

Multiple Agency Fiscal Note Summary

Bill Number: 1899 E 2S HB	Title: Wildfire reconstruction
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

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

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	1.2	392,723	392,723	392,723	2.2	729,764	729,764	729,764	1.1	364,882	364,882	364,882
Department of Commerce	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Total \$	1.2	392,723	392,723	392,723	2.2	729,764	729,764	729,764	1.1	364,882	364,882	364,882

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

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

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

Estimated Capital Budget Breakout

Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Final 2/23/2024
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Individual State Agency Fiscal Note

Bill Number: 1899 E 2S HB	Title: Wildfire reconstruction	Agency: 103-Department of Commerce
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

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

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	2.3	1.2	2.2	1.1
Account					
General Fund-State 001-1	0	392,723	392,723	729,764	364,882
Total \$	0	392,723	392,723	729,764	364,882

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: Danielle Creech	Phone: 360-786-7412	Date: 02/20/2024
Agency Preparation: Joseph Piper	Phone: 360-725-3042	Date: 02/22/2024
Agency Approval: Joseph Piper	Phone: 360-725-3042	Date: 02/22/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/22/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

This substitute bill creates a grant program to support the rebuilding of homes damaged or destroyed by wildfires, funded by amending the Climate Commitment Act. This grant program would be situated at the Department of Commerce (department).

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.

Section 2 creates a disaster relief payment program at the Department of Commerce to provide assistance to qualifying property owners and local governments that had buildings destroyed or damaged in a wildfire after January 1, 2023.

Sec. 2 (4) The department shall develop criteria for awarding grants under this section, and must prioritize any building that is owned or rented by a low-income to moderate-income household. Thereafter, the department must award grants based upon the amount of energy efficiency, electric vehicle charging capacity, or solar panels installation that will occur, with grants going first to those buildings which will yield the greatest environmental benefits. Effective date is assumed to be 90 days after adjournment of the session in which this bill is passed.

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 bill creates a wildfire energy efficiency grant program within the department which would provide grants to individuals, local governments, and businesses impacted by wildfires after January 1, 2023.

The department will require program staff to develop and administer the program. The department assumes a grant program funded at a level between \$5,000,000 and \$10,000,000. Staffing assumptions are subject to change if the grant program is funded at a significantly different level.

The department assumes that after the initial granting of funds, ongoing grant and contract management with individuals, local governments, and businesses will be required through FY28.

To accomplish this work, the department estimates (FY25-28): 0.10 FTE EMS2 Senior Energy Policy Specialist (500 hours) in FY25 to provide subject matter expertise and policy advice/consultation in coordinating development of the program.

0.20 FTE WMS2 Managing Director (418 hours) in FY25-28 for development and implementation planning, provide leadership, oversight, supervision, rules coordination and decision making over all elements of the program.

0.30 FTE Commerce Specialist 5 (625 hours) in FY25-FY28 to work with the Managing Director to develop the program implementation plan. Upon execution of the implementation plan, staff will transition to provide program oversight, coordination, supervision of the contracts and staffing and to administer overall management of funds.

1.0 FTE Commerce Specialist 3 (2,088 hours) in FY25-FY28 to solicit, originate, manage and monitor competitive grant process and contracts, and provide evaluation and subject matter expertise on grant program, monitor budget and expenditures, conduct detailed analysis, and provide consultative planning for program established in this bill. This position will also lead the environmental justice assessment and community engagement process required under the HEAL Act and oversee the annual reporting process to the legislature.

0.50 FTE Commerce Specialist 2 (625 hours) in FY25-FY28 to provide coordination support, contract management, contract monitoring, invoicing, and data entry. This position will also support the environmental justice assessment and community engagement process required under the HEAL Act and develop the annual report to the legislature.

0.20 FTE Administrative Assistant 3 (416 hours) in FY25-28 to support the unit.

Salaries and Benefits

FY25: \$275,132

FY26-28: \$258,674 per fiscal year

Goods, Services, and Travel

FY25: \$22,073

FY26-28: \$21,104 per fiscal year

Equipment

The department assumes the purchase of one standard workstation for new staff in FY25.

FY25: \$5,000

Intra-Agency Reimbursements

FY25: \$90,518

FY26-28: \$85,104 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

Total Costs

FY25: \$392,723

FY26-28: \$364,882 per fiscal year

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	392,723	392,723	729,764	364,882
Total \$			0	392,723	392,723	729,764	364,882

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		2.3	1.2	2.2	1.1
A-Salaries and Wages		203,671	203,671	382,036	191,018
B-Employee Benefits		71,461	71,461	135,312	67,656
C-Professional Service Contracts					
E-Goods and Other Services		22,073	22,073	42,208	21,104
G-Travel					
J-Capital Outlays		5,000	5,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		90,518	90,518	170,208	85,104
9-					
Total \$	0	392,723	392,723	729,764	364,882

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
Commerce Specialist 2	70,799		0.5	0.3	0.5	0.3
Commerce Specialist 3	82,056		1.0	0.5	1.0	0.5
Commerce Specialist 5	95,185		0.3	0.2	0.3	0.2
EMS Band 2	122,841		0.1	0.1		
Management Analyst 3	74,381		0.2	0.1	0.2	0.1
WMS Band 2	122,841		0.2	0.1	0.2	0.1
Total FTEs			2.3	1.2	2.2	1.1

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1899 E 2S HB

Title: Wildfire reconstruction

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

Legislation Impacts:

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

Part II: Estimates

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

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 02/23/2024
Leg. Committee Contact: Danielle Creech	Phone: 360-786-7412	Date: 02/20/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/23/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/23/2024

Part IV: Analysis

A. SUMMARY OF BILL

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

This fiscal note reflects language in the engrossed second substitute version of HB 1899, 2024 legislative session. The amendments to this bill are compared to the substitute version of HB 1899, and the fiscal impact associated with the prior act remains the same.

CHANGES BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

The intent of this bill is shifted such that the financial assistance provided by the grant program in this engrossed second substitute act would be considered disaster relief payments by the Internal Revenue Service.

Removed section 2 of the prior bill, which authorized funding from the Climate Commitment Account for the grant program created by this act.

Section 2 of the current bill modifies the grant program into a disaster relief payment program meant to provide assistance to qualifying property owners and local governments that sustained damaged property from wildfires after January 1, 2023. This disaster assistance program would be established with the Department of Commerce and developed consultation with the Emergency Management Division of the state Military Department. Disaster relief payments made by this grant program may only be used for the purposes of meeting increased energy efficiency standards, providing electrical vehicle charging capacity, and the installation of solar panels.

Section 3 of the current bill would be a new section added to chapter 19.27 RCW. The section would provide an exemption to the State Building Code for permitting, repair, or reconstruction of a rebuilt residential building that uses a propane tank as a secondary heating source. Cities and counties may not prohibit the construction or use of a propane tank as secondary heating source in a rebuilt residential building. A rebuilt residential building is defined for the purposes of this act.

Section 4 would reintroduce Sec. 5 of the original version of this act, which amended RCW 19.27A.015 to allow for certain exemptions from the state energy code for rebuilt residential buildings, as defined in Sec. 3.

Section 5 sets expiration dates for Sec. 3 and Sec. 4 of June 30, 2026.

Section 6 would reintroduce the emergency implementation clause of the original act. This act would take effect when signed into law.

Section 7 is a null and void clause, which requires funding to be appropriated for the purposes of this act by June 30, 2024

SUMMARY OF CURRENT BILL:

The Department of Commerce, in consultation with the Emergency Management Division of the state Military Department, would develop a disaster relief payment program meant to provide assistance to qualifying property owners and local governments that sustained damaged property from wildfires after January 1, 2023. The financial assistance provided by the grant program in this engrossed second substitute act would be considered disaster relief payments by the Internal Revenue Service. Funds from this program may only be used for the purposes of meeting increased energy efficiency standards, providing electrical vehicle charging capacity, and the installation of solar panels.

Rebuilt residential buildings that use propane tanks as a secondary heating source would be exempt from certain provisions of the State Building and Energy Code. These buildings are defined as structures rebuilt following wildfire damages sustained in a disaster declaration area from July 1, 2023, to September 1, 2023. The exemptions provided by this act would expire June 30, 2026.

This act would take effect when signed into law unless funding for this bill is not provided in the omnibus appropriations a is a null and void clause.

BACKGROUND:

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

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

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

This proposed engrossed second substitute legislation would not change the expenditure impact associated with the prior version of this bill.

This act modifies the disaster energy efficiency grant program meant to assist local governments to repair buildings that sustain wildfire damage after January 1, 2023, and that meet certain criteria. The Department of Commerce (Commerce) is authorized to administer the grant program that would be developed in consultation with the Emergency Management Division of the state Military Department. Applying for grants from the newly established energy efficiency grant program would be a local option.

SUMMARY OF CURRENT BILL VERSION:

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

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

Discussion:

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

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

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

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

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

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

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

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

The proposed engrossed second substitute legislation would not change the revenue impact for local governments because it only changes the revenue source of the new energy efficiency grant program.

SUMMARY OF CURRENT BILL VERSION:

The amendments to this proposed engrossed second substitute legislation would create a financial assistance program for local governments that have buildings damaged or destroyed by wildfires. The local government revenue impact of this act is indeterminate, as it would depend in appropriation by the legislature for the specific purposes of this act. The level of funding is not currently known.

Discussion:

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

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

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

SOURCES:

Department of Natural Resources

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

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

Federal Emergency Management Agency, Washington Declared Fire Disasters (2024)
House Bill Report, S HB 1899 (2024)
Local Government Fiscal Note Program, Unit Cost Model (2024)
Office of Governor Jay Inslee, Emergency Proclamation 23-05, (Aug. 2023)
Washington State Military Department, Emergency Management Division
Washington State Military Department, Fire Management Assistance Grant Program