (ESSB 5187) for the requirements of 2SHB 1216, in which the WSU Energy Program was required to complete a least-conflict siting process for pumped storage projects in the state of Washington. This funding is non-recurring.

The WSU Energy Program began work in FY24 with the goal to accomplish the project by the required date of June 30, 2025.

To estimate fiscal impact, WSU reviewed its current year-to-date expenditures in its finance system and also future financial commitments and obligations, including payments for two contracts. Using this data, expenses were projected out until June 6, 2024. WSU did not use the allotment information for clean energy siting since the actuals show a greater degree of variance to the initial budgets that informed the allotment. The expected foregone expenditures for the WSU Energy Program are \$209,962 in FY24 and \$130,443 in FY25. The estimated remaining contract payments would total to approximately \$200,000. WSU would evaluate alternative funding sources for the contracts, but these potential costs on other funds are not reflected in the fiscal note.

### Carbon Allowances

Washington State University receives state appropriations on GF-S to purchase carbon allowances as required by the Climate Commitment Act, since it is a covered entity. WSU is currently appropriated \$1,718,000 annually. WSU submitted a supplemental operating budget request for \$19,016,000 in 2023-25 and \$16,769,000 in 2025-27 to fund the purchase of the required allowances. The Governor's proposed 2024 supplemental budget included an additional \$6,023,000 in maintenance level GF-S funds for WSU to purchase carbon allowances in the 2023-25 biennium. For purposes of the fiscal note, WSU used the lead agency Department of Ecology forecasted allowance price assumptions to calculate what it would spend annually on allowances to meet the requirements of the CCA. These are shown as negative expenditures on the "Goods and Other Services" line, which assumes the CCA requirements are abolished as of June 6, 2024, per lead agency assumptions. Costs are the estimated number of allowances required (equal to CO<sub>2</sub> equivalent emissions) multiplied by the expected allowance price. Emissions are set to the calendar year 2023 emissions of 68,200 metric tons of CO<sub>2</sub>e. For FY25, WSU has also assumed the need to purchase an additional 43,475 allowances that have not been purchased in FY24. Beginning FY25, WSU assumes for the purpose of the fiscal note that it will purchase all required calendar year allowances. But there may be a lag between calendar year and fiscal year so that FY29 costs are understated, although WSU believes this is the best estimate at this time.

Additional required expenses include the cost of an annual CO<sub>2</sub>e emissions audit (\$90,000 in FY25, FY26, FY28, and FY29; \$125,000 in FY27) and administrative expenses of \$73,000 annually to manage CCA requirements and participate in the auctions (0.5 FTE, \$54,000 salaries, \$18,000 benefits); these are also reflected as negative expenditures for state appropriations (GF-S). The allowance costs by fiscal year are calculated as follows:

FY25: \$49.60/allowance \* 111,674 required allowances = \$5,539,030  
 FY26: \$53.36/allowance \* 68,200 required allowances = \$3,639,152  
 FY27: \$57.16/allowance \* 68,200 required allowances = \$3,898,312  
 FY28: \$61.40/allowance \* 68,200 required allowances = \$4,187,480  
 FY29: \$65.84/allowance \* 68,200 required allowances = \$4,490,288

Total costs reduced due to the repeal of the Climate Commitment Act would be approximately \$9.7 million in the 2023-25 biennium, \$16.1 million in the 2025-27 biennium, and \$18.8 million in the 2027-29 biennium.

**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	(3,812,030)	(3,812,030)	(6,279,464)	(9,003,768)
26c-1	Climate Commitment Account	State	(828,841)	(5,067,443)	(5,896,284)	(9,874,000)	(9,874,000)
<b>Total \$</b>			(828,841)	(8,879,473)	(9,708,314)	(16,153,464)	(18,877,768)

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages	(375,081)	(2,165,228)	(2,540,309)	(4,204,000)	(4,204,000)
B-Employee Benefits	(217,260)	(877,717)	(1,094,977)	(1,678,000)	(1,678,000)
C-Professional Service Contracts					
E-Goods and Other Services	(200,000)	(5,656,528)	(5,856,528)	(9,911,464)	(12,635,768)
G-Travel	(36,500)	(180,000)	(216,500)	(360,000)	(360,000)
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	(828,841)	(8,879,473)	(9,708,314)	(16,153,464)	(18,877,768)

**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**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26c-1	Climate Commitment Account	State	0	(4,710,000)	(4,710,000)	0	0
<b>Total \$</b>			0	(4,710,000)	(4,710,000)	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		(4,710,000)	(4,710,000)		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	(4,710,000)	(4,710,000)	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					
Staff					
Other		(4,710,000)	(4,710,000)		
<b>Total \$</b>		(4,710,000)	(4,710,000)		

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

NONE

WSU was appropriated \$5,000,000 from the Climate Commitment Account in the 2023-25 capital budget for the purpose of clean building standard energy efficiency improvements. WSU is currently engaging with a consultant to identify near-term energy efficiency measures and to lay the ground work for a system-wide decarbonization plan. Most implementation costs, therefore, are expected to take place in FY25. WSU's estimates those expenditures to be approximately \$4,710,000 in FY25. The funding does not support any staff FTEs at WSU.

**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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 370-Eastern Washington University
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	(100,000)	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	<b>(100,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*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: 01/09/2024
Agency Preparation: Tammy Felicijan	Phone: (509) 359-7364	Date: 02/08/2024
Agency Approval: Tammy Felicijan	Phone: (509) 359-7364	Date: 02/08/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/12/2024

## 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.

Initiative XIL 2117 proposes that all state agencies are prohibited from implementing any type of carbon tax credit trading, also known as "cap and trade" or "cap and tax" scheme, including the climate commitment act previously codified as chapter 70A.65 RCW. It also repeals numerous RCWs directly related to allocations of funds from the GREENHOUSE GAS EMISSIONS—CAP AND INVEST 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.

## 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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	(100,000)	0	(100,000)	0	0
<b>Total \$</b>			(100,000)	0	(100,000)	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	(100,000)		(100,000)		
E-Goods and Other Services					
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-					
<b>Total \$</b>	(100,000)	0	(100,000)	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	(100,000)		(100,000)		
Construction					
Grants/Loans					
Staff					
Other					
<b>Total \$</b>	(100,000)		(100,000)		

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

NONE

Preliminary assumptions state that appropriations funded through the Climate Commitment Account (26C-1), among other funding accounts, would cease as of June 6, 2024. This directly effects our Capital Project #91000027-District Energy Systems, which is funded at \$200,000 on this account.

2SHB 1390 was signed into law effective 7/23/2023 and requires the owner of a state campus district energy system to develop a decarbonization plan that includes: (i) Mechanisms to replace fossil fuels in heating plants; (ii) An evaluation of possible options to partner with nearby sources and uses of waste heat and cooling; (iii) An examination of opportunities to add buildings or other facilities to the system once it is decarbonized, a strategy to incentivize growth of decarbonized system, and requirements for facilities joining the system; and (iv) An evaluation of the potential for reduced energy use through conservation efforts.

The decarbonization plan must provide a strategy for up to 15 years, or longer if approved by the Department of Commerce. The plan must be under development by June 30, 2024, and a final plan must be submitted to Commerce by June 30, 2025. The Dept. of Commerce is the rule making body on how the final plan will be structured. They are still working on the rules, and until they complete the rules, we are not able to finish the plan.

Eastern Washington University has a pending agreement with a consultant to provide services and guidance to achieve decarbonization. While we are preparing for the contracted services to begin shortly, it is not anticipated that spending of the initial \$200,000 appropriation will be complete by the June 6, 2024 deadline. It is estimated that 50% would be spent by this deadline. Indeterminate costs exist if the contract is signed and then required to be terminated.

If this initiative passes, these funds would not be available to cover the original \$200,000 obligation, and funds for the

remaining 50% would need to be allocated from a different state capital source. Additional costs for the implementation of the decarbonization project would also need to come from a different state capital source. We do not have the capacity for a large decarbonization project within our 061-1 resources.

## **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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 375-Central Washington University
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	(428,000)	0	0	0	0
Construction	0	(6,000,000)	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	<b>0</b>	<b>(6,428,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*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: 01/09/2024
Agency Preparation: Lisa Plesha	Phone: (509) 963-1233	Date: 02/08/2024
Agency Approval: Lisa Plesha	Phone: (509) 963-1233	Date: 02/08/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/12/2024



## 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.*

Initiative 2117 would prohibit agencies from implementing any type of carbon tax credit trading, or cap and trade/cap and tax scheme, including the Climate Commitment Act (CCA) previously codified under chapter 70A.65 RCW. This prohibition applies whether the resulting increased costs are imposed on fuel recipients or suppliers. The initiative would repeal several acts passed into legislation with the CCA.

Lead agency assumptions state that if the initiative is passed during the 2024 regular session, the effective date of implementation would be June 6, 2024 and that all fund balances remaining in the CCA accounts after the close of the 12th fiscal month (July 15, 2024) will be transferred to the State General Fund. All provisions of the initiative apply prospectively and not retroactively and no new obligations that would require expenditures tied to contracts or grant agreements would occur after June 6, 2024. It is further assumed that agencies with appropriations from the four identified accounts tied to the Climate Commitment Act would not be able to incur obligations and make expenditures following the June 6 effective date and that work funded through these accounts will stop on that date. To calculate the amount of appropriations that may lapse, agencies should use actual expenditures and estimated allotments as a guide through June 6, 2024. Agencies will show negative expenditures in the Fiscal Note System for Climate Commitment Act expenditures that are estimated to occur after June 6, 2024. For Capital, show negative expenditure levels only for current biennium. Agencies should assume that after Sine Die (March 7, 2024), preparations to end projects, contracts, grant programs, and administration of the Climate Commitment Act would begin, leading up to the effective date of June 6, 2024. Any communication, HR, accounting, or contract penalty costs associated with terminating programs and grants should be assumed to be paid for with existing CCA appropriations before June 6th, 2024, if possible. For capital projects: Please include an attachment as needed for the list of impacted projects containing the project number, project title, and amounts supporting the fiscal note information provided under Part IV: Capital Budget Impact. Agencies should include staffing and FTE impacts for additional administrative and HR workload associated with capital projects in the capital part of the fiscal note.

### 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**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26c-1	Climate Commitment Account	State	0	(6,428,000)	(6,428,000)	0	0
<b>Total \$</b>			0	(6,428,000)	(6,428,000)	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		(6,428,000)	(6,428,000)		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	(6,428,000)	(6,428,000)	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		(428,000)	(428,000)		
Construction		(6,000,000)	(6,000,000)		
Grants/Loans					
Staff					
Other					
<b>Total \$</b>		(6,428,000)	(6,428,000)		

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

NONE

Projects affected by this legislation include the North Academic Complex (project #40000081; Fund 26C) and funding as the result of the passage of HB 1390 (no capital project id; Fund 26C).

Central Washington University is currently in the process of executing our North Academic Complex (project #40000081) which will be heated and cooled utilizing a ground-sourced geothermal system that was funded by the Climate Commitment Act. We anticipate receiving permit approval in February so that we may install a test well and then procure any additional equipment or adjustments based on the test results occurring during most of the spring. The project is currently scheduled to be completed in Q1 or Q2 of 2026. A deviation from our current planning will result in a larger dependency on our 1970s-era boiler systems to heat the new building along with our low-temperature heat water. This is in addition to the contractual changes (Architect/Engineer consultant & contractor) that will have to be made to the GeoEco building that supports the

mechanical and electrical infrastructure associated with the North Academic Complex.

On the current North Academic Complex project, we tentatively anticipate an approximate \$6M CCA impact on unprocured or installed equipment associated with the GeoEco building that is under contract and planned construction. This is due to the extensive permitting process associated with the drilling of the test well that is scheduled for February, but final results & costs may not be available until May; when engineering confirmations allow the procurement of equipment. This would mean none of the materials associated with the primary source of heating and cooling of this facility would be purchased and all subsequent mechanical and electrical changes would need to occur within the remaining appropriated capital budget of \$85,600,000. CWU would most likely need to drastically reduce the existing project scope of portions of the building and FFE package to accommodate this within drawn CCA funding. Please note that the completion of this project is also dependent on \$11,158,000 earmarked in Future Biennia projected costs outlined in Governor Inslee's proposed 2024 supplemental budget.

Given the short timeline of this request, CWU was unable to calculate the legal financial impact of canceling obligations associated with this scope with the general contractor of this project. Also, the cost of utilities associated with natural gas if we're not able to offset with the CCA-funded geothermal system would be considered indeterminate.

The repeal of the Climate Commitment Act will have a large impact on Central Washington University. The current and planned capital projects for CWU would result in the utilization of ground sourced geothermal which would lead to a significant reduction of natural gas consumption. CWU has experienced a 30% increase in our natural gas utility bills, which we anticipate to continue to increase in subsequent years. Our efforts to decarbonize utilizing the current funding are critical to our sustainability and social and economic partnership with our surrounding community.

HB 1390: CWU received \$800,000 funded from 26C in the 2023-2025 Capital budget (note this funding was not a capital request, therefore an OFM project number is not available for this other than project fund identification 26C) to begin the analysis associated with tracking energy consumptions, establishing a plan of decarbonization, and to begin reporting data to Energy Star Portfolio in compliance with House Bill 1390 for Decarbonization and House Bill 1257 Clean Building Performance Standard. The scope includes an evaluation of the campus, identification of the most probable solution for campus decarbonization, Life Cost Analysis of a proposed solution, metering implementation, 1 phase capital budget request development, decarbonization plan development, energy tracking, and verification for legislative reporting due June of 2025. The consultant services for this contract are estimated to have a remaining value of \$428K that would return to the State Treasurer's office after June 6th with only the first two tasks completed. Halting the funding for the Decarbonization Plan project would result in the University missing its state-mandated schedule to show compliance with HB 1257/1390. It would also result in the continuation of wasted energy use on campus, leading to unnecessary additional utility costs.

Development of the decarbonization plan would end well before we can create a meaningful output. This means the University would not have a 1390 compliance plan to submit to the state by the deadline of June 30, 2025. In addition, the University would not have the information needed to generate a budget request for the 2025-2027 biennium. It would also result in the below secondary impacts, leading to wasted money spent by CWU:

- Deferred maintenance planning – the decarbonization plan would give direction on new equipment to be installed upon the existing equipment reaching the end of its useful life. Without this plan, new fossil fuel-based equipment (with an expected lifespan of 15+ years) will be installed. Based on the trajectory of gas prices and energy policy trends in the state and country, this equipment could become a financial and carbon liability soon.
- Steam losses – Task 1 includes recommendations for reducing steam distribution losses. Implementation of the findings would be halted, resulting in extra utility costs for CWU.
- Metering – Implementation of the metering plan would be halted, meaning CWU would continue to have little insight into its energy use, resulting in extra utility costs for CWU.

Given the short timeline of this request, CWU was unable to calculate the legal financial impact of canceling obligations associated with this scope with the engineering consultant of this project.

Future impacts as the result of this proposed legislation would result in a reprioritization of our Capital Planning projects. CWU would need to anticipate any future decarbonization projects and how they would reduce our overall capital request percentage if they were no longer funded by the Climate Commitment Act. In the short term, we anticipate an impact between \$20 - \$40M in the 2025-27 biennium request that could potentially be funded from the Climate Commitment Act (fund 26) but would shift to being funded from preservation funds (63). This would result in a delay in critical biennium requests that the university had previously anticipated. These projects include \$16.4M for a Second Geothermal well, and \$4.5M for Science Building energy improvements outlined in Governor Inslee's proposed 2024 supplemental capital budget

## **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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 376-The Evergreen State College
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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: 01/09/2024
Agency Preparation: Daniel Ralph	Phone: 360-867-6500	Date: 02/08/2024
Agency Approval: Lisa Dawn-Fisher	Phone: 564-233-1577	Date: 02/08/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/12/2024

## 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.*

Initiative 2117 would prohibit the state of Washington from participating in any type of carbon tax trading.

Section 1 applies the prohibition against carbon tax trading, also known as “cap and trade,” or “cap and tax” activities including the climate commitment act.

The college is legally obligated to meet the requirements of the State Agency Climate Leadership Act (RCW 70.235.050 and .060) which requires us to reduce our total greenhouse gas emissions to 95% below our 2005 baseline by the year 2050. Many of our campus buildings are also subject to the Clean Buildings Performance Standard (WAC 194-50). Meeting the requirements of these standards will require either replacing or substantially rebuilding our distributed campus steam system, which provides heat and hot water for most of the buildings on our campus. Further, House Bill 1390 (2023) requires us, as owners of a state campus district energy system, to prepare and implement a decarbonization plan for this system. The college was planning to submit funding requests during the next few biennia in the expectation of using funds made available via the Climate Commitment Act to address these requirements. If the college cannot access these funds, and no other funding is made available for this purpose, it will be unable to meet these legal requirements or move forward with plans to make our campus more energy efficient and carbon neutral.

### 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

At this point in time, the college does not have any funds allocated from the accounts supported by the funding measures in the Climate Commitment Act beyond Fiscal Year 24. The funds awarded to the college in the 2023-25 biennial budget will be expended prior to June 6, 2024. This initiative, therefore, does not directly create a fiscal impact for the college.

**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

Revised

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 380-Western Washington University
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	(65,000)	(9,715,000)	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	<b>(65,000)</b>	<b>(9,715,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*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: 01/09/2024
Agency Preparation: Timothy Davenport	Phone: 3606503257	Date: 02/08/2024
Agency Approval: Anna Hurst	Phone: 360-650-3569	Date: 02/08/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/12/2024



## 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 1. Prohibits state agencies from implementing carbon tax credit trading.

Section 2. Repeals various acts and parts related to the climate commitment act, including sections on greenhouse gas emissions review, environmental justice assessment, emissions cap, allowance auctions, and enforcement penalties in chapter 70A.65 RCW.

Fiscal Impact Analysis:

Initiative 2117 repeals the Climate Commitment Act (CCA) which would put on hold millions of dollars from CCA auction proceeds that could be used for clean energy projects. These dollars fund capital improvements, reduce deferred maintenance back log, and provide some revenue for salaries and benefits for staff that implement the project. See Capital section for specific impacts to WWU.

### 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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	(65,000)	(9,715,000)	(9,780,000)	0	0
<b>Total \$</b>			(65,000)	(9,715,000)	(9,780,000)	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	(65,000)	(9,715,000)	(9,780,000)		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	(65,000)	(9,715,000)	(9,780,000)	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
Predesign/Design	(65,000)	(9,715,000)	(9,780,000)		
Construction					
Grants/Loans					
Staff					
Other					
<b>Total \$</b>	(65,000)	(9,715,000)	(9,780,000)		

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

NONE

Negative expenditure impact in the 2023-25 Biennium:

\$10 million has been appropriated to WWU for the Steam Plant Conversion Project on the Bellingham main campus in the 2023-25 biennium. This project, which has been projected to cost approximately \$140M (not including building fit-outs), will replace our aging steam plant, reduce greenhouse gas emissions, and create a more sustainable and efficient heating system. Suspension of project funding would require that we continue to operate and maintain our existing Steam Plant, which will incur more expenses as the plant continues to age.

Presuming no further expenditures could be made after June 6, 2024, about \$9.78M of appropriated CCA funding would become unavailable for the Heating Conversion Project on the Bellingham main campus as follows:

Of the \$10 million appropriated, only about \$220 thousand could be spent by June 6 to complete the following:

- Portion of Schematic design/scope detail
- Project Phasing
- Detailed Project Estimates

The following would not be completed:

- Testing (Ground Surveys, Preliminary Distribution Engineering, and Detailed Load Analysis)
- Project Drawings and Specifications

-- Full Design of the First Nodal Plant and associated Distribution System

## **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

Revised

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 405-Department of Transportation
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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	(3.3)	(8.4)	(5.9)	(8.0)	(8.0)
<b>Account</b>					
Motor Vehicle Account-State 108-1	0	783,000	783,000	0	0
Multimodal Transportation Account-State 218-1	(27,000)	(472,000)	(499,000)	(1,194,000)	(1,194,000)
Carbon Emissions Reduction Account-State 26A-1	(11,346,000)	(326,161,000)	(337,507,000)	(3,250,000)	(8,500,000)
Climate Active Transportation Account-State 26M-1	0	(99,471,000)	(99,471,000)	0	0
Climate Transit Programs Account-State 26N-1	(42,555,000)	(206,641,000)	(249,196,000)	(396,652,000)	(396,652,000)
<b>Total \$</b>	<b>(53,928,000)</b>	<b>(631,962,000)</b>	<b>(685,890,000)</b>	<b>(401,096,000)</b>	<b>(406,346,000)</b>

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### 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: 01/09/2024
Agency Preparation: Hillary Badger	Phone: 360-705-7541	Date: 02/14/2024
Agency Approval: Doug Vaughn	Phone: 306-705-7500	Date: 02/14/2024
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 02/14/2024

## 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.

See attached WSDOT fiscal note.

### 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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
108-1	Motor Vehicle Account	State	0	783,000	783,000	0	0
218-1	Multimodal Transportation Account	State	(27,000)	(472,000)	(499,000)	(1,194,000)	(1,194,000)
26A-1	Carbon Emissions Reduction Account	State	(11,346,000)	(326,161,000)	(337,507,000)	(3,250,000)	(8,500,000)
26M-1	Climate Active Transportation Account	State	0	(99,471,000)	(99,471,000)	0	0
26N-1	Climate Transit Programs Account	State	(42,555,000)	(206,641,000)	(249,196,000)	(396,652,000)	(396,652,000)
<b>Total \$</b>			<b>(53,928,000)</b>	<b>(631,962,000)</b>	<b>(685,890,000)</b>	<b>(401,096,000)</b>	<b>(406,346,000)</b>

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(3.3)	(8.4)	(5.9)	(8.0)	(8.0)
A-Salaries and Wages	(145,750)	(1,057,000)	(1,202,750)	(1,554,000)	(1,554,000)
B-Employee Benefits	(54,750)	(380,000)	(434,750)	(604,000)	(604,000)
C-Professional Service Contracts		(1,069,000)	(1,069,000)		
E-Goods and Other Services	(641,000)	(107,843,000)	(108,484,000)	(2,448,000)	(7,698,000)
G-Travel					
J-Capital Outlays	(6,400,000)	(49,909,000)	(56,309,000)		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(46,686,500)	(471,704,000)	(518,390,500)	(396,490,000)	(396,490,000)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	<b>(53,928,000)</b>	<b>(631,962,000)</b>	<b>(685,890,000)</b>	<b>(401,096,000)</b>	<b>(406,346,000)</b>

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**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
Transportation Engineer 4	80,112		(0.6)	(0.3)	(1.0)	(1.0)
Transportation Planning Specialist 3	78,120	(0.7)	(3.6)	(2.2)	(4.0)	(4.0)
Transportation Planning Specialist 4	97,596	(2.2)	(2.5)	(2.4)	(2.0)	(2.0)
Transportation Planning Specialist 5	107,719	(0.1)	(1.5)	(0.8)	(1.0)	(1.0)
WMS2	103,608		(0.1)	(0.1)		
WMS3	125,000	(0.3)	(0.1)	(0.2)		
<b>Total FTEs</b>		(3.3)	(8.4)	(5.9)	(8.0)	(8.0)

**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

<b>Bill Number:</b> XIL 2117	<b>Title:</b> Carbon Tax Credit Trading	<b>Agency:</b> 405-Department of Transportation
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**Part I: Estimates**

Check applicable boxes and follow corresponding instructions, use the fiscal template table provided to show fiscal impact by account, object, and program (if necessary), **add rows if needed.**

- No Fiscal Impact (Explain in section II. A)
  - Indeterminate Cash Receipts Impact (Explain in section II. B)
  - Partially Indeterminate Cash Receipts Impact (Explain in section II. B)
  - Indeterminate Expenditure Impact (Explain in section II. C)
  - Partially Indeterminate Expenditure Impact (Explain in section II. C)
- 
- If fiscal impact is less 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 greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**
  - Capital budget impact, **complete Part IV**
  - Requires new rule making, **complete Part V**
  - Revised

Expenditures		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
108-1-MOTOR VEHICLE		\$0	\$783,000	\$0	\$0	\$0	\$0	
218-1-MULTIMODAL TRANSPORTATION		(\$27,000)	(\$472,000)	(\$597,000)	(\$597,000)	(\$597,000)	(\$597,000)	
26A-1-CARBON EMISSIONS REDUCTION		(\$11,346,000)	(\$326,161,000)	(\$1,625,000)	(\$1,625,000)	(\$1,625,000)	(\$6,875,000)	
26M-1-CLIMATE ACTIVE TRANSPORTATION		\$0	(\$99,471,000)	\$0	\$0	\$0	\$0	
26N-1-CLIMATE TRANSIT PROGRAMS		(\$42,555,000)	(\$206,641,000)	(\$198,326,000)	(\$198,326,000)	(\$198,326,000)	(\$198,326,000)	
<b>Total Expenditures</b>		<b>(\$53,928,000)</b>	<b>(\$631,962,000)</b>	<b>(\$200,548,000)</b>	<b>(\$200,548,000)</b>	<b>(\$200,548,000)</b>	<b>(\$205,798,000)</b>	
<b>Biennial Totals</b>		<b>(\$685,890,000)</b>		<b>(\$401,096,000)</b>		<b>(\$406,346,000)</b>		
FTEs		Salary	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Tranportation Engineer 4	\$80,112	0.0	(0.6)	(1.0)	(1.0)	(1.0)	(1.0)	
Transportation Planning Specialist 3	\$78,120	(0.7)	(3.6)	(4.0)	(4.0)	(4.0)	(4.0)	
Transportation Planning Specialist 4	\$97,596	(2.2)	(2.5)	(2.0)	(2.0)	(2.0)	(2.0)	
Transportation Planning Specialist 5	\$107,719	(0.1)	(1.5)	(1.0)	(1.0)	(1.0)	(1.0)	
WMS 2	\$103,608	0.0	(0.1)	0.0	0.0	0.0	0.0	
WMS 3	\$125,000	(0.3)	(0.1)	0.0	0.0	0.0	0.0	
<b>Annual Average</b>		<b>(5.9)</b>		<b>(8.0)</b>		<b>(8.0)</b>		
Objects of Expenditure		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
A - SALARIES AND WAGES		(\$145,750)	(\$1,057,000)	(\$777,000)	(\$777,000)	(\$777,000)	(\$777,000)	
B - EMPLOYEE BENEFITS		(\$54,750)	(\$380,000)	(\$302,000)	(\$302,000)	(\$302,000)	(\$302,000)	
C - PROFESSIONAL SERVICE CONTRACTS		\$0	(\$1,069,000)	\$0	\$0	\$0	\$0	
E - GOODS AND SERVICES		(\$641,000)	(\$107,843,000)	(\$1,224,000)	(\$1,224,000)	(\$1,224,000)	(\$6,474,000)	
J - CAPITAL OUTLAYS		(\$6,400,000)	(\$49,909,000)	\$0	\$0	\$0	\$0	
N - GRANTS, BENEFITS, AND CLIENT SERVICES		(\$46,686,500)	(\$471,704,000)	(\$198,245,000)	(\$198,245,000)	(\$198,245,000)	(\$198,245,000)	
Expenditures by Program		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	

**Agency Contacts:**

Agency Preparation: Hillary Badger	Phone: 360-705-7541	Date:02/14/2024
Agency Approval: Doug Vaughn	Phone: 360-705-7401	Date:02/14/2024

**OFM-Lead Agency Assumptions**

- The legislature passes the initiative in the 2024 regular session, and the effective date is 90 days after the end of session, or June 6, 2024. Appropriations from the Carbon Emission Reduction Account (26A-1) would not be able to incur obligations and make expenditures following the June 6, 2024, effective date and work funded through these accounts will stop on June 6, 2024.
- Actual expenditures and estimated allotments through June 6, 2024, are used to calculate the number of appropriations that may lapse.
- Expenditures from the Climate Active Transportation Account (26M-1) and the Climate Transit Program Account (26N-1), which were not set up in the CCA (RCW 70A.65), would be able to incur obligations and make expenditures until their fund balances are exhausted.

# Individual State Agency Fiscal Note

- The department will show negative expenditures in the Fiscal Note System for Climate Commitment Act expenditures that are estimated to occur after June 6, 2024.
  - Negative expenditures into future biennia for operating.
  - Negative expenditures in current biennium only for capital.
  - Carryforward levels are based on defined designation as one-time or on-going costs. Or based on Office of Financial Management advice if costs were designated as custom.
- CCA accounts being used to match other federal funds will show reductions unless other funds can be used for a federal match.

## Part II: Narrative Explanation

### II. A - Brief description of what the measure does that has fiscal impact.

Section 1 of Initiative Measure 2117 prohibits state agencies from implementing any type of carbon tax credit trading, including the Climate Commitment Act (CCA), codified as RCW 70A.65. The prohibition applies whether costs are imposed on fuel consumers or suppliers.

Sec. 2(27) repeals RCW 70A.65.240, which cuts the Carbon Emissions Reduction Account.

### II. B – Cash Receipts Impact

N/A

### II. C - Expenditures

#### WSDOT Assumptions

#### **Climate Active Transportation & Climate Transit Programs Account Fund Balance**

Assumes actual revenues through December 2023, with scheduled administrative transfer in February and April 2024 less the total appropriation from other agencies. Total available resources to spend from the Climate Active Transportation Account (26M) are \$59,992,000. Total available resources to spend from the Climate Transit Programs Account (26N) are \$157,091,000. Based on current allotment spending plans the available resource in 26M and 26N would support expenditures until the fund balance is exhausted.

#### **Contractual Obligations**

Assumes current contracts are stopped as of June 6, 2024, per provisions in contract language that require available funding to continue the contractual obligation.

#### WSDOT Operating Program Impacts

#### **Public Private Partnerships (Program K)**

Section 2 repeals the ongoing funding for Program K from the Carbon Emissions Reduction Account.

WSDOT has signed contracts with private entities or government agencies to fund the following investments:

- ZEV State Infrastructure Grants – 12 ZEVIP (ZEV State Infrastructure Project) contracts from CERA (Carbon Emission Reduction Account) for \$27,514,195 plus \$2,485,805 for administrative expenses totaling \$30,000,000 in the table below. In addition, there is a proposed applicant match of \$10,026,415 for this project.
- ZEV Access Program Grants – 12 ZAP (ZEV Access Program) contracts from CERA for \$1,885,756 plus \$114,244 for administrative expenses totaling \$2,000,000 in the table below. In addition, there is a match of \$228,000 for this project. The contract uses the same termination for convenience language as ZEVIP.
- Mt Vernon EV Charging – WSDOT has executed an agreement with City of Mount Vernon for \$2.1 million for electric vehicle charging infrastructure at Mount Vernon library commons. The contract uses the same termination for convenience language as ZEVIP.
- Commercial Vehicle Infrastructure Incentive – WSDOT is announcing the availability of \$20,000,000 for electric school buses. If combined with the \$100,000,000 in the next bullet, not under contract since the department is awaiting JTC direction, it totals the \$120,000,000 in the table below.



# Individual State Agency Fiscal Note

Below are incentive and grant offerings that are on hold until the Joint Transportation Committee (JTC) gives direction:

- Commercial Vehicle Infrastructure and Incentive – Medium and heavy-duty vehicle infrastructure and incentives strategy (\$100,000,000).
- Hydrogen Refueling Infrastructure – Hydrogen refueling infrastructure investments (\$3,000,000).
- Cargo Handling Equipment Incentives – Emission cargo handling equipment incentives (\$2,500,000).
- Clean Off-Road Equipment Incentives – Clean off-road equipment incentives (\$5,000,000).

Account	CCA Funded Program	2023-25 Funding	Expenditures Through June 6, 2024	2023-25 Reduction
26A - Carbon Emissions Reduction	ZEV State Infrastructure Grants	30,000,000	11,653,200	(18,346,800)
26A - Carbon Emissions Reduction	ZEV Access Program Grants	2,000,000	722,935	(1,277,065)
26A - Carbon Emissions Reduction	Mt Vernon EV Charging	2,100,000	735,000	(1,365,000)
26A - Carbon Emissions Reduction	Commercial Vehicle Infrastructure Inc	120,000,000	0	(120,000,000)
26A - Carbon Emissions Reduction	Hydrogen Refueling Infrastructure	3,000,000	0	(3,000,000)
26A - Carbon Emissions Reduction	Cargo Handling Equipment Incentives	2,500,000	0	(2,500,000)
26A - Carbon Emissions Reduction	Clean Off-Road Equipment Incentives	5,000,000	0	(5,000,000)
<b>Total Reduction</b>		<b>\$164,600,000</b>	<b>\$13,111,135</b>	<b>(\$151,488,865)</b>

## Multimodal Planning (Program T)

Section 2 repeals the funding from the Carbon Emissions Reduction Account for the community centered carbon reduction strategy that is used to supply a community outreach, education, and technical aid program for overburdened communities and their community partners. Reductions of the amounts for salaries and benefits (objects A and B) are for a Transportation Planning Specialist 5 who engages with stakeholders, develops, and carries out the carbon reduction strategy for Program T. Reductions of the amounts for goods and services (object E) are for a contract that is currently out as a Request for Qualifications (RFQ). The contract supports grant program development and community centered transportation leadership to curb carbon.

Account	CCA Funded Program	2023-25 Funding	Expenditures Through June 6, 2024	2023-25 Reduction
26A - Carbon Emissions Reduction	Community Centered Carbon Reduction	3,000,000	934,000	(2,066,000)
<b>Total Reduction</b>		<b>\$3,000,000</b>	<b>\$934,000</b>	<b>(\$2,066,000)</b>

## Public Transportation (Program V)

Section 2 repeals funding from the Carbon Emissions Reduction Account and resources available to fund the Climate Transit Program Account. This funding supports the following grant programs and projects:

- 174 projects awarded and contracts executed for nearly all projects, to aid transit agencies in developing and implementing low and no carbon transportation options with fair solutions throughout the state supporting populations in vulnerable and overburdened communities and tribal nations.
- 33 Transit Support projects allow agencies to supply necessary services back to pre-pandemic levels, expand or restore access to transportation and address other capital needs. Transit agencies will allow 18 years old and under to ride for free without increasing local taxes.
- 19 Transit Projects (MAW Tier projects) – This is a list of projects intended to improve mobility and connection in different geographical areas within the state. The projects were locally developed and endorsed by the legislature. The projects are the interests of different members of the legislature for their legislative districts.
- 32 Tribal Transit Mobility projects supports tribes throughout the state to improve and sustain services within the different tribal communities.
- Two Transit Coordination Grants were awarded to promote formation of joint partnerships between transit agencies or merge service delivery across entities.
- 60 Special Needs Transit projects (includes non-profits) were awarded added funding to provide essential services and expand access to public transportation for people with special needs.
- 16 Bus & Bus Facility projects awarded under this new program that mirrors the federal bus and bus facilities program. It supplies funding to keep capital assets in good and safe condition. It helps public transportation providers buy and rehabilitate vehicles, keep fleets in operable condition, and build bus facilities.

## Individual State Agency Fiscal Note

- Eight Green Transportation projects were awarded under this program that supplies added funding to plan and transition fleets from diesel to alternative fuels. It allows agencies to buy electric buses and other type of vehicles that use alternative fuels. It also allows for construction of required charging stations and infrastructure.
- Four Transportation Demand Management projects were awarded funding for transportation demand management, trip commute reduction programs and initiatives, and other transportation alternatives.
- Washington State University were provided an interagency transfer to the extension energy program to administer a technical assistance and education program for public agencies on the use of alternative fuel vehicles.
- Reduction also includes five FTEs and associated funding that were originally added by the Legislature to support CCA funding and programs. Two and a half FTEs are reduced in CCA funding, and the other two and a half FTEs are reduced in Multimodal Transportation-State funding.

Current grant programs and projects supported from the Climate Transit Program Account are assumed to be supported until the assumed fund balance of \$157,091,000 is spent. Based on current law spending plans, this balance would support grant programs and project expenditures until March 2024. From this date until the effective new law date of June 6, 2024, expenditures for these grant programs and projects would need to be supported through another state funding source. Projected expenditures from March 2024 to June 2024 are \$22,477,477.

Account	CCA Funded Program	2023-25 Funding	Expenditures	2023-25 Reduction
26N - Climate Transit Programs	Transit Support	188,900,000	69,986,003	(118,913,997)
26N - Climate Transit Programs	Transit Projects (MAW Tier Projects)	46,587,000	18,678,389	(27,908,611)
26N - Climate Transit Programs	Tribal Transit Mobility	10,000,000	3,832,434	(6,167,566)
26N - Climate Transit Programs	Transit Coordination Grants	2,000,000	802,215	(1,197,785)
26N - Climate Transit Programs	Special Needs Transit	78,100,000	31,323,111	(46,776,889)
26N - Climate Transit Programs	Bus & Bus Facilities	38,000,000	13,981,259	(24,018,741)
26N - Climate Transit Programs	Green Transportation	39,400,000	17,164,417	(22,235,583)
26N - Climate Transit Programs	Transportation Demand Management	3,300,000	1,323,173	(1,976,827)
<b>Total Reduction</b>		<b>\$406,287,000</b>	<b>\$157,091,000</b>	<b>(\$249,196,000)</b>

Account	CCA Funded Program	2023-25 Funding	Expenditures Through June 6, 2024	2023-25 Reduction
26A - Carbon Emissions Reduction	WSU Transfer	500,000	500,000	0
<b>Total Reduction</b>		<b>\$500,000</b>	<b>\$500,000</b>	<b>\$0</b>

Account	CCA Related Funding	2023-25 Funding	Expenditures Through June 6, 2024	2023-25 Reduction
218 - Multimodal Transportation	CCA Staff and Capacity	694,000	320,000	(374,000)
<b>Total Reduction</b>		<b>\$694,000</b>	<b>\$320,000</b>	<b>(\$374,000)</b>

CCA Funded Program	Potential Expenditures March to June 6, 2024
Transit Support	10,013,997
Transit Projects (MAW Tier Projects)	2,672,611
Tribal Transit Mobility	548,366
Transit Coordination Grants	114,785
Special Needs Transit	4,481,889
Bus & Bus Facilities	2,000,518
Green Transportation	2,455,983
Transportation Demand Management	189,327
<b>Total Expenditure Impact</b>	<b>\$22,477,477</b>

### Ferries – Operating (Program X)

The fiscal impact to Ferries Operating program is indeterminate since it's unclear what impact this legislation will have on the fuel market. However, it is likely the cessation of the cap and invest program will have an impact on Washington State fuel providers and would therefore have an impact on fuel prices. Whether or not the impacts outlined below results in added costs, or savings to Ferries' fuel costs is unknown at this time.

# Individual State Agency Fiscal Note

- If the legislation results in more pressure on the State’s fuel market, then there may be costs to Ferries’ fuel expenses through higher fuel prices.
- If the legislation results in less pressure on the State’s fuel market, then there may be savings to Ferries’ fuel expenses through lower fuel prices.

For reference, Ferries has had invoices from the fuel supplier which include increased costs between \$0.40 and \$0.60 per gallon, identified to be related to the as the current Climate Commitment Act. Over the past twelve months, the added cost to Ferries’ fuel expenses is in the range of \$7.0 million - \$8.0 million per fiscal year.

## Rail Freight and Ports – Operating (Program Y)

Section 2 repeals the funding from the Carbon Emissions Reduction Account for the Cascades Youth Fare which is budgeted for ongoing support to supply zero-fare tickets on the Cascades Service for any passenger 18 or younger.

- \$12 million reduction (\$2.25 million in 2023-25 and \$9.75 million in out biennia) will stop the work occurring with Amtrak to implement this program by May 2024.

Account	CCA Funded Program	2023-25 Funding	Expenditures Through June 6, 2024	2023-25 Reduction
26A - Carbon Emissions Reduction	Youth Fare Program	2,250,000	0	(2,250,000)
<b>Total Reduction</b>		<b>\$2,250,000</b>	<b>\$0</b>	<b>(\$2,250,000)</b>

## Local Programs – Operating (Program Z)

The reduction amount reported for Local Programs’ operating program stands for the loss of two FTEs and associated funding, which were originally appropriated to support Climate Commitment Act funded activities.

- November 2024 – June 2025 (8 mo.) reduction of \$125,000 to the Multimodal Transportation Account-State (218-1)

Account	CCA Related Funding	2023-25 Funding	Expenditures Through June 6, 2024	2023-25 Reduction
218 - Multimodal Transportation	CCA Staff and Capacity	500,000	375,000	(125,000)
<b>Total Reduction</b>		<b>\$500,000</b>	<b>\$375,000</b>	<b>(\$125,000)</b>

## WSDOT Capital Program Impacts

### Improvements (Program I)

Climate Active Transportation funding was provided as a match of a federal grant on the I-90/Liberty Park Land Bridge project. The department assumes available funding in the Climate Active Transportation Account would be sustained through October 2024. Given that the federal grant agreement requires WSDOT to supply state match, after October 2024, other state funding would need to be appropriated to continue supplying match.

Account	CCA Funded Program	2023-25 Funding	Expenditures	2023-25 Reduction
26M - Climate Active Transportation I-90/Liberty Park Land Bridge project		2,000,000	1,217,294	(782,706)
<b>Total Reduction</b>		<b>\$2,000,000</b>	<b>\$1,217,294</b>	<b>(\$782,706)</b>

## Ferries – Capital (Program W)

For the 2023-25 biennium, Ferries capital was funded \$74,027,000 for vessel and terminal electrification from the Carbon Emissions Reduction Account (26A). The department estimates spending \$14,600,000 through June 6, 2024, based on current delivery patterns, and expected spending for projects. Starting June 7, 2024, the remaining \$59,427,000 would be a reduction for the current biennium, in the Ferries Capital program.

Account	CCA Funded Program	2023-25 Funding	Expenditures Through June 6, 2024	2023-25 Reduction
26A - Carbon Emissions Reduction	Vessel & Terminal Electrification	74,027,000	14,600,000	(59,427,000)
<b>Total Reduction</b>		<b>\$74,027,000</b>	<b>\$14,600,000</b>	<b>(\$59,427,000)</b>

## Rail Freight and Ports – Capital (Program Y)

This legislation would remove funding for Rail Freight and Ports programs that supply high speed passenger rail investments, port electrification investments, and passenger rail ridership encouragement on the Amtrak Cascades service. This includes:

# Individual State Agency Fiscal Note

- Port Electrification Programs funding in the 2023-25 biennium.
  - \$52.6 million reduction in total port electrification grants (\$16.5 million) and specific projects (\$36.1 million).
  - The reduction of 0.5 FTE to originally appropriated to implement these programs.
- Ultra High-Speed Rail Program (UHSR), which is currently scheduled to begin in the second quarter of fiscal year 2024.
  - \$50 million reduction in the 2023-25 biennium will prevent WSDOT from supplying matching funding for Federal Railroad Administration (FRA) grants under the Corridor Identification and Development Program (CID). WSDOT was awarded \$1.0 million federal funding in CID in December 2023.
  - The reduction of state match funding will prevent WSDOT from taking part in future phases of the CID program. The fiscal impact attributed to CID step two and CID step three is a reduction of \$625 million of federal funding for WSDOT, which is expected to be awarded in the 2025-27 biennium.
  - The reduction will inhibit WSDOT from applying for federal funding for UHSR that require state match funding because an alternative state match source has not been found to meet the federal grant application requirement.
  - The reduction of 1.5 FTEs originally appropriated to implement the program.

Account	CCA Funded Program	2023-25 Funding	Expenditures Through June 6, 2024	2023-25 Reduction
26A - Carbon Emissions Reduction	NW Seaport Alliance - Drayage Truck Demonstration Project	6,300,000	92,000	(6,208,000)
26A - Carbon Emissions Reduction	NW Seaport Alliance - Zero Emission Shorepower Demonstration Project	14,000,000	700,000	(13,300,000)
26A - Carbon Emissions Reduction	Port Electrification Competitive Grants	16,500,000	3,000	(16,497,000)
26A - Carbon Emissions Reduction	Puyallup Tribe Port Electrification Project (GOV Proposed)	10,000,000	0	(10,000,000)
26A - Carbon Emissions Reduction	Port of Anacortes Electrification	500,000	100,000	(400,000)
26A - Carbon Emissions Reduction	Port of Bremerton Electrification	2,000,000	450,000	(1,550,000)
26A - Carbon Emissions Reduction	Tacoma Rail - Zero-Emission Locomotives and Charging	5,000,000	400,000	(4,600,000)
26A - Carbon Emissions Reduction	Ultra High Speed Rail	50,000,000	0	(50,000,000)
<b>Total Reduction</b>		<b>\$104,300,000</b>	<b>\$1,745,000</b>	<b>(\$102,555,000)</b>

## Local Programs – Capital (Program Z)

For the 2023-25 biennium, the reduction amount reported for Local Programs capital projects is based on current delivery patterns and expected spending for the projects and programs listed below and awarded through:

- June 2024 – June 2025 (13 mo.) \$19,720,000 reduction to the Carbon Emissions Reduction Account (26A).
- \$98,688,000 reduction that represents the expenditures remaining after the Climate Active Transportation Account (26M) balance has been expended.

Account	CCA Funded Program	2023-25 Funding	Expenditures Through June 6, 2024	2023-25 Reduction
26A - Carbon Emissions Reduction	Guemes Ferry Replacement	14,000,000	1,000,000	(13,000,000)
26A - Carbon Emissions Reduction	E-Bike Rebate Program	5,000,000	280,000	(4,720,000)
26A - Carbon Emissions Reduction	E-Bike Lending Library - Year 2	2,000,000	0	(2,000,000)
<b>Total Reduction</b>		<b>\$21,000,000</b>	<b>\$1,280,000</b>	<b>(\$19,720,000)</b>

Account	CCA Funded Program	2023-25 Funding	Expenditures	2023-25 Reduction
26M - Climate Active Transportation	Safe Routes To Schools Grants	38,915,000	14,448,262	(24,466,738)
26M - Climate Active Transportation	Pedestrian And Bicycle Grants	37,563,000	13,946,295	(23,616,705)
26M - Climate Active Transportation	Leap Doc 2023-2 Local Ped&Bike	39,185,000	14,548,507	(24,636,493)
26M - Climate Active Transportation	Bicycle Education Grant Pgm	16,800,000	6,550,000	(10,250,000)
26M - Climate Active Transportation	Connecting Communities Program	25,000,000	9,281,936	(15,718,064)
<b>Total Reduction</b>		<b>\$157,463,000</b>	<b>\$58,775,000</b>	<b>(\$98,688,000)</b>

## Part III: Expenditure Detail

# Individual State Agency Fiscal Note

## III. A - Expenditures by Object or Purpose

N/A

## Part IV: Capital Budget Impact

N/A

## Part V: New Rule Making Required

N/A

# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 407-Transportation Improvement Board
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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.

<b>Legislative Contact:</b> Jacob Lipson	<b>Phone:</b> 360-786-7196	<b>Date:</b> 01/09/2024
<b>Agency Preparation:</b> Ian Shelley	<b>Phone:</b> (360) 407-2243	<b>Date:</b> 02/14/2024
<b>Agency Approval:</b> Ian Shelley	<b>Phone:</b> (360) 407-2243	<b>Date:</b> 02/14/2024
<b>OFM Review:</b> Maria Thomas	<b>Phone:</b> (360) 229-4717	<b>Date:</b> 02/14/2024

## 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.*

TIB expects no fiscal impact from 2117 XIL.

TIB received a \$19,067,000 appropriation for the 23-25 biennium from the Climate Active Transportation Account (26M-1 or CATA) which per OFM assumptions states, “agencies with expenditures from the Climate Active Transportation Account (26M-1) and the Climate Transit Program Account (26N-1), which were not established in the Climate Commitment Act (RCW 70A.65), would be able to incur obligations and make expenditures until their appropriations are reached or their fund balances are exhausted.”

TIB’s \$19,067,000 appropriation from the Climate Active Transportation Account is to be spent solely on the Complete Streets Program administered by the TIB. The Complete Streets Program is set up in RCW 47.04.320 for the purpose of encouraging local governments to adopt complete streets ordinances that provide safe access for all road users. Grants are given to eligible agencies for eligible projects on city streets or county roads that improve or add facilities for pedestrians, bicyclists, and transit users. These projects help promote healthy communities, improve safety, protect the environment, while preserving community character by involving local citizens in planning and development. The Complete Streets Program is available to any city or county within the state of Washington that has an adopted complete streets ordinance. A current list of eligible agencies can be found at <http://www.tib.wa.gov/grants/grants.cfm#other>

No funds from the CATA 26M-1 appropriation have been or will be spent on administration or development of the Complete Streets program. The program existed prior to the CATA 26M-1 appropriation. Administrative costs for the Complete Streets program come from a \$14,670,000 appropriation from the Multimodal Transportation Account (MTA) which is not affected by initiative 2117 XIL.

It is assumed that the CATA 26M-1 fund balance will be sufficient to fund the entire \$19,067,000 appropriation. Therefore, TIB is assuming the ability to continue incurring business as usual expenses from this appropriation.

TIB currently has an early opportunity call for Complete Streets Program. Projects will be awarded in March and May. It is unknown how many projects will be awarded in the March and May awards cycle, but the assumption is that it would be less than \$5,000,000 and funded from CATA 26M-1.

TIB has a full call for Complete Streets Program project applications that is scheduled for fall 2024 with awards determined on the last Friday of November 2024. TIB is assuming that CATA 26M-1 fund balance is still sufficient at this time and is assuming any remaining appropriation, up to the full \$19,067,000, will be expended.

### 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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 460-Columbia River Gorge Commission
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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
General Fund-Private/Local 001-7	(39,000)	(69,000)	(108,000)	(154,000)	(154,000)
<b>Total \$</b>	(39,000)	(69,000)	(108,000)	(154,000)	(154,000)

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(0.3)	(1.0)	(0.7)	(1.0)	(1.0)
<b>Account</b>					
General Fund-Private/Local 001-7	(39,000)	(69,000)	(108,000)	(154,000)	(154,000)
Climate Commitment Account-State 26C-1	(39,000)	(69,000)	(108,000)	(154,000)	(154,000)
<b>Total \$</b>	(78,000)	(138,000)	(216,000)	(308,000)	(308,000)

### 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: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Preparation: Seth Flory	Phone: (360) 407-8165	Date: 02/09/2024
Agency Approval: Seth Flory	Phone: (360) 407-8165	Date: 02/09/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/11/2024

## 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 1 prohibits state agencies from implementing any type of carbon tax credit trading.

Section 2 repeals RCW 43.21C.520 and parts of RCW Chapter 70A.

Section 3 directs that provisions in the act are to be liberally construed to effectuate the policies, purposes, and intent of the act.

Section 4 provides a severability clause.

### 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.*

The Columbia River Gorge Commission is given General Fund Private/Local authority to spend the Oregon share of expenditure. These costs are then billed out to Oregon and brought in as revenue. If Climate Commitment Account (26C) funding for the Climate Action Plan is lost, CRGC will also lose the OR matching funds, reducing receipts.

### 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.*

Washington authorized 1.0 FTE and approved \$138,000 in Climate Commitment Account (26C) funding for a Climate Science Program Manager position at the Gorge Commission. If this funding is not available after June 6, 2024, the Gorge Commission will put all further work with the tribes and the public, and recruitment for the Climate Science Program Manager position on hold. No further work can be accomplished unless an alternative funding source is secured to cover the remaining balance.

Oregon will approve \$138,000 in matching funds for this position at the end of February 2024 short session as per the bi-state compact that requires equal match from both states. The total appropriation from both Oregon and Washington is \$276,000 for the 2023-2025 biennium.

The Gorge Commission will spend \$60,000 (\$30,000 Oregon and \$30,000 Washington funds) for a climate consultant on contract to work with the Gorge Commission between March 1, 2024 and June 6, 2024 to develop and establish a cold-water refuge monitoring program to implement the Climate Change Action Plan, to conduct public outreach workshops, and to further develop the climate equity and community engagement plan for work with the four treaty tribes. After completion, the action plan will be implemented by the Climate Science Program Manager once they are on staff at the Gorge Commission and funds are available for salaries. Without on-going funding, the CSPM position will not be filled and the Climate Action Plan will be shelved. In which case, the unused expenditure authority from the 2023-25 biennium of \$216,000 funds - \$108,000 from Oregon (GF-L) and \$108,000 from Washington (26C) - will lapse.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-7	General Fund	Private/Local	(39,000)	(69,000)	(108,000)	(154,000)	(154,000)
26C-1	Climate Commitment Account	State	(39,000)	(69,000)	(108,000)	(154,000)	(154,000)
<b>Total \$</b>			(78,000)	(138,000)	(216,000)	(308,000)	(308,000)

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(0.3)	(1.0)	(0.7)	(1.0)	(1.0)
A-Salaries and Wages	(53,000)	(98,000)	(151,000)	(218,000)	(218,000)
B-Employee Benefits	(17,000)	(32,000)	(49,000)	(72,000)	(72,000)
C-Professional Service Contracts					
E-Goods and Other Services	(3,500)	(7,000)	(10,500)	(16,000)	(16,000)
G-Travel	(500)	(1,000)	(1,500)	(2,000)	(2,000)
J-Capital Outlays	(4,000)		(4,000)		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	(78,000)	(138,000)	(216,000)	(308,000)	(308,000)

### 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
Climate Science Program Manager	95,000	(0.3)	(1.0)	(0.7)	(1.0)	(1.0)
<b>Total FTEs</b>		(0.3)	(1.0)	(0.7)	(1.0)	(1.0)

### 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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 461-Department of Ecology
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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
Carbon Emissions Reduction Account-State 26A-1		(366,558,000)	(366,558,000)	(718,234,000)	(718,234,000)
Climate Investment Account-State 26B-1	(323,502,000)	(727,725,000)	(1,051,227,000)	(1,034,529,000)	(669,474,000)
Air Qual Health Disparities Impvmt Acct-State 26E-1		(2,500,000)	(2,500,000)	(20,000,000)	(20,000,000)
<b>Total \$</b>	(323,502,000)	(1,096,783,000)	(1,420,285,000)	(1,772,763,000)	(1,407,708,000)

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(10.7)	(128.4)	(69.6)	(119.1)	(121.0)
<b>Account</b>					
General Fund-State 001-1	8,024	577,886	585,910	598,176	0
Climate Investment Account-State 26B-1	(1,249,904)	(25,047,000)	(26,296,904)	(50,603,000)	(50,603,000)
Climate Commitment Account-State 26C-1	(1,034,000)	(7,532,000)	(8,566,000)	(7,274,000)	(7,274,000)
Natural Climate Solutions Account-State 26D-1	(499,000)	(6,242,000)	(6,741,000)	(8,396,000)	(8,396,000)
<b>Total \$</b>	(2,774,880)	(38,243,114)	(41,017,994)	(65,674,824)	(66,273,000)

### 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	(746,000)	(49,796,000)	0	0	0	0
Staff	(49,000)	(2,256,000)	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	(795,000)	(52,052,000)	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: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Preparation: Lars Andreassen	Phone: 360-742-7903	Date: 02/13/2024
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 02/13/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/13/2024

## 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.*

Under current law, in 2021 the Washington Legislature passed the Climate Commitment Act (chapter 70A.65 RCW), which established a comprehensive cap-and-invest program to reduce carbon pollution and achieve the greenhouse gas limits set in state law. The Department of Ecology is responsible for administering the cap-and-invest program, including the auctions of emission allowances. Ecology has funding from the accounts created under the Climate Commitment Act to implement the program and to implement other eligible programs required outside of the Climate Commitment Act statute.

Initiative 2117 would repeal the Climate Commitment Act and prohibit state agencies from implementing any type of carbon tax credit trading.

Section 1 would prohibit agencies from implementing any type of carbon tax credit trading, also known as "cap and trade" or "cap and tax", including the Climate Commitment Act. Ecology does not implement any programs identified as carbon tax credit trading, cap and trade, or cap and tax, but does implement the Climate Commitment Act.

Section 2 would repeal the Climate Commitment Act statutes, including the accounts created under it: Carbon Emissions Reduction Account (CERA), Climate Investment Account (CIA), Climate Commitment Account (CCA), Natural Climate Solutions Account (NCSA), Air Quality and Health Disparities Improvement Account (AQHDIA), and Price Ceiling Unit Emission Reduction Investment Account (PCUERIA).

### 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.*

#### Current Law:

Under the Climate Commitment Act, Ecology administers the cap-and-invest program, which sets a cap on overall carbon emissions in the state and requires businesses to obtain allowances equal to their covered greenhouse gas emissions. These allowances can be obtained through quarterly auctions hosted by Ecology's contracted vendor, or bought and sold on a secondary market. The cap is reduced every year to help ensure Washington achieves its 2030, 2040, and 2050 emissions-reduction commitments. The first allowance auction took place in February 2023.

#### Deposit Requirements:

- 26A CERA - RCW 70A.65.100 requires auction proceeds to first be deposited into 26A CERA each fiscal year based on the amounts set in statute.
- 26E AQHDIA - Enacted 2023-25 Operating Budget ESSB 5187 Section 805 requires \$2,500,000 of auction proceeds in FY 2024 and 2025 to be deposited into AQHDIA. RCW 70A.65.280(3) provides legislative intent for future biennia that no less than \$20 million per biennium be dedicated to AQHDIA.
- 26B CIA - RCW 70A.65.100 requires remaining auction proceed revenue to be deposited into CIA.

#### Revenue Assumptions:

- Effective June 6, 2024, (the effective date of the initiative if passed by the Legislature), Ecology would cease implementation of cap-and-invest allowance auctions.
- For Fiscal Year 2024, Ecology has two scheduled remaining quarterly auctions in March and June 2024. Under the initiative, Ecology assumes no auctions would be held after the March auction since there would be no demand for allowances.
- Cap-and-invest auction revenue reductions through Fiscal Year 2027 are based on Ecology's November 2023 forecast.
- Cap-and-invest auction revenue reductions in Fiscal Years 2028 and 2029 are current estimates based on a similar methodology to the November 2023 forecast.

- Penalty provisions under RCW 70A.65.200 and RCW 70A.65.100 would be eliminated. Penalty revenue is unknown and therefore not estimated in this fiscal note.
- Treasurer transfers are required from the CIA to the CCA and NCSA under RCW 70A.65.250, from CERA to the CTPA under RCW 46.68.500, and from CERA to the CATA under RCW 46.68.490, as well as additional transfers specified in the 2023-25 operating budget. Ecology assumes no transfers would occur from the CCA accounts effective June 6, 2024. The State Treasurer is responsible for conducting transfers; therefore, fiscal impacts for transfers are not included in Ecology's fiscal note.

#### Cap-and-Invest Revenue Reductions

Fiscal Year 2024: Total reduction \$323,502,000

- 26B CIA - \$323,502,000

Fiscal Year 2025: Total reduction \$1,096,783,000

- 26A CERA - \$366,558,000
- 26B CIA - \$727,725,000
- 26E AQHDIA - \$2,500,000

Fiscal Year 2026: Total reduction \$945,233,000

- 26A CERA - \$359,117,000
- 26B CIA - \$576,116,000
- 26E AQHDIA - \$10,000,000

Fiscal Year 2027: Total reduction \$827,530,000

- 26A CERA - \$359,117,000
- 26B CIA - \$458,413,000
- 26E AQHDIA - \$10,000,000

Fiscal Year 2028: Total reduction \$753,475,000

- 26A CERA - \$359,117,000
- 26B CIA - \$384,358,000
- 26E AQHDIA - \$10,000,000

Fiscal Year 2029: Total reduction \$654,233,000

- 26A CERA - \$359,117,000
- 26B CIA - \$285,116,000
- 26E AQHDIA - \$10,000,000

## 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.*

### RULEMAKING

#### Repeal of CCA Rules

Ecology assumes that the repeal of the CCA would require Ecology to repeal Chapter 173-446 WAC (CCA Program Rule), Chapter 173-446A WAC (Criteria For Emissions-Intensive, Trade-Exposed Industries), and Chapter 173-446B WAC (CCA Funds Reporting).

Ecology estimates that rulemaking would be minimally complex. It would require six months, from April 2024 to October



2024.

Rulemaking Lead: Ecology estimates that an Environmental Planner 3 would spend 0.25 FTE in FY 2024 and 0.25 FTE in FY 2025 coordinating the rulemaking effort.

This rulemaking would include one public hearing in FY 2025 to accept comments on the rule proposal and Ecology would develop an Environmental Justice Assessment as part of this process. Ecology estimates no costs for facility rental costs since the hearing would be held online.

Expenditures through June 5 are reflected in the Climate Investment Account, and expenditures after that date are reflected in General Fund-State.

#### Amending GHG Reporting Rule

Ecology assumes that the repeal of CCA would also necessitate amending Chapter 173-441 WAC (GHG Reporting Rule), which is based on RCW 70A.15.2200. This rule has multiple references to Chapter 70A.65 RCW and Chapter 173-446 WAC that would need to be amended and opened for public comment, as well as additional sectors that were introduced to the reporting program in 2021 as a result of CCA.

Ecology estimates this rulemaking would be highly complex and generate substantial public interest and input. It would require at least 2 years, from July 1, 2024, to June 30, 2026.

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 an Environmental Engineer 6 would spend 0.75 FTE in FY 2025 and 2026 to advise on technical and sector-specific reporting issues related to modifying the greenhouse gas reporting requirements.

Ecology estimates that an Environmental Planner 5 would spend 0.5 FTE in FY 2025 and 2026 to advise on changes to third-party verification requirements.

Ecology estimates that an Environmental Specialist 5 would spend 0.25 FTE in FY 2025 and FY 2026 to support the public input process and develop comment responses in the concise explanatory statement.

Public Outreach Coordinator: Ecology estimates that a Community Outreach and Environmental Education Specialist 3 would spend 0.5 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.

This type of rulemaking would include three preproposal meetings held online to gather input from stakeholders and support the development of the Environmental Justice Assessment and then three public hearings to accept comments on the rule proposal. Ecology would hold two public hearings in FY 2025 and one public hearing in FY 2026 for rulemaking. Goods and services estimates include facility rental for two in-person hearings (\$1,000 each) and facilitation costs (\$3,000 each hearing).

The Attorney General's Office estimates support to Ecology for rulemaking would require 0.06 FTE of an AAG each year in FY 2025 and FY 2026 (\$18,000 each year).

Expenditures are reflected in General Fund-State based on how the GHG reporting rulemaking has historically been funded

## REDUCTIONS

### Assumptions:

- Effective June 6, 2024, (the effective date of the initiative if passed by the Legislature), any unspent appropriations in the CCA accounts would be eliminated.
- Ecology has no funding for activities required under the CCA outside of the CCA accounts.
- No reimbursement for contracts and grants would occur for work done after June 5, 2024.
- Estimates do not include any potential appropriation changes in the 2024 supplemental budget.
- Estimates do not include any costs for potential legal action.
- Ecology assumes we would find alternative state match in the existing budget for the \$25,000 in CCA funds that is used for match of federal funds.
- The estimated reduction for the 2023-25 biennium is based on the agency's approved spending plan (allotments) from June 2024 through the remainder of the biennium for the CCA accounts, with modest adjustments for costs we would anticipate to occur by June 6.
- The reduction for future biennia is based on an estimate of 2025-27 biennium carryforward level based on the Recsum item cost type designation (ongoing, one-time, or custom) and four-year outlook.

Under the 2023-25 enacted operating budget, Ecology has \$77,877,000 in appropriations from the CCA accounts, which supports grants, contracts, and staff costs for approximately 132 FTEs.

This initiative would result in the elimination of Ecology's operating appropriations funded by the repealed CCA accounts. Ecology estimates a total reduction of \$41,636,000 in the 2023-25 biennium and \$66,273,000 in future biennia from these appropriations described below.

### OPERATING BUDGET ITEMS – RELATED TO IMPLEMENTATION OF THE CCA

The following funding would be eliminated for activities directly related to implementation of the CCA. Ecology estimates a total reduction for these activities of \$25,501,000 and 80.7 FTEs for 13 months in the 2023-25 biennium and \$49,355,000 and 81.9 FTEs ongoing in future biennia.

#### Climate Commitment Act Implementation

Funding would be eliminated for implementation of the CCA cap-and-invest program, including cap-and-invest auctions, emissions reporting and verification work funded by the CCA accounts, statewide greenhouse gas inventories work funded by the CCA accounts, and CCA expenditure reporting. This reflects funding from E2SSB 5126 Climate Commitment Act (2021) and related budget items in the 2022 supplemental budget and 2023-25 operating budget. Grants related to implementation of CCA are described in further detail separately (Tribal Carbon Offset Assistance, Tribal Participation, and Air Quality in Overburdened Communities). 2023-25 biennium funding is \$22,133,000 (26B-CIA) for contracts and staff.

- 2023-25 Reduction: \$12,010,000 and 64.6 FTEs for 13 months
- Future biennia Reduction: \$22,133,000 and 64.6 FTEs. Ecology assumes the reduction would be ongoing consistent with the existing base funding in the 2023-25 enacted operating budget.

#### Tribal Carbon Offset Assistance Grants

Funding would be eliminated to provide \$5 million per biennium to eligible Tribes to support developing carbon offset projects on federally recognized Tribal lands in Washington. 2023-25 biennium funding is \$5,000,000 (26B-CIA) for grants.

- 2023-25 Reduction: \$2,500,000

- Future biennia Reduction: \$5,000,000. Ecology assumes the reduction would be ongoing consistent with the existing base funding in the 2023-25 enacted operating budget.

#### Tribal Participation Grants

Funding would be eliminated to provide \$16 million per biennium to eligible Tribes to consult on spending decisions from accounts created in the CCA. 2023-25 biennium funding is \$16,472,000 (26B-CIA) for grants and staff.

- 2023-25 Reduction: \$8,257,000 and 1.8 FTEs for 13 months
- Future biennia Reduction: \$16,472,000 and 1.8 FTEs. Ecology assumes the reduction would be ongoing consistent with the existing funding in the 2023-25 enacted operating budget.

#### Air Quality Monitoring for Overburdened Communities

Funding would be eliminated for expansion of air quality monitoring in identified overburdened communities highly impacted by air pollution, as required under the CCA. 2023-25 biennium funding is \$2,958,000 (26B-CIA) for staff and monitoring equipment.

- 2023-25 Reduction: \$1,361,000 and 6.0 FTEs for 13 months
- Future biennia Reduction: \$2,958,000 and 6.0 FTEs. Ecology assumes the reduction would be ongoing since the funding was provided ongoing in the 2022 supplemental operating budget.

#### Air Quality Standards for Overburdened Communities

Funding would be eliminated to take actions to reduce criteria air pollutant emissions in identified overburdened communities highly impacted by air pollution, as required under the CCA. 2023-25 biennium funding is \$2,479,000 (26B-CIA) for staff costs.

- 2023-25 Reduction: \$1,373,000 and 8.3 FTEs for 13 months
- Future biennia Reduction: \$2,792,000 and 9.5 FTEs. Ecology assumes the reduction would be the estimated carryforward level based on the Winsum four-year outlook of the PL QC item from the 2023-25 enacted operating budget.

#### OPERATING BUDGET ITEMS – FUNDED FROM CCA ACCOUNTS REQUIRED OUTSIDE OF THE CCA

The following funding would be eliminated for activities funded by the CCA accounts that are required outside of the Climate Commitment Act statute. If these activities were to continue, the Legislature would need to identify alternative funding for these purposes. Ecology estimates a total reduction for these activities of \$16,135,000 and 51.3 FTEs for 13 months in the 2023-25 biennium and \$16,918,000 and 39.1 FTEs ongoing in future biennia.

#### Clean Energy Permitting

Funding would be eliminated to implement Clean Energy Permitting pursuant to E2SHB 1216 (2023). Activities include developing non-project Environmental Impact Statements for renewable hydrogen, solar, and onshore wind energy, implementing a new process for clean energy permitting, and co-leading the Interagency Clean Energy Siting Coordinating Council. 2023-25 biennium funding is \$13,248,000 (26C-CCA) for contracts and staff.

- 2023-25 Reduction: \$7,726,000 and 26.5 FTEs for 13 months
- Future biennia Reduction: \$6,708,000 and 20.7 FTEs. Ecology assumes the reduction would be the estimated carryforward level based on the Winsum four-year outlook of the PL CEP item from the 2023-25 enacted operating budget.

#### Marine Shoreline Habitat

Funding would be eliminated to implement the provisions of SB 5104 (2023), which creates a record of changes to shorelines through photographic evidence. 2023-25 biennium funding is \$2,296,000 (26D-NCSA) for contracts and staff. Ecology has two contracts in place that total \$934,700 for 360 degree on-the-water images, georeferenced obliques, and

online viewer, and we anticipate a third contract will be established for \$150,000 for the near map subscription by the end of May 2024. We estimate contract expenditures of approximately \$536,000 by June 6, 2024.

- 2023-25 Reduction: \$1,369,000 and 3.5 FTEs for 13 months
- Future biennia Reduction: \$0. Ecology assumes the reduction would be one-time based on the Winsum four-year outlook of the PL 5104 item from the 2023-25 enacted operating budget.

#### Local Government Climate Planning

Funding would be eliminated to implement the provisions of ESHB 1181 (2023), which requires updates to the Growth Management Act to include considerations for climate change. 2023-25 biennium funding is \$1,174,000 (26C-CCA) for staff.

- 2023-25 Reduction: \$655,000 and 4.2 FTEs for 13 months
- Future biennia Reduction: \$566,000 and 3.6 FTEs in FY 2026. Ecology assumes the reduction would be the estimated carryforward level based on the Winsum four-year outlook of the PL CPC1 item from the 2023-25 enacted operating budget.

#### Coastal Hazards Assistance

Funding would be eliminated to implement the Washington Coastal Marine Advisory Council (WCMAC) recommendations on coastal hazards, including: (1) expanding data analysis to assess vulnerabilities within coastal communities, (2) delivering coordinated state-level technical assistance, and (3) increasing local capacity to design and implement on-the-ground projects. 2023-25 biennium funding is \$3,914,000 (26D-NCSA) for contracts and staff. Ecology has contracts in place of \$900,000, of which we estimate spending approximately \$450,000 by June 6, 2024.

- 2023-25 Reduction: \$2,149,000 and 10.6 FTEs for 13 months
- Future biennia Reduction: \$3,914,000 and 10.6 FTEs. Ecology assumes the reduction would be ongoing based on the 2023-25 enacted operating budget Winsum designation for this item.

#### Kelp Conservation and Recovery

Funding would be eliminated for grants to organizations to coordinate, monitor, restore and research Puget Sound kelp conservation and recovery. 2023-25 biennium funding is \$1,460,000 (26D-NCSA) for grants and staff. There is \$1.26 million available for Kelp grants. Ecology currently has 4 grant agreements for a total of \$1.116 million, and we anticipate the remaining \$144,000 will be written into a 5th grant by the end of March 2024. We estimate grant expenditures of approximately \$584,000 by June 6, 2024.

- 2023-25 Reduction: \$717,000
- Future biennia Reduction: \$0. Ecology assumes the reduction would be one-time based on the 2023-25 enacted operating budget Winsum designation for this item.

#### Whatcom FLIP Team

Funding would be eliminated for a contract with Whatcom County to expand and sustain Whatcom County's floodplain integrated planning (FLIP) team planning process, including supporting communication, community participation, coordination, technical studies and analysis, and development of local solutions. 2023-25 biennium funding is \$2,000,000 (26D-NCSA) for grants. Ecology has one grant agreement with Whatcom County for the full \$2 million to fund Whatcom FLIP team support, of which we anticipate spending \$1 million by June 6, 2024.

- 2023-25 Reduction: \$1,000,000
- Future biennia Reduction: \$2,000,000. Ecology assumes the reduction would be ongoing based on the 2023-25 enacted operating budget Winsum designation for this item.

#### Floodplain Planning Support

Funding would be eliminated for reducing flood-related damage in the Nooksack River basin, including local and state project planning and implementation through the Nooksack Transboundary Task Force and coordination with British Columbia. 2023-25 biennium funding is \$1,102,000 (26D-NCSA) for grants and staff. Ecology has one grant agreement with Whatcom County for \$738,000 to provide floodplain planning support, included in the same grant as the funding for Whatcom FLIP team support, of which we anticipate spending \$369,000 by June 6, 2024.

- 2023-25 Reduction: \$569,000 and 1.2 FTEs for 13 months
- Future biennia Reduction: \$1,102,000 and 1.2 FTEs. Ecology assumes the reduction would be ongoing based on the 2023-25 enacted operating budget Winsum designation for this item.

#### Transboundary Flooding

Funding would be eliminated for a contract to support transboundary coordination, including facilitation and technical support to develop and evaluate alternatives for managing transboundary flooding in Whatcom County and British Columbia. 2023-25 biennium funding is \$900,000 (26D-NCSA) for contracts. Ecology has a task force facilitation contract in place for work in FY 2024 of \$457,000, and we anticipate the remaining \$442,000 will be added to the contract in July 2024 for work in FY 2025. We estimate contract expenditures of approximately \$450,000 by June 6, 2024.

- 2023-25 Reduction: \$450,000
- Future biennia Reduction: \$900,000. Ecology assumes the reduction would be ongoing based on the 2023-25 enacted operating budget Winsum designation for this item.

#### Climate Change Response Strategy

Funding would be eliminated to implement ESHB 1170 (2023), which directs Ecology to update the statewide climate change response strategy in coordination with multiple other state agencies. 2023-25 biennium funding is \$1,123,000 (26C-CCA) for contracts and staff. Ecology has two contracts in place, totaling approximately \$750,000, and a third contract in process for about \$40,000, to support the climate response strategy update. We estimate contract expenditures of approximately \$560,000 by June 6, 2024.

- 2023-25 Reduction: \$487,000 and 0.7 FTEs for 13 months
- Future biennia Reduction: \$480,000 and 0.2 FTEs. Ecology assumes the reduction would be the estimated carryforward level based on the Winsum four-year outlook of the PL CRS1 item from the 2023-25 enacted operating budget.

#### GHG Inventory Development

Funding would be eliminated to support the GHG inventory, the official measure for assessing progress towards meeting Washington's statutory emission limits. These resources were provided in the 2023-25 biennium to make improvements to the inventory data and tracking the GHG impact of climate policies. 2023-25 funding is \$1,248,000 (26B-CIA) for staff costs.

- 2023-25 Reduction: \$828,000 and 4.6 FTEs for 13 months
- Future biennia Reduction: \$1,248,000 and 4.6 FTEs. Ecology assumes the reduction would be ongoing based on the 2023-25 enacted operating budget Winsum designation for this item.

#### GHG Emissions Reduction Grant Application Assistance for Puget Sound Clean Air Agency

Funding would be eliminated to provide grants to the Puget Sound Clean Air Agency for GHG emissions reduction grant application assistance. 2023-25 biennium funding is \$370,000 (26C-CCA) for grants. We estimate grant expenditures of approximately \$185,000 by June 6, 2024.

- 2023-25 Reduction: \$185,000
- Future biennia Reduction: \$0. Ecology assumes the reduction would be one-time based on the 2023-25 enacted operating budget Winsum designation for this item.

SUMMARY

Rulemaking

FY 2024: \$32,096 CIA, \$8,024 GF-S, 0.3 FTE

FY 2025: \$577,886 GF-S and 3.6 FTEs

FY 2026: \$598,176 GF-S and 3.7 FTEs

Reductions (CCA Accounts)

FY 2024: \$2,815,000 and 11.0 FTEs

FY 2025: \$38,821,000 and 132.0 FTEs

FY 2026: \$33,388,000 and 122.6 FTEs

FY 2027: \$32,885,000 and 119.3 FTEs

FY 2028: \$33,388,000 and 122.6 FTEs

FY 2029: \$32,885,000 and 119.3 FTEs

Job Class: For fiscal note purposes, the reductions of directly funded FTEs are displayed at the Environmental Planner 4 level and indirect funded FTEs are displayed as Fiscal Analyst 2 and IT App Development Journey using an average salary for the range of job classes that would be affected.

Costs by object: Estimated reductions by object are based on current allotment spending plans.

**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	8,024	577,886	585,910	598,176	0
26B-1	Climate Investment Account	State	(1,249,904)	(25,047,000)	(26,296,904)	(50,603,000)	(50,603,000)
26C-1	Climate Commitment Account	State	(1,034,000)	(7,532,000)	(8,566,000)	(7,274,000)	(7,274,000)
26D-1	Natural Climate Solutions Account	State	(499,000)	(6,242,000)	(6,741,000)	(8,396,000)	(8,396,000)
<b>Total \$</b>			<b>(2,774,880)</b>	<b>(38,243,114)</b>	<b>(41,017,994)</b>	<b>(65,674,824)</b>	<b>(66,273,000)</b>

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(10.7)	(128.4)	(69.6)	(119.1)	(121.0)
A-Salaries and Wages	(970,321)	(11,548,629)	(12,518,950)	(20,175,521)	(20,489,000)
B-Employee Benefits	(343,607)	(4,070,890)	(4,414,497)	(7,134,103)	(7,241,000)
C-Professional Service Contracts	(893,000)	(5,831,000)	(6,724,000)	(6,244,000)	(6,244,000)
E-Goods and Other Services	(516,488)	(3,732,251)	(4,248,739)	(7,492,646)	(7,534,000)
G-Travel	(35,449)	(210,164)	(245,613)	(372,943)	(380,000)
J-Capital Outlays	(24,679)	(307,012)	(331,691)	(642,883)	(647,000)
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		(12,664,000)	(12,664,000)	(23,738,000)	(23,738,000)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	8,664	120,832	129,496	125,272	
9-					
<b>Total \$</b>	<b>(2,774,880)</b>	<b>(38,243,114)</b>	<b>(41,017,994)</b>	<b>(65,674,824)</b>	<b>(66,273,000)</b>

**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		0.5	0.3	0.3	
ECONOMIC ANALYST 3	95,627				0.1	
ENVIRONMENTAL ENGINEER 6	128,628		0.8	0.4	0.4	
ENVIRONMENTAL PLANNER 3	86,716	0.3	1.1	0.7	0.4	
ENVIRONMENTAL PLANNER 4	91,068	(9.5)	(115.0)	(62.3)	(104.5)	(104.5)
ENVIRONMENTAL PLANNER 5	105,612		0.5	0.3	0.3	
ENVIRONMENTAL SPEC 5	95,387		0.3	0.1	0.1	
FISCAL ANALYST 2		(1.0)	(11.2)	(6.1)	(11.0)	(11.2)
IT APP DEV-JOURNEY		(0.5)	(5.3)	(2.9)	(5.2)	(5.3)
REGULATORY ANALYST 2	88,798				0.1	
<b>Total FTEs</b>		(10.7)	(128.4)	(69.6)	(119.1)	(121.0)

**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
26C-1	Climate Commitment Account	State	0	(14,852,000)	(14,852,000)	0	0
26D-1	Natural Climate Solutions Account	State	(678,000)	(16,423,000)	(17,101,000)	0	0
26E-1	Air Qual Health Disparities Impvmt Acct	State	(117,000)	(20,777,000)	(20,894,000)	0	0
<b>Total \$</b>			(795,000)	(52,052,000)	(52,847,000)	0	0

**IV. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(0.5)	(6.2)	(3.4)		
A-Salaries and Wages	(30,000)	(1,295,000)	(1,325,000)		
B-Employee Benefits	(10,000)	(476,000)	(486,000)		
C-Professional Service Contracts					
E-Goods and Other Services	(8,000)	(212,000)	(220,000)		
G-Travel	(1,000)	(35,000)	(36,000)		
J-Capital Outlays		(19,000)	(19,000)		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(746,000)	(49,796,000)	(50,542,000)		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		(219,000)	(219,000)		
9-					
<b>Total \$</b>	(795,000)	(52,052,000)	(52,847,000)	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
Predesign/Design					
Construction					
Grants/Loans	(746,000)	(49,796,000)	(50,542,000)		
Staff	(49,000)	(2,256,000)	(2,305,000)		
Other					
<b>Total \$</b>	<b>(795,000)</b>	<b>(52,052,000)</b>	<b>(52,847,000)</b>		

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
ENVIRONMENTAL PLANNER 4	91,068	(0.5)	(5.4)	(2.9)		
FISCAL ANALYST 2		(0.1)	(0.5)	(0.3)		
IT APP DEV-JOURNEY		0.0	(0.3)	(0.2)		
<b>Total FTEs</b>		<b>(0.5)</b>	<b>(6.2)</b>	<b>(3.4)</b>		<b>0.0</b>

**Assumptions:**

- Effective June 6, 2024, (the effective date of the initiative if passed by the Legislature), any unspent appropriations in the CCA accounts would be eliminated.
- Ecology has no funding for activities required under the CCA outside the CCA accounts.
- No reimbursement for contracts and grants would occur for work done after June 5, 2024.
- Ecology does not use any of the CCA funds from the capital budget for match of other state, federal, or local funds.
- Ecology assumes no costs to securely shut down any capital projects.
- The estimated reduction for the 2023-25 biennium is based on the agency’s approved spending plan (allotments) from June 2024 through the remainder of the biennium.

**REDUCTIONS**

Under the 2023-25 enacted capital budget, Ecology has \$54,392,000 from four capital new appropriations from the CCA accounts.

This initiative would result in the elimination of Ecology’s capital new appropriations funded by the repealed CCA accounts. Ecology estimates a total reduction of \$52,847,000 from these appropriations described below.

**CAPITAL BUDGET PROJECTS – RELATED TO IMPLEMENTATION OF THE CCA**

The following funding would be eliminated for activities directly related to implementation of the CCA. Ecology estimates a total reduction for this project of \$20,794,000 and 4.9 FTEs for 13 months in the 2023-25 biennium.

**Improving Air Quality in Overburdened Communities (40000606)**

Funding would be eliminated for a grant program to incentivize and support the reduction of criteria pollutant emissions in overburdened communities highly impacted by air pollution. 2023-25 new appropriation is \$21,400,000 (26E-AQHDIA). There is \$11.4 million available for grants this biennium to reduce criteria air pollution in communities identified as overburdened and highly impacted by air pollution. Ecology has begun project planning and anticipate engaging with communities to co-create projects from March to July 2024. We anticipate releasing a draft of the grant program framework in fall 2024 and the grant application opening early 2025.

- **2023-25 Impact:** Ecology estimates a reduction of \$20,794,000 in pass through funding and staff costs for 4.9 FTEs for 13 months in the Air Quality Program based on estimated spending prior to the effective date of the initiative.



## CAPITAL BUDGET PROJECTS – FUNDED FROM CCA ACCOUNTS REQUIRED OUTSIDE OF THE CCA

The following funding would be eliminated for activities funded by the CCA accounts that are required outside of the Climate Commitment Act statute. If these activities were to continue, the Legislature would need to identify alternative funding for these purposes. Ecology estimates a total reduction for these projects of \$32,053,000 and 1.3 FTEs for 13 months in the 2023-25 biennium.

### 2023-25 Floodplains by Design (40000540)

Funding would be eliminated for flood-hazard reduction efforts addressed in the Floodplains by Design (FbD) grant program funded by the CCA accounts. 2023-25 new appropriation is \$17,592,000 (26D-NCSA). Funding is for four grants, three of which are obligated to-date for a total of \$6.9 million. We anticipate the remaining \$10.4 million will be written into one grant by the end of March 2024.

- 2023-25 Impact: Ecology estimates a reduction of \$17,111,000 for grant and staff costs in the Shorelands Program based on estimated spending prior to the effective date of the initiative. Ecology would maintain funding in 057-SBCA for the remainder of the FbD grant program.

### Landfill Methane Capture (40000611)

Funding would be eliminated for a grant program for landfills to comply with methane emission requirements established in chapter 70A.540 RCW. 2023-25 new appropriation is \$15,000,000 (26C-CCA). We have started project planning and engagement to inform grant development, and we anticipate opening the grant application in late summer 2024.

- 2023-25 Impact: Ecology estimates a reduction of \$14,852,000 for grants and staff costs for 1.3 FTEs for 13 months in the Air Quality Program based on estimated spending prior to the effective date of the initiative.

### PSCAA Ultra-fine Particle Monitoring (91000378)

Funding would be eliminated for a grant to the Puget Sound Clean Air Agency (PSCAA) for ultra-fine particle air pollution monitoring. 2023-25 new appropriation is \$400,000 (26E-AQHDIA). There is one \$400,000 grant that was awarded to PSCAA and work began on the project in October 2023. Total cost for size-binning ultrafine particle monitor purchases are expected to be approximately \$350,000, for which PSCAA will likely seek reimbursement for in FY 2024, with the remaining costs for PSCAA staffing through the remainder of the biennium.

- 2023-25 Impact: Ecology estimates a reduction of \$100,000 for grants in the Air Quality Program based on estimated spending prior to the effective date of the initiative.

## Part V: New Rule Making Required

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

Ecology assumes that the repeal of the CCA would require Ecology to repeal the Climate Commitment Act Program Rule, Chapter 173-446 WAC. Ecology assumes that the repeal of CCA would also necessitate amending Chapter 173-441 WAC (GHG Reporting Rule), which is based on RCW 70A.15.2200.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 463-Energy Facility Site Evaluation Council
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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
Energy Facility Site Eval Council Acct-Private/Local 26G-7	628,000	1,176,000	1,804,000	1,068,000	1,068,000
<b>Total \$</b>	628,000	1,176,000	1,804,000	1,068,000	1,068,000

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(1.0)	(9.0)	(5.0)	(9.0)	(9.0)
<b>Account</b>					
Climate Commitment Account-State 26C-1	(2,270,000)	(3,738,000)	(6,008,000)	(6,088,000)	(6,088,000)
Energy Facility Site Eval Council Acct-Private/Local 26G-7	628,000	1,176,000	1,804,000	1,068,000	1,068,000
<b>Total \$</b>	(1,642,000)	(2,562,000)	(4,204,000)	(5,020,000)	(5,020,000)

### 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: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Preparation: Seth Flory	Phone: 360-407-8165	Date: 02/12/2024
Agency Approval: Dave Walker	Phone: 360-664-1345	Date: 02/12/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/13/2024

## 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.*

In summary, Initiative 2117 would:

- [Section 1] prohibit state agencies from implementing any type of carbon tax credit trading.
- [Section 2] repeal RCW 43.21C.520 and parts of RCW Chapter 70A.
- [Section 3] require the act be liberally construed to effectuate the policies, purposes, and intent of the act.

### 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.*

All costs under the EFSEC account (26G) are billed to energy projects overseen by the agency. Shifting expenditure authority from the Climate Commitment Account (26C) to the EFSEC account (26G) would increase receipts from the projects by the corresponding amount. This would equate to \$1,804,000 in the current biennium and \$1,068,000 in subsequent biennium.

### 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.*

Under the Climate Commitment Account (26C), the Energy Facility Site Evaluation Council (EFSEC) was appropriated \$7,369,000 across four EA codes in the 2023-2025 biennium budget for the following purposes:

- \$2,352,000 to support EFSEC operations and to hire additional environmental siting and compliance positions, one environmental planner, and additional administrative support (8 FTEs in total).
- \$358,000 for implementation of ESSHB 1216 (the Clean Energy Project Siting Act), particularly EFSEC's role in the interagency clean energy siting coordinating council and in supporting the development and provision to clean energy project developers of training on consultation and engagement processes with federally recognized Indian tribes.
- \$757,000 for grants to tribes to review green energy project applications.
- \$3,902,000 for implementation of SB 5165 (the Electric Power System Transmission Planning Act), which requires EFSEC to process applications for site certification for the construction, reconstruction, or enlargement of new or existing electrical transmission facilities.

Initiative 2117 would repeal 70A.65.260 eliminating the Climate Commitment Account (26C) along with the funding for the activities listed above. Without an alternate source of funding the \$2,352,000 for EFSEC operations and staffing could be passed along to the projects increasing the certification and regulatory costs for the companies siting energy projects in Washington. It would not be appropriate to pass the costs for tribal grants, the Clean Energy Project Siting Act, and the Electric Power System Transmission Planning Act along to the projects. Without an alternate source of funding, work would stop, and related FTEs would be let go.

As the work funded from the Climate Commitment Account was mandated by legislation unaffected by Initiative 2117 or authorized pursuant to an agency decision package request, expenditure authority would need to be shifted to another source.

Detailed analysis follows for the four Climate Commitment Account (26C) EA codes:

(1) Operating Budget Support - \$2,352,000 was appropriated to support agency operations and to hire additional environmental siting and compliance positions, one environmental planner, and additional administrative support (8 FTEs) needed to support an anticipated workload increase from new clean energy projects. Without these funds from the climate commitment act, EFSEC has three options:

- Pass along costs to existing projects and new projects through a significant increase in the indirect billing rate charged to companies seeking site certification (increasing charges to companies may discourage them from siting energy projects in the state);

- Seek funds from alternative funding to cover the anticipated increased workload;

- Not fill 6 anticipated FTEs beginning FY 2025 and layoff 2 current FTEs, which would render EFSEC unable to process applications for site certification for companies seeking to site clean energy projects in the state as mandated by statute.

For the purposes of this fiscal note, option 1 is assumed, which would mean shifting expenditure authority to account 26G. By June 6th, 2024, EFSEC projects spending \$548,000 of this appropriation, meaning \$1,804,000 would shift to the EFSEC account (26G). This is not the ideal outcome, as this work was funded under the Climate Commitment Account with the idea of reducing the regulatory costs for companies bringing new energy projects to Washington. To keep costs low for the energy projects, alternate (non-26G) funding is needed.

(2) Clean Energy Siting - \$358,000 was appropriated for implementation of ESSHB 1216 (the Clean Energy Project Siting Act), particularly EFSEC’s role in the interagency clean energy siting coordinating council and in supporting the development and provision to clean energy project developers of training on consultation and engagement processes with federally recognized Indian tribes. Without these funds from the climate commitment act, EFSEC would need to seek alternative funding to continue this program and meet the mandates of ESSHB 1216. Charging this activity to 26G and passing the costs on to the energy projects would not be appropriate. By June 6th, 2024, EFSEC expects to spend \$62,000 of this appropriation, meaning \$296,000 will lapse without an alternative.

(3) Tribal & Project Review Support - \$757,000 was appropriated for grants to tribes to review green energy project applications. Without these funds from the climate commitment act, it would be inappropriate to take these funds from 26G so EFSEC would need alternative funding to support the Tribes’ costs to conduct energy project reviews that address their environmental and cultural concerns (estimated at \$250,000 per biennia, ongoing, with administrative costs to manage the grant program) or EFSEC would need to abolish the program. By June 6th, 2024, EFSEC projects spending \$210,000 of this appropriation, leaving \$547,000 to lapse without an alternative.

(4) Transmission Corridors Studies - \$3,902,000 was appropriated for implementation of SB 5165 (the Electric Power System Transmission Planning Act), which requires EFSEC to process applications for site certification for the construction, reconstruction, or enlargement of new or existing electrical transmission facilities. Without these funds from the climate commitment act, EFSEC would need alternative funding to continue this program and meet the mandates of SB 5165. Charging this activity to 26G and passing the costs on to the energy projects would not be appropriate. By June 6th, 2024, EFSEC anticipates spending \$541,000 of this appropriation, meaning \$3,361,000 will lapse without an alternative.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	(2,270,000)	(3,738,000)	(6,008,000)	(6,088,000)	(6,088,000)
26G-7	Energy Facility Site Eval Council Acct	Private/Local	628,000	1,176,000	1,804,000	1,068,000	1,068,000
<b>Total \$</b>			<b>(1,642,000)</b>	<b>(2,562,000)</b>	<b>(4,204,000)</b>	<b>(5,020,000)</b>	<b>(5,020,000)</b>

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(1.0)	(9.0)	(5.0)	(9.0)	(9.0)
A-Salaries and Wages	(450,000)	(702,000)	(1,152,000)	(1,404,000)	(1,404,000)
B-Employee Benefits	(162,000)	(253,000)	(415,000)	(506,000)	(506,000)
C-Professional Service Contracts	(744,000)	(1,076,000)	(1,820,000)	(2,048,000)	(2,048,000)
E-Goods and Other Services	(257,000)	(400,000)	(657,000)	(800,000)	(800,000)
G-Travel	(4,000)	(6,000)	(10,000)	(12,000)	(12,000)
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(25,000)	(125,000)	(150,000)	(250,000)	(250,000)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	<b>(1,642,000)</b>	<b>(2,562,000)</b>	<b>(4,204,000)</b>	<b>(5,020,000)</b>	<b>(5,020,000)</b>

**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	52,620	(0.2)	(1.0)	(0.6)	(1.0)	(1.0)
Energy Facility Site Specialist	72,552		(4.0)	(2.0)	(4.0)	(4.0)
Environmental Planner 4	92,868	(0.2)	(1.0)	(0.6)	(1.0)	(1.0)
Forms & Records Analyst 3	46,108	(0.2)	(1.0)	(0.6)	(1.0)	(1.0)
Program Specialist 3	62,568	(0.2)	(1.0)	(0.6)	(1.0)	(1.0)
Programmatic Environmental Impact Stmt Mgr	105,924	(0.2)	(1.0)	(0.6)	(1.0)	(1.0)
<b>Total FTEs</b>		<b>(1.0)</b>	<b>(9.0)</b>	<b>(5.0)</b>	<b>(9.0)</b>	<b>(9.0)</b>

**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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 465-State Parks and Recreation 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	(0.2)	(1.1)	(0.6)	(1.1)	(1.1)
<b>Account</b>					
Climate Commitment Account-State 26C-1	(8,000)	(850,000)	(858,000)	(480,000)	(480,000)
Natural Climate Solutions Account-State 26D-1	0	(250,000)	(250,000)	0	0
<b>Total \$</b>	(8,000)	(1,100,000)	(1,108,000)	(480,000)	(480,000)

### Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	(1,225,000)	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	(750,000)	0	0	0	0
<b>Total \$</b>	0	(1,975,000)	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: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Preparation: Lisa Lantz	Phone: (360) 902-8641	Date: 02/09/2024
Agency Approval: Pam Barkis	Phone: (360) 902-8535	Date: 02/09/2024
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 02/12/2024



## 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.*

Initiative measure 2117 would repeal the Climate Commitment Act and prohibit state agencies from implementing any type of carbon tax credit trading.

Section 1 would prohibit agencies from implementing any type of carbon tax credit trading, including the Climate Commitment Act.

Section 2 would repeal the Climate Commitment Act statutes, including the accounts created under it: Carbon Emissions Reduction Account (CERA), Climate Investment Account (CIA), Climate Commitment Account (CCA), Natural Climate Solutions Account (NCSA), and the Air Quality and Health Disparities Improvement Account (AQHDIA).

State Parks fiscal impact would be the removal of agency funding from the Carbon Emissions Reduction Account (CERA -26A), Climate Commitment Account (CCA -26C), and Natural Climate Solutions Account (NCSA -26D) after the proposed effective date of June 6, 2024. The agency received a total appropriation of \$5,808,000 in 2023-25 between the Operating, Capital, and Transportation budgets. Assuming business as usual until the effective date, approximately \$2,725,000 of those appropriated funds would be spent. This would leave an estimated \$3,083,000 to be reduced from the agency's current biennial budget.

Potential future fiscal impacts to the agency's climate change response program would be comprehensive, resulting in a lack of capacity to support mandated greenhouse gas emission reduction limits, as well as impede planned climate mitigation, adaptation, and education program investments. Prohibiting implementation of any type of carbon tax credit trading including the Climate Commitment Act could have implications for future agency carbon sequestration and carbon credit offset potential.

### 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.*

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.*

State Parks projected fiscal impacts are based on the following assumptions:

- The measure would pass the 2024 legislative session and become effective 90 days after the last day of session, or June 6, 2024.
- Agency would not incur expenditures against appropriations from investment accounts identified in the initiative after June 6, 2024; associated work funded through these accounts may stop on this date.
- The estimated lapsed appropriations after June 6, 2024, is based on current spending plan estimates.
- Do not consider any proposed appropriations for the 2024 supplemental budget.
- No federal match is associated with agency allocations or projects.
- After Sine Die (March 7, 2024) preparations to end projects, contracts, and other administrative functions of the Climate Commitment Act would begin, leading up to the effective date of June 6, 2024.

2023-25 Transportation budget included one appropriation [ESHB 1125, Sec. 104(3)].

#### Electric Vehicle / Equipment Replacement

Section 2 (27): repeals the Carbon Emissions Reduction Account (26A).

Parks received an appropriation of \$2,000,000 from the 2023-25 Transportation budget to replace fossil fuel-powered vehicles and equipment with battery electric vehicles (BEV) and electric-powered equipment. The agency ordered items earlier in the fiscal year and based on communication from vendors, expects to receive and fully spend appropriation prior to the effective date.

2023-25 Operating budget included two appropriations [ESSB 5187, Sec. 304(6)].

#### Greenhouse Gas (GHG) Emissions Reduction

Section 2 (29): repeals the Climate Commitment Account (26C).

Parks received an appropriation of \$1,083,000 from the 2023-25 Operating budget. Removing this appropriation would have a substantial impact on the agency's Climate Program budget. Reducing workload capacity provided by 1.0 FTE Environmental Planner 4 (EP4) that is dedicated to coordination of the agency's climate change response, including facilitation of critical clean energy transition investments (EV charging infrastructure and renewable energy assessments) necessary to achieve mandated greenhouse gas (GHG) emission reductions, and maintaining data collected on statewide energy use.

This would also reduce resources for: 1) on-going climate change education/training and adaptation plan implementation, 2) assessments on electric vehicle charging infrastructure and energy feasibility, and 3) resources to collaborate with other natural resource agencies engaged in greenhouse gas emission reduction and related climate resiliency strategies.

The agency estimates 0.92 FTE / \$225,000 in expenses would be applied against appropriation prior to the effective date for salaries/benefits, staff related costs (travel, supplies/materials, etc.), and indirect costs. Most of the appropriation was intended for contracted assessments to identify the most energy feasible locations to install charging stations (97 internal use sites). The contract was recently finalized, so the agency doesn't expect assessments to be completed prior to the effective date. The estimates below represent both one-time and on-going reductions.

FY 2024 reduction [0.18 FTE / \$8,000] / FY 2025 reduction [1.1 FTE / \$850,000]:

- Environmental Planner 4 [1.1 FTE / \$158,000] for salaries/benefits and indirect costs after effective date.
- Electric vehicle charging infrastructure / energy feasibility assessments [\$500,000]; recently contracted with the Department of Enterprise Services (DES).
- Climate change outreach/education [\$200,000].

On-going fiscal year reduction [1.1 FTE / \$240,000]:

- Environmental Planner 4 [1.0 FTE / \$131,000] for salaries/benefits, staff-related costs (travel, training, etc.).
- Indirect costs [0.1 FTE / \$34,000].
- Climate change outreach/education and adaptation plan implementation [\$75,000].

#### Climate Adaptation

Section 2 (30): repeals the Natural Climate Solutions Account (26D).

Parks received an appropriation of \$350,000 from the Operating budget. Removing this appropriation would eliminate funding to contract for climate vulnerability assessment of natural and cultural resources, including resources of significant

interest to federally recognized tribes and other invested partners.

This one-time funding was intended to help implement the agency’s Climate Adaptation Plan. This includes inventory assessment of historical and archaeological sites vulnerable to changing climate conditions and of non-shoreline structures critical to public access. This information is intended to help inform near-term priorities within agency capital and maintenance programs to safeguard, redesign or relocate vulnerable park infrastructure. Some work has started on inventory assessments and data collection, the agency assumes spending approximately \$100,000 prior to the effective date, therefore an estimated \$250,000 would be reduced in FY 2025.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	(8,000)	(850,000)	(858,000)	(480,000)	(480,000)
26D-1	Natural Climate Solutions Account	State	0	(250,000)	(250,000)	0	0
<b>Total \$</b>			(8,000)	(1,100,000)	(1,108,000)	(480,000)	(480,000)

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(0.2)	(1.1)	(0.6)	(1.1)	(1.1)
A-Salaries and Wages	(6,000)	(90,000)	(96,000)	(180,000)	(180,000)
B-Employee Benefits	(2,000)	(37,000)	(39,000)	(74,000)	(74,000)
C-Professional Service Contracts					
E-Goods and Other Services		(950,000)	(950,000)	(156,000)	(156,000)
G-Travel				(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		(23,000)	(23,000)	(68,000)	(68,000)
9-					
<b>Total \$</b>	(8,000)	(1,100,000)	(1,108,000)	(480,000)	(480,000)

**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
Environmental Planner 4		(0.2)	(1.0)	(0.6)	(1.0)	(1.0)
Indirect		0.0	(0.1)	(0.1)	(0.1)	(0.1)
<b>Total FTEs</b>		(0.2)	(1.1)	(0.7)	(1.1)	(1.1)

**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
26C-1	Climate Commitment Account	State	0	(750,000)	(750,000)	0	0
26D-1	Natural Climate Solutions Account	State	0	(1,225,000)	(1,225,000)	0	0
<b>Total \$</b>			0	(1,975,000)	(1,975,000)	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		(1,975,000)	(1,975,000)		
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-					
<b>Total \$</b>	0	(1,975,000)	(1,975,000)	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
Predesign/Design		(1,225,000)	(1,225,000)		
Construction					
Grants/Loans					
Staff					
Other		(750,000)	(750,000)		
<b>Total \$</b>		(1,975,000)	(1,975,000)		

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

NONE

2023-25 Capital budget included two appropriations [ESSB 5200, Sec. 3050 & 3054 (1)(b)].

Section 2 (29): repeals the Climate Commitment Account (26C).

Parks received an appropriation of \$1,000,000 from the Capital budget. Funding was intended to support a portion of the costs associated with the development of a district geothermal heating project at Fort Worden, with the goal of having a carbon-free energy campus. This repeal would eliminate funding for a large-scale capital project to reduce energy consumption at Fort Worden State Park in partnership with the Port Townsend Public Development Authority (PDA).

40000457 Fort Worden PDA Geothermal Heating

There is a contract in place between the PDA and Department of Enterprise Services (DES) for this project through the Energy Savings Performance Contracting program. This project is in the early phases of architectural and engineering

(A&E) work. The agency assumes it would pass through approximately \$250,000 to the PDA for some design work completed by the effective date and an estimated \$750,000 would be reduced.

Section 2 (30): repeals the Natural Climate Solutions Account (26D).

Parks received an appropriation of \$1,375,000 from the 2023-25 Capital budget. Funding was intended to be used to correct five fish barriers that have been identified at Ocean City State Park to comply with the United States vs. Washington No. C70-9213 Culvert Injunction. This repeal would result in the cancellation of the project for the design and implementation of fish barrier removals at Ocean City and may have resulting legal implications.

40000123 Statewide Fish Barrier Removal (Ocean City)

The competitive procurement process was completed for an A&E consultant to design the fish barriers. The agency assumes it will spend approximately \$150,000 for design work completed by the effective date and an estimated \$1,225,000 would be reduced.

Any penalties for early termination of existing contracts and agreements are unknown.

## **Part V: New Rule Making Required**

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

**II. C – Expenditures**

**2023-25 Transportation budget included one appropriation [ESHB 1125, Sec. 104(3)].**

<b>Budget/Account</b>	<b>Item</b>	<b>2023-25 Appropriation</b>	<b>Estimated Expenditures Prior To (6/6/24)</b>	<b>Estimated Expenditures Post (6/6/24)</b>
<b>Transportation</b>				
(26A-1) Carbon Emissions Reduction Account	Electric Vehicle/Equip Replacement	<i>\$2,000,000</i>	<i>\$2,000,000</i>	<i>\$0</i>

**2023-25 Operating budget included two appropriations [ESSB 5187, Sec. 304(6)].**

<b>Operating</b>				
(26-C-1) Climate Commitment Account	GHG Emission Reduction	\$1,083,000 (1.1 FTE)	\$225,000 (0.92 FTE)	-\$858,000 (-1.1 FTE)
(26D-1) Natural Climate Solutions Account	Climate Adaptation	\$350,000	\$100,000	-\$250,000
		<i>\$1,433,000</i>	<i>\$325,000</i>	<i>-\$1,108,000</i>

**Part IV: Capital Budget Impact**

**2023-25 Capital budget included two appropriations [ESSB 5200, Sec. 3050 & 3054 (1)(b)].**

<b>Budget/Account</b>	<b>Item</b>	<b>2023-25 Appropriation</b>	<b>Estimated Expenditures Prior To (6/6/24)</b>	<b>Estimated Expenditures Post (6/6/24)</b>
<b>Capital</b>				
(26-C-1) Climate Commitment Account	40000457 Fort Worden PDA Geothermal Heating	\$1,000,000	\$250,000	-\$750,000
(26D-1) Natural Climate Solutions Account	40000123 Statewide Fish Barrier Removal (Ocean City)	\$1,375,000	\$150,000	-\$1,225,000
		<i>\$2,375,000</i>	<i>\$400,000</i>	<i>-\$1,975,000</i>

# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 467-Recreation and Conservation Funding Board
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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	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
<b>Account</b>					
Climate Investment Account-State 26B-1	(200,000)	0	(200,000)	0	0
Natural Climate Solutions Account-State 26D-1	(13,418)	(197,000)	(210,418)	(394,000)	(394,000)
<b>Total \$</b>	(213,418)	(197,000)	(410,418)	(394,000)	(394,000)

### Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	(1,142,624)	(56,765,922)	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	(1,142,624)	(56,765,922)	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: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Preparation: Mark Jarasitis	Phone: 360-902-3006	Date: 02/13/2024
Agency Approval: Brock Millierin	Phone: 360-789-4563	Date: 02/13/2024
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 02/13/2024



## 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.*

Initiative 2117 would repeal the Climate Commitment Act and prohibit state agencies from implementing any type of carbon tax credit trading.

Section 1 would prohibit agencies from implementing any type of carbon tax credit trading, also known as "cap and trade" or "cap and tax", including the Climate Commitment Act.

Section 2 would repeal the Climate Commitment Act statutes, chapters 43.21C.520 RCW, 70A.15.110 RCW, and 70A.65 RCW, including the accounts created under it: Carbon Emissions Reduction Account (CERA), Climate Investment Account (CIA), Climate Commitment Account (CCA), Natural Climate Solutions Account (NCSA), and the Air Quality and Health Disparities Improvement Account (AQHDIA).

Assumptions for the Fiscal Note on Initiative 2117

- Assume the legislature passes the initiative in the 2024 regular session, and the effective date is 90 days after the end of session, or June 6, 2024.
- Section 2 repeals the Climate Commitment Act statutes. Recreation and Conservation Office (RCO) appropriations from the Climate Investment Account (26B-1) and the Natural Climate Solutions Account (26D-1) would not be able to incur expenditures following the June 6, 2024 effective date and work funded through these accounts will stop on June 6, 2024.
- To calculate the amount of appropriations that may lapse, RCO used expenditures/estimated allotments through June 6, 2024.
- RCO shows negative expenditures for CCA expenditures that were estimated to occur after June 6, 2024.
- RCO is currently using these funds as match for federal funds. Internal analysis has identified other agency fund sources to replace the grant match requirements, but that assumes a best-case scenario in project spending. There is risk a reduced project load will jeopardize federal grant match commitments. The federal grants impacted by this bill include funding from Department of Commerce, National Oceanic and Atmospheric Administration, Pacific Coastal Salmon Recovery Funds, as well as Puget Sound Partnership Environmental Protection Agency funds.

### 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 operating impacts are as follows

- o Community Engagement Plan, \$200,000 23-25BN funding from the Climate Investment Account (26B-1). This one-time funding provides resources to complete the required community engagement plan as outlined in RCW 70A.65.030, the climate commitment act. It is anticipated that this plan will be out for bid after June 6, 2024. The plan will be not yet started, so RCO is removing all the funding for this effort (\$200,000).

o Riparian Coordinator, \$398,000 23-25BN funding from the Natural Climate Solutions Account (26D-1), \$394,000 ongoing funding. This funding is to establish a riparian coordinator position within the governor's salmon recovery office to coordinate with Tribes, the Governor's Office and especially state agencies to advance strategies for riparian habitat protection, restoration, and management policies that use science-based standards to achieve fully functioning riparian ecosystems where practicable. The position will develop metrics, align databases and help secure funding for this riparian and partner work. This position's work is urgent because riparian ecosystems are critical to support salmon recovery and to address the anticipated impacts that climate change will have on salmon such as warming stream temperatures. Without the Riparian Coordinator in the Governor's Salmon Recovery Office there is no additional staff capacity to convene these groups and oversee this work that is important to many.

### 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	(200,000)	0	(200,000)	0	0
26D-1	Natural Climate Solutions Account	State	(13,418)	(197,000)	(210,418)	(394,000)	(394,000)
<b>Total \$</b>			(213,418)	(197,000)	(410,418)	(394,000)	(394,000)

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
A-Salaries and Wages	(9,400)	(141,000)	(150,400)	(282,000)	(282,000)
B-Employee Benefits	(3,139)	(47,000)	(50,139)	(94,000)	(94,000)
C-Professional Service Contracts	(200,670)	(6,000)	(206,670)	(12,000)	(12,000)
E-Goods and Other Services	(70)	(1,000)	(1,070)	(2,000)	(2,000)
G-Travel	(139)	(2,000)	(2,139)	(4,000)	(4,000)
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	(213,418)	(197,000)	(410,418)	(394,000)	(394,000)

#### 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
Habitat RIP Policy Position	100,000	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
<b>Total FTEs</b>		(0.1)	(1.0)	(0.6)	(1.0)	(1.0)

#### 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
26D-1	Natural Climate Solutions Account	State	(1,142,624)	(56,765,922)	(57,908,546)	0	0
<b>Total \$</b>			(1,142,624)	(56,765,922)	(57,908,546)	0	0

**IV. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(3.8)	(3.8)	(3.8)		
A-Salaries and Wages	(29,507)	(442,182)	(471,689)		
B-Employee Benefits	(9,837)	(147,395)	(157,232)		
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(1,103,280)	(56,176,345)	(57,279,625)		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	<b>(1,142,624)</b>	<b>(56,765,922)</b>	<b>(57,908,546)</b>	<b>0</b>	<b>0</b>

**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
Predesign/Design					
Construction					
Grants/Loans	(1,142,624)	(56,765,922)	(57,908,546)		
Staff					
Other					
<b>Total \$</b>	<b>(1,142,624)</b>	<b>(56,765,922)</b>	<b>(57,908,546)</b>		

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
IT Staff	112,536	(1.0)	(1.0)	(1.0)		
Outdoor Grants Manager	93,348	(1.8)	(1.8)	(1.8)		
Policy Staff	100,584	(1.0)	(1.0)	(1.0)		
<b>Total FTEs</b>		<b>(3.8)</b>	<b>(3.8)</b>	<b>(3.8)</b>		<b>0.0</b>

Total capital appropriation \$63,987,000, fund 26D-1

Brian Abbott Fish Barrier Removal Board (BAFBRB), 40000064, \$21,092,000 - Funding is provided for fish barrier removal projects, prioritized by the Brian Abbott Fish Barrier Removal Board, based on watershed and transportation considerations related to maximizing the benefit of barrier removal. RCO works with the Department of Fish and Wildlife to implement this program.

Puget Sound Acquisition and Restoration (PSAR), 40000061, \$10,115,000 - Funding is provided for grants that specifically protect and/or restore salmon habitat in the Puget Sound Basin. In particular, a large portion of these projects protect and restore habitat necessary for Chinook salmon. The program is managed jointly by the Puget Sound Partnership and the Recreation and Conservation Office.

Salmon Recovery Funding Board: Riparian Grant Program, 91001679, \$25,000,000 - Funding is provided to the Salmon Recovery Funding Board to implement a Riparian Grant Program, intended to complement the existing salmon recovery grant program.

Family Forest Fish Passage Program (FFFPP), 40000068, \$7,780,000 - Funding is provided for grants to assist small,

family-forest landowners to continue the replacement or removal of forest road stream crossing structures, primarily culverts, that are barriers to fish passage, allowing salmon, trout, and other fish to access upstream habitat. RCO works with the Department of Natural Resources and Fish and Wildlife to implement this program.

There are currently obligations from fund 26D-1 in 127 individual grant projects spread throughout the state. Each of these grants are making progress, but it is difficult to pin-point their exact status since each grant is unique, has an individual timeline and faces specific issues. All of these projects have established milestones and an assigned RCO grants manager that is reviewing progress for each project. The type of project funded include acquisition, restoration, planning, lead entity, and engineering and technical assistance. Please see the attached file showing current obligations to these grant programs. An alternative source of funding will be required to complete the projects that have been started. The risk of defunding the projects is that individual grants cannot easily be deactivated as they are in different stages of completion and without RCO funding likely would not be able to proceed.

Negative expenditures are based on expected costs for salary, fringe and grant costs that will not occur.

## **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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 468-Environmental and Land Use Hearings Office
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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	(2.5)	(3.3)	(2.9)	(3.3)	(3.3)
<b>Account</b>					
Climate Investment Account-State 26B-1	(369,000)	(449,000)	(818,000)	(898,000)	(898,000)
<b>Total \$</b>	(369,000)	(449,000)	(818,000)	(898,000)	(898,000)

### 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: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Preparation: Dominga Soliz	Phone: 3606649173	Date: 02/12/2024
Agency Approval: Dominga Soliz	Phone: 3606649173	Date: 02/12/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/12/2024

## 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.*

Initiative Measure No. 2117 would repeal the Climate Commitment Act's Greenhouse Gas Emissions – Cap and Invest Program. The Pollution Control Hearings Board (PCHB) currently has jurisdiction over appeals of orders and penalties issued under the program pursuant to RCW 70A.65.200. Under the initiative, the number of anticipated Climate Commitment Act (CCA) appeals over time would be reduced to zero.

Repealing the program would make Climate Investment Account funds unavailable to the Environmental and Land Use Hearings Office (ELUHO) which is appropriated to provide staffing to the PCHB conduct hearings for CCA appeals. The Environmental and Land Use Hearings Office (ELUHO) was allocated \$898,000 from the Climate Investment Account in the 23-25 biennium. If the Initiative passes, funding for staffing to conduct CCA appeals would be eliminated as of June 6, 2024 and future allocations would be eliminated.

Based on the number and types of CCA appeals filed to date, ELUHO assumes that any CCA appeals that are not resolved as of June 6, 2024 would be moot upon repeal of the CCA and any unresolved appeals that would not be moot could be absorbed by the Pollution Control Hearings Board.

### 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.*

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.*

FY24 Impacts to the Climate Commitment Account authority:

Expenditure reductions from the Climate Investment Account assume the legislation would be effective June 6, 2024. There are fewer appeals to the PCHB relating to the CCA in process than initially estimated so the reduction to FY2024 expenditure authority is estimated to be \$369,000.

FY25 Impacts to the Climate Commitment Account authority:

It is assumed the whole amount provided for fiscal year 2025 for salaries, benefits, goods and services and travel would be reduced from \$449,000 to zero.

Carryforward Impacts:

The legislature provided the funding on an ongoing basis so reductions in years after the 2023-25 biennium is assumed at estimated carryforward amounts equaling the current appropriation of \$449,000 per year.

## 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	(369,000)	(449,000)	(818,000)	(898,000)	(898,000)
<b>Total \$</b>			(369,000)	(449,000)	(818,000)	(898,000)	(898,000)

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(2.5)	(3.3)	(2.9)	(3.3)	(3.3)
A-Salaries and Wages	(270,000)	(325,474)	(595,474)	(650,948)	(650,948)
B-Employee Benefits	(82,000)	(103,332)	(185,332)	(208,852)	(208,852)
C-Professional Service Contracts					
E-Goods and Other Services	(14,000)	(15,672)	(29,672)	(29,156)	(29,156)
G-Travel	(3,000)	(4,522)	(7,522)	(9,044)	(9,044)
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	<b>(369,000)</b>	<b>(449,000)</b>	<b>(818,000)</b>	<b>(898,000)</b>	<b>(898,000)</b>

**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 Appeals Judge	117,840	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Paralegal I	69,072	(0.5)	(1.3)	(0.9)	(1.3)	(1.3)
<b>Total FTEs</b>		<b>(2.5)</b>	<b>(3.3)</b>	<b>(2.9)</b>	<b>(3.3)</b>	<b>(3.3)</b>

**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

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

Revised

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 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	(0.3)	(3.0)	(1.7)	(3.0)	(3.0)
<b>Account</b>					
Climate Commitment Account-State 26C-1	(1,010,000)	(26,070,000)	(27,080,000)	0	0
Natural Climate Solutions Account-State 26D-1	(360,000)	(8,350,000)	(8,710,000)	(8,232,000)	(8,232,000)
<b>Total \$</b>	(1,370,000)	(34,420,000)	(35,790,000)	(8,232,000)	(8,232,000)

### Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	(9,449,554)	(21,806,664)	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	(9,449,554)	(21,806,664)	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: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Preparation: Karla Heinitz	Phone: 360-878-4666	Date: 02/12/2024
Agency Approval: Sarah Groth	Phone: 360-790-3501	Date: 02/12/2024
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 02/13/2024



in the evaluation via a survey scheduled to go out in late February. If funding were not available after June 6, it will impact the commission's ability to produce the legislatively mandated evaluation report.

The full \$200,000 has been obligated for the contract with Washington State University.

FY24 \$120,000 spent, revert \$80,000.

**\*On-Farm GHG Reduction Grants**

(Climate Commitment Account 26C-1)

\$30,000,000 for 23-25BN

The objective of this funding is to reduce greenhouse gas (GHG) emissions associated with manure handling systems from baseline levels at dairy and livestock farms in Washington through grants to conservation districts and other public entities for the implementation of projects. Projects must occur on livestock operations where manure is stored in anaerobic (liquid) form and may include multiple components of a manure handling system, associated upstream and downstream components needed to accommodate the change to the manure management system, including transporting manure for eventual field application.

One-time funding is provided solely for the commission to evaluate the current contribution that organic and climate-smart agriculture makes toward Washington's climate response goals, what potential there is for increasing this contribution, and how additional investments will help realize this potential while supporting resiliency.

SCC has co-convened a climate-smart livestock management advisory committee with the Washington State Department of Agriculture, consisting of representatives and subject matter experts from conservation districts, the United States Department of Agriculture Natural Resources Conservation Service, Washington State University, Departments of Commerce, Agriculture and Ecology, Environmental Protection Agency, and the Washington Dairy Federation. The advisory committee has met seven times between August and December 2023 to advise SCC on funding implementation. Currently, a round of funding is open for Sustainable Farms and Fields focused on climate-smart livestock management and funding opportunities related to Alternative Manure Management and Research and Demonstration are expected to open on February 20.

A request for proposals for Dairy Anaerobic Digesters is in development and expected to be released in Spring 2024. This funding has resulted in great interest and interagency collaboration and is expected to result in opportunities for livestock producers to have projects funded with climate, water quality, and air quality benefits. The Research and Demonstration funding will result in innovation in climate-smart livestock management practices as well as better data and quantification of the climate impact of these practices in Washington.

By June 6, SCC expects to have awarded \$2.96 million in grants for climate-smart livestock management toward an estimated 50 projects, \$2.8 million in grants for alternative manure management toward an estimated 18 projects, and \$2 million in grants for research and demonstration toward an estimated 10 projects. SCC expects that the Dairy Anaerobic Digesters funding will result in contracting on 2-3 dairy digester projects during the summer of 2024.

Not all projects will be completed by June 6. At this time the majority of funding has not been obligated.

FY24 spend \$3 million, revert \$27 million.

**\*Climate Change Response Strategy**

(Natural Climate Solutions Account 26D-1)

.3 FTE, \$23,000 for 23-25BN

One-time funding is provided for Engrossed Second Substitute House Bill 1170 (Climate response strategy), which requires multiple agencies, led by the Department of Ecology, to update a statewide Integrated Climate Response Strategy.

The State Conservation Commission has been a participant in developing and collaborating with multiple state agencies to implement Engrossed Second Substitute House Bill 1170 (Climate response strategy), led by the Department of Ecology on

updating an integrated climate change response strategy.  
Returning funding will impact our ability to dedicate staffing in the future.  
FY24 SCC will spend \$5,000 and revert \$18,000 after June 6.

\*Salmon Riparian Restoration Program  
(Natural Climate Solutions Account 26D-1) .5 FTE, \$3,000,000 for 23-25BN and ongoing

One-time funding is provided solely to support the outreach, identification, and implementation of salmon riparian habitat restoration projects that are appropriated through the capital budget.

The funding is associated with the SCC capital funding for the Riparian Restoration Grant Program, which is anticipated to roll out in early March 2024. If funds are unavailable after June 6, little time is left to implement this outreach effort. The lack of understanding for streamside landowners about the importance of riparian area protection and restoration would persist and the lack of awareness and interest in voluntary conservation projects would cause significant setbacks in this important work.

All funding has been obligated to conservation districts.  
FY24 spend \$200,000. The remaining \$2.8 million will be returned.

\*Forest Health & Community Wildfire  
(Natural Climate Solutions Account 26D-1) 1.5 FTE, \$5,000,000 for 23-25BN and ongoing

Funding is provided for community-based wildfire and forest health activities, such as engagement with landowners, removal of fire hazard materials, and brush clearing. Similar funding was previously provided as a pass-through from the Department of Natural Resources.

Forest health and community wildfire resiliency funding is provided to address unhealthy forests and build greater community resiliency to wildfire. The funding has tremendous impacts by building stable capacity for conservation districts to be strong partners with WA Department of Natural Resources on this critical work. While work began under an appropriation in August of 2023, the greatest demand for assistance from landowners and the public occurs when wildfire season is in full swing – usually beginning in May of each year. If this funding is not available after June 6, the SCC and conservation districts will be unable to engage with the public in this important work setting the SCC and conservation districts back in forest health and wildfire management.

All funding has been obligated. It will be difficult to estimate how much will be returned most projects will be completed in late spring 2024.  
FY24 \$2.9 million spent, revert \$2.1 million.

\*Riparian Education & Outreach  
(Natural Climate Solutions Account 26D-1) 1.0 FTE,\$2,000,000 for 23-25BN and 1.0 FTE, \$232,000 ongoing

Funding is provided solely to develop and implement an educational communication plan to the general public and landowners in urban, suburban, rural, agricultural, and forested areas regarding the importance of riparian buffers and the actions they can take to protect and enhance these critical areas.

The Riparian Outreach and Education project includes a communications consultant 4 and entering multiple contracts with various consulting firms to do community-based outreach and purchasing of assets and advertisements to promote riparian education. This educational campaign is working to increase knowledge about the streamside habitat and its importance for our indicator species of salmon. If funding were revoked after June 6, the riparian education campaign would not be able to complete this work and it is estimated that \$1,500,000 of the funding would revert. The education campaign would be halted

and the public would lack the knowledge, awareness, and actions around riparian habitat to protect the state’s wildlife.  
 FY 24 spend \$50,000, revert \$1,450,000.

\*Fire Wise Grants to Local Government  
 (Natural Climate Solutions Account 26D-1) \$10,000,000 for 23-25BN

One-time funding is provided solely for the commission to provide grants to local government and private landowners for firewise projects to reduce forest fuel loading in areas deemed a high hazard for potential wildfire.

The funding is matched with the forest health and community wildfire resiliency investment and has been fully allocated to local conservation districts for projects with landowners and communities to increase forest health and community wildfire resiliency. Loss of this investment after June 6 make it difficult for conservation districts, local communities, and private landowners to complete forest health and fire resiliency projects in the spring of 2024 and fiscal year 2025.

All \$10,000,000 has been obligated.  
 FY24 spend \$3 million, revert \$7 million.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	(1,010,000)	(26,070,000)	(27,080,000)	0	0
26D-1	Natural Climate Solutions Account	State	(360,000)	(8,350,000)	(8,710,000)	(8,232,000)	(8,232,000)
<b>Total \$</b>			(1,370,000)	(34,420,000)	(35,790,000)	(8,232,000)	(8,232,000)

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(0.3)	(3.0)	(1.7)	(3.0)	(3.0)
A-Salaries and Wages	(3,375)	(81,000)	(84,375)	(162,000)	(162,000)
B-Employee Benefits	(1,459)	(35,000)	(36,459)	(70,000)	(70,000)
C-Professional Service Contracts	(10,000)	(70,000)	(80,000)		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(1,355,166)	(34,234,000)	(35,589,166)	(8,000,000)	(8,000,000)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	(1,370,000)	(34,420,000)	(35,790,000)	(8,232,000)	(8,232,000)

**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
Communications Consultant 4, Range 56	80,112	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
WMS Band 2 (2 FTEs)	81,820	(0.2)	(2.0)	(1.1)	(2.0)	(2.0)
<b>Total FTEs</b>		(0.3)	(3.0)	(1.7)	(3.0)	(3.0)

**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
26D-1	Natural Climate Solutions Account	State	(9,449,554)	(21,806,664)	(31,256,218)	0	0
<b>Total \$</b>			(9,449,554)	(21,806,664)	(31,256,218)	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					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(9,449,554)	(21,806,664)	(31,256,218)		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	(9,449,554)	(21,806,664)	(31,256,218)	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
Predesign/Design					
Construction					
Grants/Loans	(9,449,554)	(21,806,664)	(31,256,218)		
Staff					
Other					
<b>Total \$</b>	(9,449,554)	(21,806,664)	(31,256,218)		

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

NONE

Below are the items funded with the accounts which would be repealed under the initiative.

\*Conservation Reserve Enhancement Program (CREP)  
 (Natural Climate Solutions Account 26D-1) 40000023 \$11M

Funding is provided as match for federal funds to implement projects under the Conservation Reserve Enhancement Program (CREP) to private landowners, including funding for technical assistance. CREP projects include: planting shade trees along streams to reduce water temperatures necessary for juvenile salmonid survival; installing fencing to exclude livestock and agricultural activities from stream beds; installing stream crossings to prevent disturbing stream sediments; and enhancing connected wetlands to improve fish rearing habitat.

The Conservation Reserve Enhancement Program (CREP) in Washington State is a joint federal and state-funded program that restores streamside habitat for salmon and protects that habitat for 10-15 years. Through CREP, participants plant native trees and shrubs to improve stream conditions and enhance wetlands along salmon streams. The program pays all the costs for these improvements. In addition, the state's contribution to the program provides oversight and maintenance for five years after planting to ensure success. Landowners are paid rent for allowing their land to be used for fish and wildlife improvements and receive a monetary bonus for signing up. In Washington, landowners directly work with their local conservation district on CREP projects. The Washington State Conservation Commission (SCC) provides technical support and resources to the conservation districts. CREP funding loss will have the following impacts:

- Less funding available to recruit and train conservation district technicians.
- Less funding available to match the United States Department of Agriculture (USDA) Farm Service Agency (FSA) cost-share.
- Less funding available to conduct needed annual maintenance on existing projects.
- Less funding available to adaptively manage the program to obtain better salmon habitat outcomes.

We are currently working with the Farm Service Agency (FSA) on proposed changes that will require extensive partner participation, National Environmental Policy Act (NEPA) analysis, and federal biological services consultation, all of which are paid by the state partner in the CREP program.

The CREP funding loss amount for FY 24 is \$(2,383,332) and the amount for FY 25 is \$(5,499,996).

**\*Riparian Restoration with Landowners**

(Natural Climate Solutions Account 26D-1) 91000020 \$25M

Funding is provided to develop and implement a voluntary riparian grant program to fund the protection and restoration of critical riparian management zones. Funding is also reappropriated for a program funded in the 2022 Supplemental Operating Budget.

Funding for the Riparian Restoration with Landowners Program would eliminate voluntary conservation areas implemented by landowners along riverbanks and streams. The FY24 loss for the Riparian Restoration Program would be \$(7,066,223) and the FY25 loss would be \$(16,306,668). The total loss for the 23-25 biennia for Riparian Restoration with Landowners is \$(23,372,891).

This investment is critical to moving forward the state's commitment to respect of tribal treaty rights and significant efforts to restore salmon habitat. If this funding is lost, the SCC and conservation districts will be unable to make accelerated progress through voluntary incentive-based approaches to protecting and restoring riparian habitat for salmon at a much more meaningful pace and scale. The SCC and conservation districts will have no other choice but to continue writing grants, seeking federal funds, and working to pull together other funding sources for riparian restoration projects which is very slow to help save threatened and endangered salmon species.

The total capital funding loss for the 23-25 biennia is \$(31,256,223).

## **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

Revised

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 477-Department of Fish and Wildlife
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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	(1.4)	(16.8)	(9.1)	(16.3)	(16.3)
<b>Account</b>					
Climate Commitment Account-State 26C-1	(125,000)	(1,637,000)	(1,762,000)	(2,402,000)	(2,402,000)
Natural Climate Solutions Account-State 26D-1	(157,000)	(1,698,000)	(1,855,000)	(2,124,000)	(2,124,000)
<b>Total \$</b>	<b>(282,000)</b>	<b>(3,335,000)</b>	<b>(3,617,000)</b>	<b>(4,526,000)</b>	<b>(4,526,000)</b>

### 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: 01/09/2024
Agency Preparation: Barbara Reichart	Phone: (360) 819-0438	Date: 02/14/2024
Agency Approval: Barbara Reichart	Phone: (360) 819-0438	Date: 02/14/2024
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 02/14/2024



## 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 1 would prohibit agencies from implementing any type of carbon tax credit trading, also known as “cap and trade” or “cap and tax,” including the Climate Commitment Act.

Section 2 would repeal the Climate Commitment Act statutes, chapters 43.21C.520 RCW, 70A.15.110 RCW, and 70A.65 RCW, including the accounts created under it: Carbon Emissions Reduction Account (CERA), Climate Investment Account (CIA), Climate Commitment Account (CCA), Natural Climate Solutions Account (NCSA), and the Air Quality and Health Disparities Improvement Account (AQHDIA).

### 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.*

WDFW will have no costs associated with implementing the changes related to the passage of the initiative (e.g., no additional HR, no additional contract costs) and does not assume there will be any litigation specific to the Department.

WDFW assumptions for existing provisos:

- All activities will cease by June 6, 2024.
- Contractors will complete their full scope of work for fiscal year 2024 and will use all available funding.
- New positions identified below were not all hired on July 1, 2023. Positive variance that resulted from hiring delays is being used to create additional contract capacity or purchase one-time equipment or supplies to support future work under the provisos.

The following provisos are CCA and NCSA funded in the 2023-25 operating budget bill:

Conservation Monitoring, Assistance (26D-1)

- WDFW received \$4,424,000 for this proviso in the 2023-25 biennium and \$2,984,000 in the 2025-27 biennium and ongoing. \$860 thousand is General Fund-State and WDFW assumes these funds will be unaffected by the passage of the initiative.
- Funds were provided to increase capacity in three aspects of the department's mission most vulnerable to climate change including species recovery planning, providing technical assistance, permitting, and planning support, and managing WDFW lands and infrastructure.
- The Department has commenced building investments in habitat connectivity action planning, WDFW lands climate change vulnerability assessments, and stream temperature monitoring and modeling.
- If work stops on June 6, 2024, WDFW will not have the information to focus limited resources on projects that are most likely to protect species from effects of climate change, help people avoid and minimize added damage to those resources, or better manage WDFW lands and infrastructure in light of effects of climate change.
- The change in FTEs in fiscal year 2024 will be -0.7 and in fiscal year 2025 and ongoing will be -9.3.
- The change in expenditures for fiscal year 2024 will be -\$148,000, for fiscal year 2025 will be -\$1,606,000, and for fiscal year 2026 and ongoing will be -\$1,062,000. Total reduction in the 2023-25 biennium will be -\$1,754,000 and in the 2025-27 biennium and ongoing will be -\$2,124,000.

#### GHG Emissions Reduction (26C-1)

- WDFW received \$1,752,000 for this proviso in the 2023-25 biennium and \$756,000 in the 2025-27 biennium and ongoing.
- Funds were provided for the first phase of the department's sustainability plan, including advancing energy efficiency and renewable energy projects, creating a commute trip reduction program, and supporting foundational research and capacity building.
- WDFW has established contracts to complete feasibility studies to identify the most strategic locations and approaches for reducing greenhouse gas emissions across the Department's largest emission sectors. WDFW has implemented its commute trip reduction incentive program. Staff are coordinating the installation of electric vehicle charging stations at facilities across the state.
- If work stops on June 6, 2024, these multi-year feasibility studies will not be completed and renewable and energy-efficient facility upgrades will not be made. The Department's incentive-based trip reduction program will be eliminated. WDFW greenhouse gas emissions will continue to increase.
- A majority of the funds associated with this proviso are for contracts, equipment, and employee incentives. WDFW assumes that all contracts and purchases identified in fiscal year 2024 will be completed on or before June 6, 2024.
- The change in FTEs in fiscal year 2024 will be -0.2 and in fiscal year 2025 and ongoing will be -2.0.
- The change in expenditures for fiscal year 2024 will be -\$59,000, for fiscal year 2025 will be -\$814,000, and for fiscal year 2026 and ongoing will be -\$378,000. Total reduction in the 2023-25 biennium will be -\$873,000 and in the 2025-27 biennium and ongoing will be -\$756,000.

The following provisos are CCA and NCSA funded in the 2023-25 operating budget bill and are associated with passed legislation. The Department assumes work on the passed legislation will stop until additional funding is identified.

#### E2SHB 1181 – Local Government Climate Planning (26C-1)

- WDFW received \$1,026,000 for this proviso in the 2023-25 biennium and ongoing.
- Funds were provided to improve the state's response to climate change by updating the state's planning framework.
- WDFW hired staff to develop state guidance to assist cities and counties to incorporate climate resilience and associated protection of natural resources into their comprehensive plans.
- If work stops on June 6, 2024, Washington will fail to complete rulemaking by the deadline specified in the Act (December 2025). The Department will lose capacity to develop guidance and assist local governments to adjust policies and regulations to better protect resources and people from effects of climate change.
- The change in FTEs in fiscal year 2024 will be -0.3 and in fiscal year 2025 and ongoing will be -3.0.
- The change in expenditures for fiscal year 2024 will be -\$51,000, for fiscal year 2025 will be -\$513,000, and for fiscal year 2026 and ongoing will be -\$513,000. Total reduction in the 2023-25 biennium will be -\$564,000 and in the 2025-27 biennium and ongoing will be -\$1,026,000.

#### E2SHB 1216 – Clean Energy Permitting (26C-1)

- WDFW received \$620,000 for this proviso in the 2023-25 biennium and ongoing.
- Funds were provided to participate in the Interagency Clean Energy Siting Coordinating Council and increase the Department's participation in the clean energy permitting process.
- WDFW staff serve on the Interagency Clean Energy Siting Coordinating Council. Staff will review project proposals for habitat and species considerations and collect and provide habitat and corridor data for non-project Environmental Impact Statements.
- If work stops on June 6, 2024, the work listed above will not be completed and will not continue. This will result in fewer considerations of fish, wildlife, and their habitats when such projects are being developed.
- The change in FTEs in fiscal year 2024 will be -0.2 and in fiscal year 2025 and ongoing will be -2.0.
- The change in expenditures for fiscal year 2024 will be -\$15,000, for fiscal year 2025 will be -\$310,000, and for fiscal year 2026 and ongoing will be -\$310,000. Total reduction in the 2023-25 biennium will be -\$325,000 and in the 2025-27 biennium and ongoing will be -\$620,000.

#### E2SHB 1170 – Climate Change Response Strategy (26D-1)

- WDFW received \$184,000 for this proviso in the 2023-25 biennium. This is a one-time proviso.
- Funds were provided to improve climate resilience through updates to the state's integrated climate response strategy.
- WDFW has identified a staff person who is serving as WDFW's representative for Washington's Integrated Climate Response Strategy. The draft strategy list will be complete by June 2024.
- If work stops on June 6, 2024, the strategy won't be completed, and Washington's executive branch will not identify clear priorities for adapting policies, operations, or facility and land management to reflect what the state knows about climate related risk. Without the associated environmental justice review and prioritization, the needs of at-risk communities and populations will not be accounted for.
- The change in FTEs in fiscal year 2025 will be -0.5.
- The change in expenditures for fiscal year 2024 will be -\$9,000, for fiscal year 2025 will be -\$92,000. Total reduction in the 2023-25 biennium will be -\$101,000.

Total reduction in FTEs in fiscal year 2024 will be -1.4, in fiscal year 2025 will be -16.8, and in fiscal year 2026 and ongoing will be -16.3.

Total reduction of expenditures in fiscal year 2025 will be -\$282,000, in fiscal year 2026 will be -\$3,335,000, and in fiscal year 2026 and ongoing will be -\$2,263,000 per fiscal year. Total reduction in the 2023-25 biennium will be -\$3,617,000 and in the 2025-27 biennium and ongoing will be -\$4,526,000.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	(125,000)	(1,637,000)	(1,762,000)	(2,402,000)	(2,402,000)
26D-1	Natural Climate Solutions Account	State	(157,000)	(1,698,000)	(1,855,000)	(2,124,000)	(2,124,000)
<b>Total \$</b>			(282,000)	(3,335,000)	(3,617,000)	(4,526,000)	(4,526,000)

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(1.4)	(16.8)	(9.1)	(16.3)	(16.3)
A-Salaries and Wages	(163,000)	(1,095,000)	(1,258,000)	(2,092,000)	(2,092,000)
B-Employee Benefits	(68,000)	(422,000)	(490,000)	(810,000)	(810,000)
C-Professional Service Contracts		(517,000)	(517,000)		
E-Goods and Other Services		(397,000)	(397,000)	(358,000)	(358,000)
G-Travel		(65,000)	(65,000)	(130,000)	(130,000)
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	(51,000)	(839,000)	(890,000)	(1,136,000)	(1,136,000)
9-					
<b>Total \$</b>	(282,000)	(3,335,000)	(3,617,000)	(4,526,000)	(4,526,000)

**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 INTERN 3			(0.5)	(0.3)	(0.5)	(0.5)
ENVIRONMENTAL PLANNER 3		(0.3)	(3.0)	(1.7)	(3.0)	(3.0)
ENVIRONMENTAL PLANNER 5		(0.2)	(2.5)	(1.4)	(2.0)	(2.0)
FACILITIES SENIOR PLANNER		(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
FISCAL ANALYST 3		(0.1)		(0.1)		
FISH & WILDLIFE BIOLOGIST 2		(0.1)	(1.5)	(0.8)	(1.5)	(1.5)
FISH & WILDLIFE BIOLOGIST 4		(0.1)	(1.5)	(0.8)	(1.5)	(1.5)
FISH & WILDLIFE RESEARCH SCIENTIST 1		(0.2)	(2.0)	(1.1)	(2.0)	(2.0)
FISH & WILDLIFE RESEARCH SCIENTIST 2		(0.1)	(1.2)	(0.7)	(1.2)	(1.2)
HUMAN RESOURCE CONSULTANT 3			(0.5)	(0.3)	(0.5)	(0.5)
JOURNEY-IT APP DEVELOPER			(0.1)	(0.1)	(0.1)	(0.1)
SCIENTIFIC TECHNICIAN 2		(0.2)	(2.5)	(1.4)	(2.5)	(2.5)
SCIENTIFIC TECHNICIAN 3			(0.5)	(0.3)	(0.5)	(0.5)
<b>Total FTEs</b>		(1.4)	(16.8)	(9.1)	(16.3)	(16.3)

**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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 490-Department of Natural Resources
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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	(4.2)	(54.5)	(29.4)	(40.5)	(39.7)
<b>Account</b>					
Carbon Emissions Reduction Account-State 26A-1	(840,902)	(1,100,000)	(1,940,902)	0	0
Climate Commitment Account-State 26C-1	(1,178,791)	(6,489,088)	(7,667,879)	(5,178,000)	(5,178,000)
Natural Climate Solutions Account-State 26D-1	(3,624,956)	(15,797,419)	(19,422,375)	(17,451,000)	(17,451,000)
<b>Total \$</b>	(5,644,649)	(23,386,507)	(29,031,156)	(22,629,000)	(22,629,000)

### Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	(7,625,500)	(14,934,500)	0	0	0	0
<b>Total \$</b>	(7,625,500)	(14,934,500)	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: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Preparation: Nicole Dixon	Phone: 360-902-1155	Date: 02/12/2024
Agency Approval: Brian Considine	Phone: 3604863469	Date: 02/12/2024
OFM Review: Shelly Willhoite	Phone: (360) 890-2366	Date: 02/13/2024

## 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.*

This initiative will repeal any type of carbon tax credit trading, including the Climate Commitment Act codified in chapter 70A.65 RCW. This initiative would eliminate all revenues generated by the Climate Commitment Act.

Sec. 1. "A new section is added to chapter 70A.65 RCW to read as follows:

All state agencies are prohibited from implementing any type of carbon tax credit trading, also known as "cap and trade" or "cap and tax" scheme, including the climate commitment act previously codified as chapter 70A.65 RCW. This prohibition applies whether the resulting increased costs are imposed on fuel recipients or fuel suppliers. "

Sec. 2. Repeals the entire chapter 70A.65 RCW.

### 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.*

If this initiative were to pass, the Department of Natural Resources (DNR) assumes the following:

- Funding would end June 6, 2024 (Fiscal Month 12-24 of the 2023-25 biennium and all future biennia)
- No expedited spending will occur and all work should continue as normal through June 6th.
- Outgoing biennium object impacts are based upon the enacted 2023-25 budget outlook.
- FY 2024 and FY 2025 administrative costs are in Objects A, B, and E. In FY 26 and outgoing years, administrative costs are showing in Object T
- All current appropriations from Fund 26A, 26C and 26D are not the result of requirements in RCW 70A.65 (Climate Commitment Act). To ensure DNR can fully implement and complete the legislatively required obligations, DNR will need alternative funding to be identified and appropriated to complete the work.

The following projects across DNR will be impacted:

Carbon Emissions Reduction Account (Fund 26A) –  
Original Appropriation: \$2,200,000  
Fund reduction total in 2023-25 is \$1,940,920, 0.0 FTE.

- GHER - GHG Emissions Reduction -  
Original Appropriation: \$2,200,000  
Reduction: \$1,940,920 (\$840,902 in FM 12, \$1,100,000 in FM 13-24), 0.0 FTE

This reduction in funding will result in failure to execute the agency's fleet charging infrastructure expansion assessment, which in turn will stop the development of a comprehensive by location, statewide EV charger installation plan. The reduction of funding will also stop the agency's already in progress pilot project for testing the feasibility of Electric Vehicles in off road field use in order to gather required information to support large-scale adoption. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

Climate Commitment Account (Fund 26C) –  
Original Appropriation: \$11,820,000  
Fund reduction in 2023-25: \$7,667,879 (11.8 FTE)  
Fund reduction in 2025-27: \$5,178,000 (12.5 FTE)  
Fund reduction in 2027-29: \$5,178,000 (12.5 FTE)

- EJ01 - Environmental Justice –

Original Appropriation: \$1,250,000  
Reduction: \$675,980 (\$43,435 in FM 12, \$632,545 in FM 13-24), 3.2 FTE

This funding was provided to DNR to support the efforts of Environmental Justice. This will leave DNR unable to update agency guidebooks, training materials and other education materials related to Environmental Justice. This will also constrain our implementation of the Boards and Commissions Action Plan. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

This project was identified as having funds in future biennia which will no longer be available to the agency:

2025-27: \$1,250,000 (2.6 FTE)  
2027-29: \$1,250,000 (2.6 FTE)

- NZ01 - GHG Emissions Reduction -

Original Appropriation: \$7,791,000  
Reduction: \$5,514,174 (\$1,030,175 in FM 12, \$4,483,999 in FM 13-24), 4.8 FTE

This reduction in funding will result in the agency being unable to complete the analysis of current agency infrastructure and would stop the plan for the department to reach its greenhouse gas emission reduction targets. The reduction will also stop work currently in progress related to energy efficiency improvements in agency buildings. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

This project was identified as having funds in future biennia which will be no longer be available to the agency:

2025-27: \$1,616,000 (5.8 FTE)  
2027-29: \$1,616,000 (5.8 FTE)

- WD - Workforce Development -

Original Appropriation: \$2,365,000  
Reduction: \$1,264,348 (\$89,099 in FM 12, \$1,175,249 in FM 13-24), 3.0 FTE

This reduction would halt DNR's work across multiple service areas from youth education to adult training and continuing education to inspire, develop, and recruit a diverse and skilled workforce to meet the urgent natural resource management challenges our state is facing. With the passage of SHB 1168 in 2021 (RCW 76.04.521), the state legislature recognized the shortage of workers to fill vital forest health and broader natural resource management positions and tasked DNR with working in partnership with the Department of Commerce to develop and implement initiatives to grow a forest health workforce. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

This project was identified as having funds in future biennia which will no longer be available to the agency:

2025-27: \$2,230,000 (3.9 FTE)  
2027-29: \$2,230,000 (3.9 FTE)

- CPC1 - Local Government Climate Planning -

Original Appropriation: \$250,000  
Reduction: \$127,767 (\$11,269 in FM 12, \$116,498 in FM 13-24), 0.6 FTE

This reduction in funding will result in DNR being unable to complete the agency-wide plan for climate resilience and aligning its efforts with other agencies that is a requirement of House Bill 1181 that was passed in the 2023 session. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

- CEST: Clean Energy Siting -



Original Appropriation: \$164,000

Reduction: \$85,610 (\$4,813 in FM 12, \$80,797 in FM 13-24), 0.2 FTE

This reduction will limit DNR's ability to provide support to the Clean Energy Siting Task Force which is a requirement of House Bill 1216 that was passed in the 2023 session. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

This project was identified as having funds in future biennia which will no longer be available to the agency:

2025-27: \$82,000 (0.3 FTE)

2027-29: \$82,000 (0.3 FTE)

Natural Climate Solutions Account (Fund 26D) –

Original Appropriation: \$29,571,000

Fund reduction in 2023-25: \$19,422,375 (32.8 FTE)

Fund reduction in 2025-27: \$17,451,000 (27.2 FTE)

Fund reduction in 2027-29: \$17,451,000 (27.2 FTE)

- SFFS - Evaluation of Carbon Offsets -

Original Appropriation: \$1,500,000

Reduction: \$891,426 (\$75,922 in FM 12, \$815,504 in FM 13-24), 1.5 FTE

Collaboration with the Department of Ecology and the work to conduct a state ecosystem services inventory and state lands ecosystem services asset plan would stop. This results in the cancellation of one contract. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

- FT01 - Forest Treatments –

Original Appropriation: \$3,166,000

Reduction: \$938,968 (\$168,970 in FM 12, \$769,998 in FM 13-24), 3.8 FTE

Reduces silviculture treatments in western Washington that will make forested DNR trust lands more resilient to current and expected impacts of climate change, in particular seasonal drought. The silviculture program calculates that this would be the loss of 12,260 acres of treatments between tree planting (1,170 acres), precommercial thinning (2,530 acres) and noxious weed and competing vegetation control (8,560 acres). Silvicultural treatments help to support the growth of healthy and robust forests. The agency's inability to carry out these activities could also translate into a reduction of timber volume in these forests and therefore future revenue for trust beneficiaries, including schools, counties, and other social services. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

This project was identified as having funds in 2025-27 which will no longer be available to the agency:

2025-27: \$3,299,000 (3.9 FTE)

2027-29: \$3,299,000 (3.9 FTE)

- RS - Reforestation Strategy -

Original Appropriation: \$2,066,000

Reduction: \$1,226,482 (\$177,732 in FM 12, \$1,048,750 in FM 13-24), 2.5 FTE

This reduction prevents work on the restoration of 12 USFS seed orchards in Washington. They are an essential, irreplaceable genetic resource to support reforestation efforts for DNR, USFS, and other forest landowners in a changing climate. They have been largely unmanaged in the last 25 years (since the Northwest Forest Plan was enacted), are currently unproductive, and are at risk of loss to wildfire because they are overly dense. This reduction would also prevent the agency from preparing an assessment of reforestation needs and opportunities, and from developing a strategy to reforest one million acres across the state. This could impede reforestation efforts on state lands, thus resulting in fewer harvestable acres of forestland in the future, and therefore less potential revenue for trust beneficiaries. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

This project was identified as having funds in future biennia which will no longer be available to the agency:

2025-27: \$1,692,000 (3.9 FTE)  
2027-29: \$1,692,000 (3.9FTE)

- WI01 - Snohomish Watershed Strategy -

Original Appropriation: \$2,864,000

Reduction: \$2,148,534 (\$131,734 in FM 12, \$2,016,800 in FM 13-24), 4.0 FTE

This reduction would prevent the agency from implementing the Snohomish WRAP, as well as put an end to work underway to expand the Watershed Resilience Program to the Puyallup and Nisqually watersheds. DNR will also be unable to satisfy deliverables in our 2023-2025 biennium budget proviso for the Watershed Resilience Action Plan such as completing outreach and stewardship related to the Snohomish Kelp and Eelgrass Protection Zone, and installation of a new ANeMoNe station in this first-of-its-kind Protection Zone located at the mouth of the Snohomish River. Additionally, the WRAP team will have to halt work begun to partner with the Western Washington Service Forestry team to inventory fish passage barriers on private forestlands and would not be able to launch the pilot Large Wood Supply Program to help advance salmon habitat restoration projects in the Snohomish Basin. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

This project was identified as having funds in future biennia which will no longer be available to the agency:

2025-27: \$1,135,000 (2.7 FTE)  
2027-29: \$1,135,000 (2.7 FTE)

- FR01 - Urban Forest Assistance -

Original Appropriation: \$5,991,000

Reduction: \$3,104,919 (\$71,801 in FM 12, \$3,033,118 in FM 13-24), 5.4 FTE

This funding supports DNR's direct investments for Urban Forestry and Community Forestry Grants, as well as staff time to support communities urban forestry programs. The DNR Urban and Community Forestry Program offers grants to cities and towns, counties, tribal governments, non-profit organizations, and educational institutions to improve the health of community forests and develop local urban forestry programs for tree inventories, tree canopy assessments, urban forestry plans, workforce development, tree planting, tree equity, and educational projects. DNR has recently closed grant applications for the 2024 Community Forestry Grants, we received 122 applications requesting a total of \$21,827,781.76 in grants. Program staff are currently undergoing the evaluation of grants to make award notifications around February 20, 2024. This legislation would force DNR to cancel all contracts, including both direct investments and grants to communities and community organizations, with any balance remaining after the date the legislation would take effect. It is anticipated that most grantees will spend a small amount of their balance in the remaining months of fiscal year 2024 after a contract is executed, and therefore most of the work of the awards to communities and community organizations would be impacted. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

This project was identified as having funds in future biennia which will no longer be available to the agency:

2025-27: \$7,951,000 (3.9 FTE)  
2027-29: \$7,951,000 (3.9 FTE)

- BC01 - Natural Areas Program -

Original Appropriation: \$3,356,000

Reduction: \$1,793,354 (\$125,754 in FM 12, \$1,667,600 in FM 13-24), 11.2 FTE

The Essential Conservation Area (ECA) work would not be completed. ECAs identify the area around rare species and ecosystems that are critical for maintaining their long-term viability. This effort requires field surveys and data analysis to address data gaps and ensures the best available information is used to inform ECA boundaries. The project would create a map of ECAs across the state that will be shared on the Natural Heritage Program's website. The outcome is more effective protection of ecologically important lands by directing conservation actions toward those lands with the greatest biodiversity value and the most immediate need for protection and management. If ECA development is only partially finished, then the project output will be an incomplete map of sites of high biodiversity value, limiting its application and utility. This results in the cancellation of the mapping contract. No deliverables would be met. Management planning for DNR Natural Areas, and scientific expertise for ecological land management and restoration projects will continue at a

lower than needed level. New initiatives, such as land assessment and resource management for carbon sequestration, climate change mitigation, invasive species elimination, and coordination with conservation partners, will not be pursued at the necessary level. Eliminates the Natural Areas program in Olympic Region resulting in work capacity being lost in the division and in supporting regions. The agency will also not be able to conduct an analysis of forested lands at risk of conversion. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

This project was identified as having funds in future biennia which will no longer be available to the agency:

2025-27: \$3,024,000 (11.8 FTE)

2027-29: \$3,024,000 (11.8 FTE)

- CRS1 - Climate Response Strategy -

Original Appropriation: \$350,000

Reduction: \$187,865 (\$12,465 in FM 12, \$175,400 in FM 13-24), 0.9 FTE

With this reduction, DNR will be unable to complete its efforts towards updating the state’s integrated climate response strategy. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

This project was identified as having funds in future biennia which will no longer be available to the agency:

2025-27: \$350,000 (1.0 FTE)

2027-29: \$350,000 (1.0 FTE)

- SKLP - Kelp Plan -

Original Appropriation: 278,000

Reduction: \$157,127 (\$11,978 in FM 12, \$145,149 in FM 13-24), 1.0 FTE

With this reduction, DNR will be unable to fulfill its duties to the Puget Sound Kelp conservation and recovery efforts. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

- SHCP - HCP Habitat Thinning -

Original Appropriation: \$10,000,000

Reduction: \$8,973,700 (\$2,848,600 in FM 12, \$6,125,100 in FM 13-24), 2.5 FTE

No additional work for habitat and riparian enhancements beyond current planned activities, which at this point are indeterminate and minimal. This will affect recruitment for positions that would complete the work. The timber sales program estimates that this funding would have covered approximately 2000 acres of thinning treatments for habitat enhancement based on estimated average thinning costs of at least \$4000 per acre, which includes presales layout, archaeology, other specialist work, and timber sales administration costs. Timber sales layout takes 3-5 years, and initial layout work was planned to start in the latter part of this fiscal year. No deliverables would be met.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26A-1	Carbon Emissions Reduction Account	State	(840,902)	(1,100,000)	(1,940,902)	0	0
26C-1	Climate Commitment Account	State	(1,178,791)	(6,489,088)	(7,667,879)	(5,178,000)	(5,178,000)
26D-1	Natural Climate Solutions Account	State	(3,624,956)	(15,797,419)	(19,422,375)	(17,451,000)	(17,451,000)
<b>Total \$</b>			<b>(5,644,649)</b>	<b>(23,386,507)</b>	<b>(29,031,156)</b>	<b>(22,629,000)</b>	<b>(22,629,000)</b>

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(4.2)	(54.5)	(29.4)	(40.5)	(39.7)
A-Salaries and Wages	(374,614)	(4,401,966)	(4,776,580)	(5,174,400)	(5,174,400)
B-Employee Benefits	(127,270)	(1,519,261)	(1,646,531)	(1,860,000)	(1,860,000)
C-Professional Service Contracts	(432,402)	(2,275,700)	(2,708,102)	(3,096,000)	(3,096,000)
E-Goods and Other Services	(3,823,713)	(12,071,818)	(15,895,531)	(9,495,500)	(9,495,500)
G-Travel	(36,240)	(346,872)	(383,112)	(435,000)	(435,000)
J-Capital Outlays	(850,410)	(1,815,890)	(2,666,300)	(148,900)	(148,900)
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		(925,000)	(925,000)	(482,500)	(482,500)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		(30,000)	(30,000)	(1,936,700)	(1,936,700)
9-					
<b>Total \$</b>	<b>(5,644,649)</b>	<b>(23,386,507)</b>	<b>(29,031,156)</b>	<b>(22,629,000)</b>	<b>(22,629,000)</b>

**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 4	58,704	(0.1)	(1.5)	(0.8)	(1.5)	(1.5)
Architect 2	98,592	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
Civil Engineer 2	77,028	(0.1)	(1.0)	(0.6)		
Community Outreach & Environmental Education Speci	63,216	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
Environmental Engineer 6	114,360	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
Environmental Planner 3	80,952	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
Environmental Planner 4	89,292	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
Environmental Planner 5	98,592	(0.1)	(2.0)	(1.1)	(2.0)	(2.0)
Facilities Planner 2	87,144	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
Fiscal Analyst 2 (represents Administrative Costs)	58,104	(1.0)	(12.9)	(7.0)	(9.6)	(9.4)
Fiscal Analyst 3	64,788		(0.5)	(0.3)		
Fish and Wildlife Biologist 3	77,028		(1.0)	(0.5)	(1.0)	(1.0)
Grants Director	120,000		(0.1)	(0.1)		
Natural Resource District Manager	68,616		(0.5)	(0.3)		
Natural Resource Scientist 2	68,076	(0.2)	(2.2)	(1.2)	(1.7)	(1.7)
Natural Resource Scientist 3	82,896	(0.1)	(2.0)	(1.1)	(2.0)	(2.0)
Natural Resource Scientist 4	91,524	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)
Natural Resource Specialist 1	55,872	(0.2)	(3.0)	(1.6)	(3.0)	(3.0)
Natural Resource Specialist 2	63,216	(0.6)	(7.8)	(4.2)	(4.5)	(4.0)
Natural Resource Specialist 3	71,520	(0.2)	(2.6)	(1.4)	(0.1)	(0.1)
Natural Resource Specialist 4	77,028	(0.2)	(3.0)	(1.6)	(4.0)	(4.0)
Natural Resource Specialist 5	82,896		(0.2)	(0.1)		
Policy Advisor	100,000	(0.2)	(2.3)	(1.3)	(1.8)	(1.7)
Property & Acquisition Specialist 3	71,520	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
WMS - Band 3	120,000	(0.1)	(1.0)	(0.6)	(1.0)	(1.0)
WMS Band 2	101,268		(0.6)	(0.3)	(0.1)	(0.1)
WMS Band 3	114,069	(0.3)	(3.1)	(1.7)	(1.1)	(1.1)
<b>Total FTEs</b>		<b>(4.2)</b>	<b>(54.5)</b>	<b>(29.4)</b>	<b>(40.5)</b>	<b>(39.7)</b>

**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
26D-1	Natural Climate Solutions Account	State	(7,625,500)	(14,934,500)	(22,560,000)	0	0
<b>Total \$</b>			(7,625,500)	(14,934,500)	(22,560,000)	0	0

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29		
FTE Staff Years	(0.7)	(5.3)	(3.0)				
A-Salaries and Wages	(31,700)	(1,474,000)	(1,505,700)				
B-Employee Benefits	(11,200)	(576,600)	(587,800)				
C-Professional Service Contracts	(1,800)	(111,800)	(113,600)				
E-Goods and Other Services	(2,781,100)	(3,893,500)	(6,674,600)				
G-Travel	(2,000)	(134,800)	(136,800)				
J-Capital Outlays	(4,848,100)	(8,920,900)	(13,769,000)				
M-Inter Agency/Fund Transfers							
N-Grants, Benefits & Client Services	(14,600)	(435,700)	(450,300)				
P-Debt Service							
S-Interagency Reimbursements	65,300	614,900	680,200				
T-Intra-Agency Reimbursements	(300)	(2,100)	(2,400)				
9-							
<b>Total \$</b>			(7,625,500)	(14,934,500)	(22,560,000)	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					
Staff					
Other	(7,625,500)	(14,934,500)	(22,560,000)		
<b>Total \$</b>		(7,625,500)	(14,934,500)	(22,560,000)	

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Natural Resource Scientist 3	82,896	(0.1)	(1.0)	(0.5)		
Natural Resource Specialist 2	63,216	(0.4)	(3.2)	(1.8)		
Natural Resource Specialist 3	71,520	(0.2)	(0.8)	(0.5)		
Natural Resource Specialist 4	77,028	0.0	(0.3)	(0.1)		
<b>Total FTEs</b>		(0.7)	(5.3)	(3.0)		0.0

If this initiative were to pass, the Department of Natural Resources is following the assumptions provided by OFM as follows:

- Funding would end June 6, 2024 (Fiscal Month 12-24 of the 2023-25 biennium)
- Do not assume any expedited spending, all work should continue as normal through June 6th.
- DNR has not currently identified any contracts that will incur any penalties if this initiative passes and requires us to cancel contracts.
- All current appropriations from Fund 26A, 26C and 26D are not the result of the RCW 70A.65 (Climate Commitment

Act). To ensure DNR can fully implement and complete the legislatively required obligations, alternative funding will need to be identified and appropriated.

The following projects across DNR will be impacted:

Natural Climate Solutions Account (Fund 26D) –

Original Appropriation: \$102,660,000

Fund reduction total in 2023-25 is \$22,560,000, 6.0 FTE

- 2023-25 Forestry Riparian Easement -

Original Appropriation: \$10,000,000

Reduction: \$9,024,100 (\$24,300 in FM 12, \$8,999,800 in FM 13-24), 0.0 FTE

With this reduction, DNR will be unable to finish our obligations of awarding all easements on the waitlist, upwards of 10 easements resulting in 165 acres of Riparian Management Zone unprotected. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

- 2023-25 Rivers and Habitat Open Space -

Original Appropriation: \$1,660,000

Reduction: \$850,200 (\$20,100 in FM 12, \$830,100 in FM 13-24), 0.0 FTE

DNR will be unable to purchase 1 of 4 easements resulting in 145 acres of critical habitat unprotected. RHOSP easements are in perpetuity. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

- Enhance Forest Stand Growth -

Original Appropriation: \$10,000,000

Reduction: \$9,793,500 (\$4,817,300 in FM 12, \$4,976,200 in FM 13-24), 6.0 FTE

Reduces silviculture treatments in western Washington to improve the growth and productivity of forested DNR trust lands. The silviculture program calculates that this would be the loss of 45,800 acres of treatments between precommercial thinning (15,600 acres) and noxious weed and competing vegetation control (30,200 acres). The agency's inability to carry out these activities could also translate into a reduction of timber volume in these forests and therefore future revenue for trust beneficiaries, including schools, counties, and other social services. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

- Consultant Buying Large Forest Parcels -

Original Appropriation: \$500,000

Reduction: \$500,000 (\$500,000 in FM 12), 0.0 FTE

Consultation for strategies in competitiveness of large, forested parcels would stop. This continues to put the state at a competitive disadvantage for purchasing forested parcels in a competitive market. By acquiring forest lands, the agency also maintains them as working forests and ensures that they are able to continue to produce wood for local mills and rural economies. It also increases the agency's ability to generate revenue for trust beneficiaries. This results in the cancellation of one contract. No deliverables would be met. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

- Contract and Collaborate -

Original Appropriation: \$2,500,000

Reduction: \$2,392,200 (\$2,263,800 in FM 12, \$128,400 in FM 13-24), 0.0 FTE

Convening of the Forest Carbon workgroup and the work to collaborate strategies on conserving structurally complex forests, increasing carbon storage, and maintaining timber supplies for the trust beneficiaries would stop. This results in the cancellation of three contracts for facilitation, carbon assessments, and timber supply study. No deliverables would be met, except for partial work for the workgroup facilitator. This work is not a requirement of the Climate Commitment Act and will require alternative funding from the legislature to ensure completion of work.

- Revitalizing Trust Land Transfers -

Original Appropriation: \$8,00,000

Chapman Lake 4000321 26D \$1,000,000

Devil's Lake 40000322 26D \$3,175,000

Upper Dry Gulch 40000328 \$3,075,000

West Tiger 40000329 26D \$750,000

Reduction: \$0 (all work anticipated to be complete before June 2024).

Funding is provided to transfer trust land properties under a modified Trust Land Transfer process, as developed by the Department of Natural Resources (DNR) in consultation with stakeholders.

- Carbon Sequestration Forests -

Original Appropriation: \$83,000,000

Competitive Marketplace Analysis 91000320 26D \$500,000

Purchase of Carbon Sequestration and Storage Property 91000316 26D \$70,000,000

Silviculture to Enhance Forest Stand Growth 91000317 26D \$10,000,000

Stakeholder Facilitation Contract, Collaboration, and Research 91000318 26D \$2,500,000

Reduction: \$0 (all work anticipated to be complete before June 2024).

Funding is provided for a new program that will use Climate Commitment Act funding to support carbon sequestration on state-owned lands.

## **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

Revised

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 495-Department of Agriculture
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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	(0.3)	(3.3)	(1.8)	(2.8)	(2.8)
<b>Account</b>					
Climate Commitment Account-State 26C-1	(14,424)	(87,000)	(101,424)	0	0
Natural Climate Solutions Account-State 26D-1	(686,750)	(1,906,933)	(2,593,683)	(3,732,000)	(3,732,000)
<b>Total \$</b>	(701,174)	(1,993,933)	(2,695,107)	(3,732,000)	(3,732,000)

### 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: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Preparation: Dani Gelardi	Phone: 360-791-3903	Date: 02/13/2024
Agency Approval: Lori Peterson	Phone: 360-974-9767	Date: 02/13/2024
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 02/13/2024



## 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.*

Under current law, Washington State Department of Agriculture (WSDA) performs the following, as it relates to the proposed initiative: In Chapter 70A.05 Revised Code of Washington (RCW), WSDA collaborates with Department of Ecology and other agencies to maintain and update the state's climate response strategy. In Chapter 43.394 RCW, WSDA is a member of the Interagency Clean Energy Siting Coordinating Council to facilitate efficient and effective siting and permitting for clean energy projects. In Chapter 15.145 RCW, WSDA collaborates with the State Conservation Commission and Washington State University to implement the Washington Soil Health Initiative (WASHI). In RCW 15.04.420, WSDA administers a program to reimburse Washington farming operations who procure and use compost products.

The proposed initiative would repeal elements of statute related to the Climate Commitment Act.

Section 2 (29) would repeal the statute establishing the Climate Commitment Account.

Section 2 (30) would repeal the statute establishing the Natural Climate Solutions Account.

### 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 Washington State Department of Agriculture (WSDA) is estimated to be greater than \$50,000 in fiscal year (FY) 2024 and ongoing each fiscal year thereafter.

Per lead agency assumptions, this fiscal note assumes a repeal of appropriations in the Climate Commitment Account and the Natural Climate Solutions Account would be effective June 6, 2024. For the purposes of this fiscal note, budgeted costs beginning June 2024 are shown as a negative expenditure to reflect the loss of appropriation authority. The reduction is carried forward to future fiscal years for applicable ongoing appropriations. For statutory requirements not repealed by the initiative, the Legislature would identify alternative funding for these purposes. Statutory requirements that would remain in effect are cited for each impacted appropriation.

Section 2 (29): Repeal of The Climate Commitment Account

Clean Energy Siting Coordinating Council

Climate Commitment Account 2023-25 BN Appropriation: \$200,000  
2025-27 and ongoing appropriation: \$200,000

In Chapter 43.394 RCW, WSDA is a member of the Interagency Clean Energy Siting Coordinating Council to facilitate efficient and effective siting and permitting for clean energy projects. The Council is required to report annually to the

Governor and Legislature beginning October 1, 2024.

In the 2023-25 biennium operating budget, WSDA has an ongoing appropriation in the Climate Commitment Account to fund 0.5 FTE WMS Band 2 Program Manager to participate on the Clean Energy Siting Coordinating Council. This position shares WSDA's policy and science and expertise on clean energy siting and permitting as it relates to and impacts Washington's agricultural production.

The estimated reduction of funding from the Climate Commitment Account is based on current spending and planned allotments and is summarized below. The repealed appropriation would no longer fund WSDA requirements in Chapter 43.394 RCW, which would remain effective in the event the initiative were to pass. The Legislature would need to identify alternative funding for this purpose.

FY 2024: -\$8,079 and -0.04 FTE

FY 2025: -\$97,433 and -0.50 FTE

FY 2026 and ongoing each fiscal year thereafter: -\$100,000 and -0.50 FTE

Funding impact by biennium

2023-25 BN: -\$105,512

2025-27 BN and ongoing: -\$200,000

#### Washington Soil Health Initiative

Climate Commitment Account 2023-25 BN Appropriation: \$581,000

2025-27 and ongoing appropriation: \$494,000

In Chapter 15.145 RCW, WSDA collaborates with the State Conservation Commission and Washington State University to implement the Washington Soil Health Initiative (WASHI). In the 2023-25 biennium operating budget, WSDA has an ongoing appropriation in the Climate Commitment Account to fund 1.0 FTE Environmental Specialist 3 to help lower economic barriers to sustainable farming by generating market-based opportunities, and a contract with a post-doctoral research specialist for tools to track soil health improvements (requirements under RCW 15.145.040 (1) (c) and (d)).

To support fulfillment of responsibilities under RCW 15.145.040 (1) (c), WSDA is contracting with a postdoctoral research specialist to contribute data science expertise to the State of the Soils project team, so trends in soil health scores can be better linked with management practices across crops and regions. The contract is projected to begin in early spring.

To support fulfillment of responsibilities under RCW 15.145.040 (1) (d), WSDA is implementing a science-based, voluntary award program called Saving Tomorrow's Agricultural Resources (STAR). STAR recognizes growers for conservation practices, incentivizes stewardship through industry partnerships, and generates a market signal through brand recognition.

Estimated reduction in funding from FYs 2024 and 2025 is based on planned expenditures beginning June 2024 when the repeal would take effect. Ongoing reductions are assumed to be equal amounts in future fiscal years for this biennial appropriation. Estimates for FY 2026 and ongoing assume reduction of one-time costs for the research specialist contract and one-time consulting costs for establishing the STAR program.

The estimated reduction of funding from the Climate Commitment Account is based on current expenditures and planned allotments and is summarized below. The repealed appropriation would no longer fund WSDA requirements in Chapter 15.145 RCW, which would remain effective in the event the initiative were to pass. The Legislature would need to identify alternative funding for this purpose. This activity would be eligible for an appropriation in the Model Toxics Control Operating Account, per RCW 70A.305.180 (2) (h). Please note the estimated reduction in FY 2026 and carrying forward is based on the removal of one-time costs and an assumed reduction in ongoing appropriation.

FY 2024: -\$52,624 and -0.08 FTE  
FY 2025: -\$290,500 and -1.00 FTE  
FY 2026 and ongoing each fiscal year thereafter: -\$247,000 and -1.00 FTE

Funding impact by biennium  
2023-25 BN: -\$343,124  
2025-27 BN and ongoing: -\$494,000

#### Organic Materials Management

Climate Commitment Account 2023-25 BN Appropriation: \$3,038,000  
2025-27 and ongoing appropriation: \$3,038,000

In RCW 15.04.420, WSDA administers a program to reimburse Washington farming operations who procure and use compost products. In the 2023-25 biennium operating budget, WSDA has an on-going appropriation in the Climate Commitment Account to implement the compost reimbursement payments established in the Organic Materials Management Act of 2022.

Estimated reduction in funding from FYs 2024 and 2025 is based on planned expenditures beginning June 2024 when the repeal would take effect. Ongoing reductions are assumed to be equal amounts in future fiscal years for this biennial appropriation.

FY 2024 is the first year implementing compost reimbursements. WSDA has completed preliminary agreements with 116 agricultural producers for the first annual funding cycle and has just received the first two reimbursement requests. Reimbursement requests for the first cycle are due by June 1. Because reimbursements require administrative processing time, WSDA assumes not all reimbursement requests in the current cycle will be received and processed by June 4.

The estimated reduction of funding from the Climate Commitment Account is based on current spending and planned allotments and is summarized below. The repealed appropriation would no longer fund WSDA requirements in RCW 15.04.420, which would remain effective in the event the initiative were to pass. The Legislature would need to identify alternative funding for this purpose. The administrative costs for this were previously funded by an ongoing appropriation in the Model Toxics Control Operating Account, which is now used to supplement the compost reimbursement capacity. This appropriation could be used to support administrative costs, but supplemental funding would be needed for the reimbursements and soil analysis.

FY 2024: -\$626,047 and -0.10 FTE  
FY 2025: -\$1,519,000 and -1.25 FTE  
FY 2026 and ongoing each fiscal year thereafter: -\$1,519,000 and -1.25 FTE

Funding impact by biennium  
2023-25 BN: -\$2,145,047  
2025-27 BN and ongoing: -\$3,038,000

#### Section 2 (30): Repeal of The Natural Climate Solutions Account

Climate Response Strategy

Natural Climate Solutions Account 2023-25 BN Appropriation (one-time): \$261,000

In Chapter 70A.05 RCW, WSDA collaborates with the Department of Ecology and other agencies to maintain and update the state’s climate response strategy. In the 2023-25 biennium operating budget, WSDA has a one-time appropriation in the Natural Climate Solutions Account for 1.0 FTE Natural Resource Scientist 4 participation in a cross-agency effort to update the statewide climate response strategy by September 30, 2024. WSDA is developing and reporting on department action plans related to soil management, on-farm energy and fuel use, livestock greenhouse gas emissions, and renewable energy via methane capture.

The estimated reduction of funding from the Natural Climate Solutions Account is based on current spending and planned allotments and is summarized below. The repealed appropriation would no longer fund WSDA requirements in RCW 15.04.420, which would remain effective in the event the initiative were to pass. The Legislature would need to identify alternative funding for this purpose.

FY 2024: -\$14,424 and -0.08 FTE

FY 2025: -\$87,000 and -0.50 FTE

Funding impact by biennium

2023-25 BN: -\$101,424

Total estimated fiscal impact of the proposed initiative is as follows:

FY 2024: -\$701,174 and -0.30 FTE

FY 2025: -\$1,993,933 and -3.25 FTE

FY 2026 and ongoing each fiscal year thereafter: -\$1,803,000 and -2.75 FTE

Funding impact by biennium

2023-25 BN: -\$2,695,107

2025-27 BN and ongoing: -\$3,732,000

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	(14,424)	(87,000)	(101,424)	0	0
26D-1	Natural Climate Solutions Account	State	(686,750)	(1,906,933)	(2,593,683)	(3,732,000)	(3,732,000)
<b>Total \$</b>			(701,174)	(1,993,933)	(2,695,107)	(3,732,000)	(3,732,000)

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(0.3)	(3.3)	(1.8)	(2.8)	(2.8)
A-Salaries and Wages	(17,459)	(215,063)	(232,522)	(397,340)	(397,340)
B-Employee Benefits	(6,420)	(78,626)	(85,046)	(145,448)	(145,448)
C-Professional Service Contracts	(1,269)	(13,550)	(14,819)	(28,780)	(28,780)
E-Goods and Other Services	(132,852)	(279,636)	(412,488)	(489,258)	(489,258)
G-Travel	(6,700)	(86,450)	(93,150)	(118,220)	(118,220)
J-Capital Outlays	(600)	(8,361)	(8,961)	(19,428)	(19,428)
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(530,000)	(1,240,000)	(1,770,000)	(2,400,000)	(2,400,000)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-9 Agency Administrative Overhead	(5,874)	(72,247)	(78,121)	(133,526)	(133,526)
<b>Total \$</b>	<b>(701,174)</b>	<b>(1,993,933)</b>	<b>(2,695,107)</b>	<b>(3,732,000)</b>	<b>(3,732,000)</b>

**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
Environmental Specialist 3	72,552	(0.2)	(2.0)	(1.1)	(2.0)	(2.0)
Environmental Specialist 5	92,868	0.0	(0.3)	(0.1)	(0.3)	(0.3)
Natural Resource Scientist 4	102,540	(0.1)	(0.5)	(0.3)		
WMS Band 2	110,000	0.0	(0.5)	(0.3)	(0.5)	(0.5)
<b>Total FTEs</b>		<b>(0.3)</b>	<b>(3.3)</b>	<b>(1.8)</b>	<b>(2.8)</b>	<b>(2.8)</b>

**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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 540-Employment Security Department
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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	(1.3)	(1.4)	(1.4)	(1.4)	(1.4)
<b>Account</b>					
Climate Commitment Account-State 26c-1	(194,797)	(202,000)	(396,797)	(404,000)	(404,000)
<b>Total \$</b>	(194,797)	(202,000)	(396,797)	(404,000)	(404,000)

### 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: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Preparation: Geoff Medendorp	Phone: 360-890-3682	Date: 02/09/2024
Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 02/09/2024
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/12/2024

## 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.*

Initiative 2117 would repeal the Climate Commitment Act and prohibit state agencies from implementing any type of carbon tax credit trading.

Section 1 would prohibit agencies from implementing any type of carbon tax credit trading, also known as "cap and trade" or "cap and tax", including the Climate Commitment Act.

Section 2 would repeal the Climate Commitment Act statutes, chapters 43.21C.520 RCW, 70A.15.110 RCW, and 70A.65 RCW, including the accounts created under it: Carbon Emissions Reduction Account (CERA), Climate Investment Account (CIA), Climate Commitment Account (CCA), Natural Climate Solutions Account (NCSA), and the Air Quality and Health Disparities Improvement Account (AQHDIA).

### 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.*

ESD receives an annual appropriation of \$202,000 out of the Climate Commitment Account (26C-1) and 1.4 FTE to provide policy support to the Workforce Training and Education Board and the Clean Energy Technology Advisory Committee. In addition, it is tasked with informing the work of the Clean Energy Technology Advisory Committee to understand and predict labor market impact of new and planned energy infrastructure and other industry and labor shifts for climate readiness and the green economy. Through Dec of 2023, ESD has actual expenditures of \$2,143 and is projecting a total spend of \$7,203 by June 6th (actual expenditures through Dec 2023 plus continuing current spend through June 6, 2024), resulting in a proposed underspend of \$194,797 in FY24.

With the passage of Initiative 2127, ESD would not have the funding to continue these efforts required by Sec. 4 and Sec. 5 of 2SHB 1176 (Chapter 231, Laws of 2023). Without an alternative funding source, the agency would no longer be able to:

- Provide policy support to the Workforce Training and Education Board and the Clean Energy Technology Advisory Committee and complete supporting research and recommendations for a 'transition to retirement' program for workers impacted by changes to the energy technology sector,
- Coordinate with, and inform the work of, the Clean Energy Technology Advisory Committee to understand and predict labor market impact of new and planned energy infrastructure and other industry and labor shifts around climate readiness and green energy,
- Develop and maintain analytical databases and environments incorporating and combining administrative data with new data sourced from external agency, industry, labor, and tribal partners, and
- Define technical data requirements, conduct and execute data analysis, research analysis, and economic analysis.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26c-1	Climate Commitment Account	State	(194,797)	(202,000)	(396,797)	(404,000)	(404,000)
<b>Total \$</b>			<b>(194,797)</b>	<b>(202,000)</b>	<b>(396,797)</b>	<b>(404,000)</b>	<b>(404,000)</b>

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	(1.3)	(1.4)	(1.4)	(1.4)	(1.4)
A-Salaries and Wages	(112,058)	(116,202)	(228,260)	(232,404)	(232,404)
B-Employee Benefits	(44,824)	(46,481)	(91,305)	(92,962)	(92,962)
C-Professional Service Contracts					
E-Goods and Other Services	(6,607)	(6,851)	(13,458)	(13,702)	(13,702)
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	(31,308)	(32,466)	(63,774)	(64,932)	(64,932)
9-					
<b>Total \$</b>	<b>(194,797)</b>	<b>(202,000)</b>	<b>(396,797)</b>	<b>(404,000)</b>	<b>(404,000)</b>

**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
ECONOMIC ANALYST 3	73,260	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
IT DATA Management - Journey	90,588	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Operations Research Specialist	87,144	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Washington Management	125,667	0.0	(0.1)	(0.1)	(0.1)	(0.1)
<b>Total FTEs</b>		<b>(1.3)</b>	<b>(1.4)</b>	<b>(1.4)</b>	<b>(1.4)</b>	<b>(1.4)</b>

**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

<b>Bill Number:</b> 2117 XIL	<b>Title:</b> Carbon tax credit trading/climate commitment act	<b>Agency:</b> 699-Community and Technica College System
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	(25,000)	(341,000)	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	<b>(25,000)</b>	<b>(341,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*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: 01/09/2024
Agency Preparation: Darrell Jennings	Phone: 360-704-4382	Date: 02/06/2024
Agency Approval: Choi Halladay	Phone: 360-704-4303	Date: 02/06/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/12/2024

## 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.*

This initiative would prohibit all state agencies from implementing any type of carbon tax credit trading program. The initiative would repeal chapter 70A.65 RCW (Greenhouse Gas Emissions Cap and Invest Program) in its' entirety. Repealing this chapter would repeal 70A.65.260, which created the Climate Commitment Account. Appropriated funds could no longer be spent out of this Account.

### 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.*

No cash receipts impact.

### 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.*

No expenditure impact.

## 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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26C-1	Climate Commitment Account	State	(25,000)	(341,000)	(366,000)	0	0
<b>Total \$</b>			(25,000)	(341,000)	(366,000)	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	(25,000)	(341,000)	(366,000)		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	(25,000)	(341,000)	(366,000)	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	(25,000)	(341,000)	(366,000)		
Construction					
Grants/Loans					
Staff					
Other					
<b>Total \$</b>	(25,000)	(341,000)	(366,000)		

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

NONE

This initiative would repeal chapter 70A.65 RCW (Greenhouse Gas Emissions Cap and Invest Program). This would repeal 70A.65.260, which created the Climate Commitment Account (Fund 26C). It is assumed the effective date of the Initiative, if passed by the Legislature, would be June 6, 2024 and funds would no longer be available after this date. The State Board for Community and Technical Colleges (SBCTC) was appropriated \$429,000 in Climate Commitment Account funds in the 2023-25 Capital Budget (ESSB 5200 – Section 5089). Amounts shown in the fiscal note tables represent the estimated amount of the biennial appropriation (\$366,000) that could no longer be spent after June 6, 2024.

**IMPACT**

Climate Commitment Account funds were appropriated in the 2023-25 Capital Budget to develop decarbonization plans, as required in Second Substitute House Bill (2SSB) 1390, enacted in 2023. This law requires the owner of a state campus district energy system to develop decarbonization plans. There are eight colleges with state campus district energy systems required to start decarbonization plans by June 30, 2024, and submit completed plans to the WA State Department of Commerce by June 30, 2025. After June 6, 2024, access to the funds appropriated for this purpose will cease, but the requirements of the law will continue.

**NOTE:**

The \$429,000 appropriated in the 23-25 Capital Budget is insufficient to develop the plans for the eight colleges required to develop decarbonization plans. The SBCTC has requested an additional \$724,000 in the 2024 supplemental capital budget from the Climate Commitment Account. If this initiative is passed, the SBCTC and affected colleges would need to allocate a total of \$1,117,000 from a different source, at the expense of other college services, to complete the required plans. The 2024 supplemental budget request amounts are noted here for discussion only and are not reflected in the fiscal note tables.

**Part V: New Rule Making Required**

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

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2117 XIL

Title: Carbon tax credit trading/climate commitment act

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

### Legislation Impacts:

- Cities: revenue loss from Climate Commitment Act funds
- Counties: revenue loss from Climate Commitment Act funds
- Special Districts: revenue loss from Climate Commitment Act funds, decrease in costs associated with meeting the requirements of the act
- 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: which local governments would have received grants from programs created by the Climate Commitment Act, compliance costs

### 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: Tammi Alexander	Phone: 360-725-5038	Date: 02/20/2024
Leg. Committee Contact: Jacob Lipson	Phone: 360-786-7196	Date: 01/09/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/20/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/20/2024

## Part IV: Analysis

### A. SUMMARY OF BILL

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

This initiative would:

- prohibit state agencies from implementing any type of carbon tax credit trading, including the Climate Commitment Act (CCA), codified as RCW 70A.65
- Section 2 would repeal the Climate Commitment Act statutes, chapters 70A.65 RCW, including the accounts created under it: Carbon Emissions Reduction Account (CERA), Climate Investment Account (CIA), Climate Commitment Account (CCA), Natural Climate Solutions Account (NCSA), and the Air Quality and Health Disparities Improvement Account (AQHDIA)

The Climate Commitment Act (CCA) established three primary accounts and two sub-accounts to house cap-and-invest auction proceeds until they are appropriated for specific projects by the Legislature. During the 2022 legislative session, ESSB 5974 established two additional sub-accounts under the Carbon Emissions Reduction Account. Funds in each of these seven accounts are earmarked for specific types of climate, environmental justice, and ecological projects.

#### Carbon Emissions Reduction Account (CERA)

The funds deposited in this account must be used for projects that focus on:

- Reducing transportation emissions
- Investing in alternatives and reductions to single occupancy passenger vehicles
- Investing in emissions reduction programs for freight, ferries, and ports
- Eighty percent of CERA funds are annually transferred to two sub-accounts, which each focus on a more specific aspect of decarbonization within the transportation industry: 24 percent to the Climate Active Transportation Account and 56 percent to the Climate Transit Program Account.

The Climate Active Transportation Account focuses on school and alternative transportation projects, including:

- Safe Routes to Schools
- School-based bike programs
- Bicycle and pedestrian grants
- Complete Streets grant program
- Connecting Communities grant program
- Pedestrian, bicycle, or other active transportation projects
- Other transit projects identified in an omnibus transportation appropriations act

The Climate Transit Program Account focuses on specialized transit projects, including:

- Transit support grants
- Tribal transit mobility grants
- Transit coordination grants
- Special needs transit grants
- Bus and bus facility grant programs
- Green transit grants
- Transportation demand management grants
- Other transit projects identified in an omnibus transportation appropriations act

#### Climate Investment Account (CIA)

Auction proceeds deposited in the Climate Investment Account (CIA) are first used to fund the administration of the cap-and-invest program, but these expenses cannot exceed 5% of total auction revenue.

Once administrative costs are covered, the remaining proceeds are allocated to two sub-accounts focused on projects that support increasing climate resiliency in Washington communities and ecosystems: 75 percent to the Climate Commitment Account and 25 percent to the Natural Climate Solutions Account.

The Climate Commitment Account focuses on projects that support Washington's transition to a low-carbon economy, improve air quality, and increase access to clean energy for Washington residents:

- Implementing the working families tax rebate
- Reducing greenhouse gas emissions in overburdened communities
- Strengthening the air quality monitoring network
- Supporting renewable energy technology and infrastructure
- Investing in energy efficiency for industry and agriculture
- Increasing building energy efficiency and supporting electrification
- Supporting appliance energy efficiency
- Assisting affected workers during the transition to a clean energy economy
- Capturing methane and diverting organics at landfills
- Deploying carbon dioxide removal
- Supporting efforts to mitigate and adapt to the effects of climate change affecting Tribes

The Natural Climate Solutions Account focuses on projects that protect fish and wildlife habitats, improve aquatic ecosystems and water quality, and protect against floods:

- Restoring and protecting estuaries, fisheries, and marine shoreline habitats
- Increasing carbon storage in the ocean or aquatic and coastal ecosystems
- Remediating and adapting to the impacts of ocean acidification
- Reducing flood risk and restoring natural floodplains
- Increasing the sustainable supply of water and improving aquatic habitat
- Investing in stormwater infrastructure
- Preserving or establishing carbon sequestration in forests and agricultural soils
- Protecting or planting trees in marine shorelines and freshwater riparian areas to promote climate resilience
- Increasing resilience to wildfires, improving forest health, or preserving natural lands

Air Quality & Health Disparities Improvement Account (AQHDIA)

Funds deposited in this account must be used for projects that address issues of environmental justice and health inequity in the state, such as:

- Funding the expansion of Ecology's air monitoring network in overburdened communities highly impacted by air pollution
- The development and implementation of strategies to reduce health disparities in those communities

## **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.*

The combined impacts of this legislation on local government expenditures are indeterminate.

### **Compliance Costs**

Washington has two city natural gas utilities, Enumclaw and Ellensburg, which are subject to the climate commitment act and are required to reduce emissions or acquire allowances equal to their emissions. Additionally, certain PUDs, and city and county owned electric utilities which meet the emissions threshold are subject to the same requirements. However, natural gas and electric utilities are provided a certain amount of no-cost allowances from the state to offset their cost burden. If the initiative is enacted, the program would cease, and utilities would no longer be subject to these requirements. Their costs to comply with the program would be reduced, however most of this cost burden was intended to be offset by the no-cost allowances.

## **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.*

The combined impacts of this legislation on local government revenue are indeterminate. There are multiple programs

across several agencies that would be affected, therefore reducing revenue available to be dispersed to the local governments.

A direct distribution of Climate Commitment Act auction revenues was not granted to local governments, but multiple grant and loan programs were funded in which cities, counties, and other local entities could apply to for funding. The programs affecting local governments are:

#### 2023-25 Enacted Transportation Budget (HB 1125)

##### Carbon Reduction Emissions Account

- \$30,000,000 for the Clean Alternative Fuel Vehicle Charging and Refueling Infrastructure Program
- \$2,100,000 for EV charging infrastructure at the Mount Vernon library commons project
- \$2,000,000 for an e-bike lending library and ownership grant program
- \$2,000,000 for clean alternative fuel vehicle sharing program

#### 2023-25 Enacted Capital Budget (SB 5200)

##### Climate Commitment Account

- \$20,000,000 for grants for electrical grid integration and innovation projects from the Clean Energy Fund
- \$35,000,000 for weatherization programs
- \$50,000,000 for energy retrofits and solar power for public buildings
- \$5,000,000 to replace Tacoma rail locomotives and install charging equipment
- \$5,050,000 for City of Pasco's Process Water Reuse Facility

##### Natural Climate Solutions Account

- \$21,092,000 for the Fish Barrier Removal Board
- \$17,592,000 for Floodplains by Design (Department of Ecology)
- \$25,000,000 for Salmon Recovery Funding Board's Riparian Grant Program

#### 2023-25 Enacted Operating Budget (SB 5187)

##### Climate Commitment Account

- \$35,000,000 for low-income home energy assistance
- \$40,953,000 for implementation of HB 1181 for GMA climate change planning (Department of Commerce)
- \$10,000,000 to support local governments and tribes in siting and permitting clean energy projects
- \$10,664,000 for solar power demonstration projects
- \$20,592,000 for public building owners for energy audits
- \$3,902,000 for implementation of SB 5165 for electric transmission planning

##### Natural Climate Solutions Account

- \$3,914,000 for the coastal hazards grant program (Department of Ecology)
- \$10,000,000 for fire wise project grants (Department of Ecology)
- \$5,991,000 for urban forestry

It is unknown which local governments would apply for grants or loans and be awarded funds, or the amounts of such awards. Therefore, this impact is indeterminate. The amounts remaining in each program that would be lost is unknown at the time this fiscal note was written.

#### Allowance Allocation to Utilities

Washington's natural gas and electric utilities are provided a certain amount of no-cost allowances from the state to offset



their cost burden under the climate commitment act's cap and invest program. There are a variety of ways utilities can choose to use these allowances. For the first compliance period the no cost allowances received by electric utilities may be used for compliance, banked for future use, transferred to electrical generation facilities, or consigned to auction for the benefit of ratepayers. No cost allowances allocated to natural gas utilities may be consigned to auction, used for compliance, or a combination of both.

Consigned allowances are sold at auction on behalf of the utility; Ecology then returns that revenue to the consigning utility. The Climate Commitment Act requires that revenue generated through consignment be used for the benefit of ratepayers. The Utilities and Transportation Commission has jurisdiction over the use of the revenues collected by investor-owned utilities.

The revenue impact from the repeal of the climate commitment act, and loss of this potential revenue source is indeterminate, as the number of allowances consigned to auction are unknown. For illustration purposes, there have been two cap and invest auctions in which the department of ecology has sold consigned allowances for public and private electrical and gas utilities, in August 2023 and December 2023. The results are presented below.

Aug auction: 2,927,349 consigned allowances X \$63.03 settlement price = \$184,510,807

Dec auction: 3,699,891 consigned allowances X \$51.89 settlement price = \$191,987,343

It is believed that similar revenues would have returned to utilities for the benefit of ratepayers from future auctions, but the amounts are unknown at this time.

#### SOURCES:

Association of Washington Cities

Department of Commerce, fiscal note Initiative 2117 XIL (2024)

Department of Ecology, fiscal note Initiative 2117 XIL (2024)

Department of Ecology website

Department of Transportation, fiscal note Initiative 2117 XIL (2024)

Municipal Research and Services Center (MRSC)

Washington Public Ports Association

Washington Public Utility District Association

Washington State Association of Counties