Multiple Agency Fiscal Note Summary

Bill Number: 5993 E S SB	Title: Model toxics control program

Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Department of Revenue	0	172,500,000	0	201,900,000	0	177,600,000
Total $	**0**	**172,500,000**	**0**	**201,900,000**	**0**	**177,600,000**

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	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.5	176,500	176,500	.0	0	0	.0	0	0
Washington State Patrol	.0	0	0	.0	0	0	.0	0	0
Department of Health	.0	0	0	.0	0	0	.0	0	0
University of Washington	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	10,000,000	.0	0	11,235,000	.0	0	12,557,000
State Conservation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Fish and Wildlife	.0	0	0	.0	0	0	.0	0	0
Puget Sound Partnership	Fiscal note not available								
Department of Natural Resources	.0	0	0	.0	0	0	.0	0	0
Department of Agriculture	.0	0	0	.0	0	0	.0	0	0
Total $	**0.5**	**176,500**	**10,176,500**	**0.0**	**0**	**11,235,000**	**0.0**	**0**	**12,557,000**

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

FNPID: 58150

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
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
Washington State Patrol	.0	0	0	.0	0	0	.0	0	0
Department of Health	.0	0	0	.0	0	0	.0	0	0
University of Washington	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
State Conservation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Fish and Wildlife	.0	0	0	.0	0	0	.0	0	0
Puget Sound Partnership	Fiscal note not available								
Department of Natural Resources	.0	0	0	.0	0	0	.0	0	0
Department of Agriculture	.0	0	0	.0	0	0	.0	0	0
Total $	**0.0**	**0**	**0**	**0.0**	**0**	**0**	**0.0**	**0**	**0**

Estimated Capital Budget Breakout

NONE

Prepared by: Linda Steinmann, OFM	**Phone:** 360-902-0573	**Date Published:** Preliminary 5/14/2019

Individual State Agency Fiscal Note

Bill Number: 5993 E S SB	Title: Model toxics control program	Agency: 090-Office of State Treasurer

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Operating Expenditures from:

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:	Phone:	Date: 04/26/2019
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 05/01/2019
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 05/01/2019
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 05/03/2019

Part II: Narrative Explanation

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

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

ESSB 5993 creates the model toxics control operating account, model toxics control capital account, and model toxics control stormwater account, coupled with the general fund as the recipient of the earnings from investments for all three funds.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

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

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

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Revised

Bill Number: 5993 E S SB	Title: Model toxics control program	Agency: 103-Department of Commerce

Part I: Estimates

☒ **No Fiscal Impact**

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:

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☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:		Phone:	Date: 04/26/2019
Agency Preparation:	Matthew Ojennus	Phone: 360-725-4047	Date: 04/29/2019
Agency Approval:	Joyce Miller	Phone: 360-725-2723	Date: 04/29/2019
OFM Review:	Myra Baldini	Phone: (360) 902-0525	Date: 04/30/2019

Part II: Narrative Explanation

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

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

The changes in the engrossed substitute bill have no impact to the department.

Section 101 amends RCW 82.21.010 stating the specific purpose of this bill is to update the model toxics control program and its primary funding mechanism to ensure fund stability, transparency and long-term protection of revenues.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

None.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None

Individual State Agency Fiscal Note

Bill Number: 5993 E S SB	Title: Model toxics control program	Agency: 105-Office of Financial Management

Part I: Estimates

☒ **No Fiscal Impact**

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.

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☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:		Phone:	Date: 04/26/2019
Agency Preparation:	Jim Jenkins	Phone: 360-902-0403	Date: 05/01/2019
Agency Approval:	Aaron Butcher	Phone: 360-902-0406	Date: 05/01/2019
OFM Review:	Bryan Way	Phone: (360) 902-0650	Date: 05/07/2019

Part II: Narrative Explanation

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

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

Changes from Original bill:

Section Added-

NEW SECTION. Sec. 1. It is the intent of the legislature that during the 2019-2021 fiscal biennia no transfers to the state general fund, education legacy trust account, or opportunities pathway account, must be made from the state toxics control account, local toxics control account, environmental legacy stewardship account, model toxics control operating account, model toxics control capital account, or model toxics control stormwater account.

Sec 102- definitions section removed;
Sec 103- exemptions removed;
Sec 201 (3)- changes rate calculation;
Sec 202 (2)- changes what the funds can be used for;
Sec 301 (1)- requires OFM to identify changes to existing systems to improve access to and understanding of relevant model toxics control act account-related budget information;
Sec 301 (2)- requires OFM to identify proposed improvements and, as appropriate, necessary funding and legislative changes to the governor and legislature by September 1, 2020;
Sec 416- transfers residual balance of funds remaining in the state toxics control account repealed by section 415 of this act on the effective date of this section must be transferred to the model toxics control operating account created in section 202 of this act;
Sec 417- transfers the local toxics control account funds from the toxics control account to the model toxics control capital account;
Sec 418- changes where the account residual balance of funds remaining in the local toxics control environmental legacy stewardship account are transferred to.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 301 assumptions:

The tasks called for in this section, namely collaborating with the Legislative Evaluation & Accountability Program Committee (LEAP), evaluating and continuously improving IT systems, and producing reports to the Legislature, are part of OFM's normal work and would be prioritized along with other work requirements, therefore, there would be no fiscal impact from this section. The discussion below describes the anticipated level of effort for carrying out Section 301.

To coordinate this collaborative effort, a working group would be created made up of OFM and LEAP representatives and, where appropriate, legislative committee staff. OFM and LEAP would participate in six meetings during FY 2020 and three meetings in FY 2021. Meetings would be held in Olympia and would be four hours in duration. OFM Budget would be represented by a minimum of three budget assistants and three senior budget assistants with expertise in operating and capital budgeting, and central budget operations. In addition, the OFM Technology Services division would be included and represented by the following participants:

• One ITS 5 level business analyst;
• One ITS 6 level application developer with expertise in the core budget systems;
• One ITS 6 level applications developer with expertise in the enterprise budget system; and
• One ITS 5 level report developer.

OFM participants would spend about two hours of preparation for each hour of meeting time.

For intermediate deliverables, OFM will collaborate with LEAP to:

• Inventory existing related budget budgeting reports and systems relevant to sharing information when budget versions are released (the "current state");
• Identify the business needs and the desired future state (working with legislative staff);
• Prepare a gap analysis; and
• Develop an improvement plan to reach the desired future state.

This work would occur in FY 2020 and would take one year to complete.

To prepare the September 1, 2020, communication to the Governor and Legislature, a budget assistant would be required for 40 hours during FY 2021. In addition, a budget portfolio group manager and the team leads for the Budget Core and Enterprise Budget systems would be needed for 4 hours each for meetings and for review of the communication.

It is assumed that any low- or no-cost improvements made to systems or reports during the 2019-21 biennium would be made within current resources. The cost and timing of more extensive changes to reports or systems would be indeterminate, pending completion of the report to the Governor and Legislature, and could be included in OFM’s budget request for the 2020 supplemental or a later budget period.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Department of Revenue Fiscal Note

Bill Number: 5993 E S SB	Title: Model toxics control program	Agency: 140-Department of Revenue

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

Account	FY 2020	FY 2021	2019-21	2021-23	2023-25
Motor Vehicle Account-State 01 - Taxes 12 - Hazardous Substnc Tx	50,000,000		50,000,000	50,000,000	50,000,000
State Toxics Control Account-State 01 - Taxes 12 - Hazardous Substnc Tx	(78,400,000)	(78,400,000)	(156,800,000)	(156,800,000)	(156,800,000)
Local Toxics Control Account-State 01 - Taxes 12 - Hazardous Substnc Tx	(61,600,000)	(61,600,000)	(123,200,000)	(123,200,000)	(123,200,000)
Environmental Legacy Stewardship Account-State 01 - Taxes 12 - Hazardous Substnc Tx	(16,200,000)	(13,700,000)	(29,900,000)	(49,100,000)	(98,400,000)
MTCA Capital-State 01 - Taxes 12 - Hazardous Substnc Tx	51,300,000	69,025,000	120,325,000	132,100,000	140,150,000
MTCA Stormwater-State 01 - Taxes 12 - Hazardous Substnc Tx	26,400,000	36,975,000	63,375,000	69,780,000	73,170,000
MTCA Operating-State 01 - Taxes 12 - Hazardous Substnc Tx	100,800,000	147,900,000	248,700,000	279,120,000	292,680,000
Total $	72,300,000	100,200,000	172,500,000	201,900,000	177,600,000

Estimated Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.1		0.5		
Account					
GF-STATE-State 001-1	176,500		176,500		
State Toxics Control Account-State 173-1	(57,000)	(56,000)	(113,000)	(113,000)	(113,000)
MTCA Operating-State NEW-1	57,000	56,000	113,000	113,000	113,000
Total $	176,500		176,500		

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:

- [X] 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:		Phone:	Date: 04/26/2019
Agency Preparation:	Rachel Knutson	Phone: 360-534-1532	Date: 05/02/2019
Agency Approval:	Kim Davis	Phone: 360-534-1508	Date: 05/02/2019
OFM Review:	Kathy Cody	Phone: (360) 902-9822	Date: 05/03/2019

Part II: Narrative Explanation

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

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

Note: This fiscal note reflects a revision to the revenue discussion, and supersedes fiscal note number 5993-6.

Note: This fiscal note reflects language in ESSB 5993, 2019 Legislative Session.

Under current law, the hazardous substance tax (HST) is a tax on the first possession of hazardous substances in Washington. Hazardous substances include petroleum products, pesticides, and certain chemicals. The HST rate is 0.7 percent of the wholesale value of the substance. The first $140 million per year of HST collections are deposited into the state and local toxics accounts by formula (56/44 percent split respectively) and any amount over $140 million per year is deposited into the environmental legacy stewardship account.

This fiscal note only addresses those sections of the bill that impact the Department of Revenue (Department).

Overview

The purpose of this bill, the model toxics control reform act, is to update the model toxics control program and its primary funding mechanism, through the following changes:

- Increases funding for programs and projects related to clean air, clean water, and prevention, with specific focus on stormwater pollution.
- Provides distinct and transparent financial separation of capital and operational funding under the program.
- Improves the transparency and visibility of operating and capital project expenditures under the program.
- Reduces the volatility of HST revenues by moving to a volumetric rate for petroleum products.

HST Rates

- The tax rate for petroleum products is $1.09 per barrel. Beginning July 1, 2020, and each July 1st thereafter, this rate increases by a percentage that equals the implicit price deflator for nonresidential structures as published by the US Department of Commerce, Bureau of Economic Analysis.
- The tax rate on non-petroleum hazardous substances remains 0.7 percent of the wholesale value of the substance.
- The Department must compile a list of petroleum products that are not easily measured on a per barrel basis. These products are subject to the rate of 0.7 percent of the wholesale value of the substance.

Distribution of HST Revenue

HST collected from non-petroleum products and those petroleum products that remain taxable on the wholesale price must be deposited into the model toxics control capital account. HST collected from the volumetric tax on petroleum products must be deposited as follows:

- $50 million per biennium into the motor vehicle fund to be used exclusively for transportation stormwater activities and projects. This occurs until the beginning of the biennium after the enactment of an additive transportation funding act, in which the combined total of new revenue deposited into the motor vehicle fund and multimodal transportation account exceeds $2 billion dollars per biennium attributable solely to an increase in revenue from the act.

The remaining proceeds are deposited as follows:

- 60 percent into the model toxics control operating account.
- 25 percent into the model toxics control capital account.
- 15 percent into the model toxics control stormwater account.

This bill contains an emergency clause and takes effect July 1, 2019.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS
- Approximately 4.8 percent of current law HST collections are for non-petroleum based products.
- The volume of HST taxable petroleum products in Washington is based on information from the Washington Research Council and the Energy Information Administration (EIA).
- The appropriate unit conversions have been made where necessary, assuming there are 365 days in a year and 42 gallons per barrel.
- The full list of petroleum products that are not easily measured on a per barrel basis has not yet been determined and has not been modeled. These types of petroleum products are assumed to be low in value and are assumed to have a minimal fiscal impact.
- The forecasted percentage change for the implicit price deflator for non-residential structures is as follows:
    - Fiscal Year 2021 percentage change of 2.8 percent
    - Fiscal Year 2022 percentage change of 3.0 percent
    - Fiscal Year 2023 percentage change of 3.0 percent
    - Fiscal Year 2024 percentage change of 2.9 percent
    - Fiscal Year 2025 percentage change of 2.9 percent
- The tax rates for petroleum products are as follows:
    - Fiscal Year 2020 tax rate of $1.09 per barrel
    - Fiscal Year 2021 tax rate of $1.12 per barrel
    - Fiscal Year 2022 tax rate of $1.15 per barrel
    - Fiscal Year 2023 tax rate of $1.19 per barrel
    - Fiscal Year 2024 tax rate of $1.22 per barrel
    - Fiscal Year 2025 tax rate of $1.26 per barrel
- The July 1, 2019, effective date results in 11 months of cash collections in FY 2020 under the new proposed volume-based tax structure and 1 month of cash collections under the existing value-based tax structure.
- A moderate annual growth rate of positive 0.4 percent is applied in the near-term, before gradually falling to negative 1 percent in the longer-term. Cash collections under a volume-based HST are expected to decrease at a moderate rate into the future as factors such as improved fuel efficiency and consumer preferences for alternative fuel vehicles lead to lower overall petroleum consumption.
- The timing of the future passage of a qualifying "additive transportation funding act" is unknown. It is assumed that no qualifying act passes within the timeframe of this fiscal note.
- Revenues as estimated assume passage of the proposal by April 30, 2019, allowing a full 60 days to implement.
- The funds labeled "NEW" in the table above correspond to the following:
    - NEW - MTCA Operating
    - NEW 2 - MTCA Capital
    - NEW 3 - MTCA Stormwater

DATA SOURCES
- Department of Revenue tax return data
- Department of Revenue Non-General Fund Forecast, March 2019
- IHS Markit Forecast, March 2019
- US Energy Information Administration, Prime Supplier Sales Volumes of Petroleum Products, annual series for Washington State
- US Energy Information Administration, Annual Energy Outlook 2019, Pacific Region
- Washington Research Council, “The Economic Contribution of Washington State's Petroleum Refining Industry in 2017,” February 2019

REVENUE ESTIMATES

This bill increases state revenues by an estimated $72.3 million in the 11 months of impacted collections in Fiscal Year 2020, and by $100.2 million in Fiscal Year 2021, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, $000):

FY 2020 -	$ 72,300
FY 2021 -	$ 100,200
FY 2022 -	$ 100,100
FY 2023 -	$ 101,800
FY 2024 -	$ 97,800
FY 2025 -	$ 79,800

Local Government, if applicable (cash basis, $000): None

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS:

- This legislation will affect 600 taxpayers reporting hazardous substance tax.
- We assume that our current appropriation from the State Toxics Control Account will be replaced in full by an appropriation from the new Model Toxics Control Operating Account.

FIRST YEAR COSTS:

The Department will incur total costs of $176,500 in Fiscal Year 2020. These costs include:

Labor Costs - Time and effort equates to 1.1 FTE.

- Set up, program and test computer systems to create a new line code for reporting hazardous substance tax on petroleum products.
- Programming and testing three new dedicated funds, reason codes and reports supporting the new petroleum products line code.
- Prepare computer systems for an annual change in reporting rate.
- Compile a list of petroleum products that are not easily measured on a per barrel basis that will continue to be subject to the existing hazardous substance tax rate. This information will be made available to taxpayers and on the Department's web site.
- Create a special notice and update or create publications, taxpayer guides and forms.
- Update the Department's website with new reporting information.
- Respond to letter ruling requests and email inquiries.
- Resolve additional error and out of balance and amended returns, respond to secure messages and correspondence, answer telephone questions, monitor reports and assist taxpayers with reporting.
- Amend one administrative rule.

Object Costs - $75,200.

- Contract computer system programming.
- Print and mail a special notice to affected taxpayers

SECOND YEAR COSTS:

The Department will not incur any costs in Fiscal Year 2021.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.1		0.5		
A-Salaries and Wages	63,600		63,600		
B-Employee Benefits	19,100		19,100		
C-Professional Service Contracts	74,800		74,800		
E-Goods and Other Services	12,100		12,100		
J-Capital Outlays	6,900		6,900		
Total $	$176,500		$176,500		

III. B - 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 2020	FY 2021	2019-21	2021-23	2023-25
EMS BAND 4	115,593	0.0		0.0		
EXCISE TAX EX 3	56,256	0.1		0.1		
FISCAL ANALYST 5	60,636	0.1		0.1		
FORMS AND RECORDS ANALYST SUPV	54,924	0.1		0.1		
IT SPEC 4	70,320	0.1		0.1		
MGMT ANALYST1	45,096	0.0		0.0		
MGMT ANALYST4	63,684	0.3		0.2		
TAX INFO SPEC 4	60,636	0.3		0.2		
TAX POLICY SP 2	68,580	0.0		0.0		
TAX POLICY SP 3	77,616	0.0		0.0		
TAX POLICY SP 4	83,556	0.0		0.0		
WMS BAND 3	98,308	0.0		0.0		
Total FTEs		1.1		0.6		

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Should this legislation become law, the Department will use the expedited rule-making process to amend WAC 458-20-252, titled: "Hazardous substance tax." Persons affected by this rule-making would include persons subject to the hazardous substance tax.

Individual State Agency Fiscal Note

Bill Number: 5993 E S SB	Title: Model toxics control program	Agency: 225-Washington State Patrol

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
Account					
State Toxics Control Account-State 173-1	(273,000)	(273,000)	(546,000)	(546,000)	(546,000)
Model Toxics Control Operating Account-State New-1	273,000	273,000	546,000	546,000	546,000
Total $	0	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.

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☒ 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:		Phone:	Date: 04/26/2019
Agency Preparation:	Yvonne Stevens	Phone: 360-596-4042	Date: 05/01/2019
Agency Approval:	Walter Hamilton	Phone: 360-596-4046	Date: 05/01/2019
OFM Review:	Erik Hansen	Phone: 360-902-0423	Date: 05/01/2019

Part II: Narrative Explanation

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

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

Changes in the legislation as passed do not change the expected fiscal impact to the Washington State Patrol (WSP). This legislation updates the model toxics control program and its primary funding mechanism. The expected fiscal impact to the WSP as a result of these changes is a change in funding source.

The WSP's Fire Protection Bureau receives an appropriation from the State Toxics Control Account ($546K in the 2017-19 biennium) for the management of hazardous and solid waste that is the unavoidable byproduct of live-fire training at the Washington State Fire Training Academy in North Bend, Washington. This use is currently supported by Chapter 70 RCW-Public Health and Safety, Section 105-Hazardous Waste Management, and Section 95-Solid Waste Management.

New Section 202 creates a new Model Toxics Control Operating Account, and subsections 202(3)(a) and (b) include the same authorized uses for the account that currently support our use of the State Toxics Control Account. We assume that our current use of the State Toxics Control Account is an authorized use of the new account and that the WSP will receive an appropriation from the new account for these activities.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

There are no cash receipts to the WSP as a result of this legislation.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

We assume that our current appropriation from the State Toxics Control Account will be replaced in full by an appropriation from the new Model Toxics Control Operating Account.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
173-1	State Toxics Control Account	State	(273,000)	(273,000)	(546,000)	(546,000)	(546,000)
New-1	Model Toxics Control Operating Account	State	273,000	273,000	546,000	546,000	546,000
		Total $	0	0	0	0	0

III. B - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

NONE

None

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None

Individual State Agency Fiscal Note

Bill Number: 5993 E S SB	Title: Model toxics control program	Agency: 303-Department of Health

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
Account					
State Toxics Control Account-State 173-1	(2,169,000)	(2,168,000)	(4,337,000)	(4,337,000)	(4,337,000)
Model Toxics Control Operating Account-State NEW-1	2,169,000	2,168,000	4,337,000	4,337,000	4,337,000
Total $	0	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:	Phone:	Date: 04/26/2019
Agency Preparation: Jodine Sorrell	Phone: (360) 236-3015	Date: 04/26/2019
Agency Approval: Stacy May	Phone: (360) 236-4532	Date: 04/26/2019
OFM Review: Bryce Andersen	Phone: (360) 902-0580	Date: 05/07/2019

Part II: Narrative Explanation

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

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

This fiscal note has not changed from the fiscal note the Department of Health submitted for the SSB version.

Section 202:
(1): the Model Toxics Control Operating Account (MTCOA) is established.

(2)(h, l, and n): Money from the MTCOA account must only be used to carry out the purposes of the chapter, including work that the Department of Health (DOH) currently does with their appropriation from the State Toxics Control Account, such as water and environmental health protection and monitoring; state health programs for the safe use, reduction, recycling, or disposal of pesticides; and air quality programs and actions for reducing public exposure to toxic air pollution.

Section 406: the account that funds DOH's toxic chemical work is changed from the State Toxics Control Account (STCA) to the Model Toxics Control Operating Account (MTCOA).

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

The Department of Health does not collect a fee; therefore there are no cash receipts for the Department of Health.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 202:
(1): the Model Toxics Control Operating Account (MTCOA) is established.

(2)(h, l, and n): Money from the MTCOA account must only be used to carry out the purposes of the chapter, including work that the Department of Health (DOH) currently does with their appropriation from the State Toxics Control Account, such as water and environmental health protection and monitoring; state health programs for the safe use, reduction, recycling, or disposal of pesticides; and air quality programs and actions for reducing public exposure to toxic air pollution.

Section 406: the account that funds the Department of Health's toxic chemical work is changed from the State Toxics Control Account (STCA) to the Model Toxics Control Operating Account (MTCOA).

The Department of Health assumes that since the work is not changed, only the account funding the work, that the effect of this bill is to change the Department of Health's appropriation from STCA to MTCOA.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
173-1	State Toxics Control Account	State	(2,169,000)	(2,168,000)	(4,337,000)	(4,337,000)	(4,337,000)
NEW-1	Model Toxics Control Operating Account	State	2,169,000	2,168,000	4,337,000	4,337,000	4,337,000
		Total $	0	0	0	0	0

III. B - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

NONE

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

Individual State Agency Fiscal Note

Revised

Bill Number: 5993 E S SB	Title: Model toxics control program	Agency: 360-University of Washington

Part I: Estimates

[X] **No Fiscal Impact**

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).

[X] Capital budget impact, complete Part IV.

[ ] Requires new rule making, complete Part V.

Legislative Contact:		Phone:	Date: 04/26/2019
Agency Preparation:	Jessie Friedmann	Phone: 206-685-8868	Date: 05/07/2019
Agency Approval:	Kelsey Rote	Phone: 2065437466	Date: 05/07/2019
OFM Review:	Darrell Jennings	Phone: (360) 902-3068	Date: 05/07/2019

Part II: Narrative Explanation

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

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

This bill would reform and update the State Model Toxics Control Program and its funding mechanism.

Compared to SSB 5993, ES SB 5993 makes the following changes:

- Revises the intent section to remove the 2017-19 biennium from the intent that no transfers occur from the MTCA accounts to the operating budget.
- Changes the hazardous substance tax amount applied to petroleum products from $1.39 per barrel to $1.09 per barrel.
- Provides that the first $50 million per biennium of HST be deposited into the Motor Vehicle Fund to be used exclusively for transportation stormwater purposes until transportation revenues increase by $2 billion attributable to an additive transportation funding act.
- Adjusts the distribution of the remaining HST into the new MTCA accounts at rates of 60 percent to the Model Toxics Control Operating Account, 25 percent to the Model Toxics Control Capital Account, and 15 percent to the Model Toxics Control Stormwater Account.
- Makes a technical correction to provide an exception for the revenue Ecology would collect under SHB 1290. The fees collected and costs recovered under the expedited voluntary cleanup process in SHB 1290 would be collected in the Voluntary Cleanup Account.

These changes do not affect the assessment provided in the fiscal note for Substitute SB 5993.

The following sections would have an impact on UW:

Section 201 sets the rate of the petroleum tax to $1.09 per barrel, and designates where the tax will be deposited. This rate will be adjusted annually by a percentage that equals the fiscal growth factor.

Section 203 creates the Model Toxics Control Capital Account and designates the purpose and allowable uses.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 201 establishes the tax rate for petroleum products as $1.09 per barrel, to be charged on first possession. While we assume that this may lead to increased costs to the UW, we are not including these costs for the purpose of this fiscal note, per OFM guidance.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
173-1	State Toxics Control Account	State	(400,000)	(400,000)	(800,000)	0	0
NEW-1	Model Toxics Control Account	State	400,000	400,000	800,000	0	0
		Total $	0	0	0	0	0

IV. B - Expenditures by Object Or Purpose

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

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

NONE

The UW received $800,000 in reappropriations from the State Toxics Control Account for soil remediation projects at the UW Tacoma campus. Per lead agency assumptions for this section, we assume "that capital expenditure shifts from current MTCA accounts to the new Capital and Stormwater accounts based on 2019-21 reappropriation estimates." If this was not the case, then the impact to the UW would be equal to the amount currently received through reappropriations.

Per OFM request, we have noted that the aforementioned reappropriations ($400,000 in each FY20 and FY21) would no longer come from the State Toxics Control Account, and would instead come from the Model Toxics Control Account (+$400,000 in each FY20 and FY21.)

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5993 E S SB	Title: Model toxics control program	Agency: 461-Department of Ecology

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
State Toxics Control Account-State 173-1	(44,877,500)	(4,883,500)	(49,761,000)	(9,761,000)	(9,761,000)
State Toxics Control Account-Private/Local 173-7	(249,000)	(250,000)	(499,000)	(499,000)	(499,000)
Local Toxics Control Account-State 174-1	(50,000,000)		(50,000,000)		
Environmental Legacy Stewardship Account-State 19G-1	(20,000,000)		(20,000,000)		
Model Toxics Control Capital Account-State NEW-1	54,702,500	4,702,500	59,405,000	9,405,000	9,405,000
Model Toxics Control Operating Account-State NEW-1	40,175,000	181,000	40,356,000	356,000	356,000
Model Toxics Control Operating Account-Private/Local NEW-7	249,000	250,000	499,000	499,000	499,000
Model Toxics Control Stormwater Account-State NEW-1	20,000,000		20,000,000		
Total $					

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
Account					
State Toxics Control Account-State 173-1	(77,200,000)	(78,595,000)	(155,795,000)	(155,795,000)	(155,795,000)
State Toxics Control Account-Private/Local 173-7	(249,000)	(250,000)	(499,000)	(499,000)	(499,000)
Local Toxics Control Account-State 174-1	(2,453,000)	(2,490,000)	(4,943,000)	(4,943,000)	(4,943,000)
Environmental Legacy Stewardship Account-State 19G-1	(22,002,000)	(23,367,000)	(45,369,000)	(45,369,000)	(45,369,000)
Model Toxics Control Operating-State NEW-1	106,655,000	109,452,000	216,107,000	217,342,000	218,664,000
Model Toxics Control Operating-Private/Local NEW-7	249,000	250,000	499,000	499,000	499,000
Total $	5,000,000	5,000,000	10,000,000	11,235,000	12,557,000

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:

- [X] 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).
- [X] Capital budget impact, complete Part IV.
- [ ] Requires new rule making, complete Part V.

Legislative Contact:		Phone:	Date: 04/26/2019
Agency Preparation:	Lars Andreassen	Phone: 360-407-7049	Date: 05/01/2019
Agency Approval:	Erik Fairchild	Phone: 360-407-7005	Date: 05/01/2019
OFM Review:	Linda Steinmann	Phone: 360-902-0573	Date: 05/07/2019

Part II: Narrative Explanation

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

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

Compared to SSB 5993, ESSB 5993 has the following changes:

- Revises the intent section to remove the 2017-19 biennium from the intent that no transfers occur from the MTCA accounts to the state general fund, education legacy trust account, or opportunities pathway account. (Section 1)
- Changes the hazardous substance tax amount applied to petroleum products from $1.39 per barrel to $1.09 per barrel. (Section 201)
- Provides that the first $50 million per biennium of the hazardous substance tax be deposited into the Motor Vehicle Fund to be used exclusively for transportation stormwater purposes until transportation revenues increase by $2 billion attributable to an additive transportation funding act. (Section 201)
- Adjusts the distribution of the remaining hazardous substance tax into the new MTCA accounts at rates of 60 percent to the Model Toxics Control Operating Account, 25 percent to the Model Toxics Control Capital Account, and 15 percent to the Model Toxics Control Stormwater Account. (Section 201)
- Makes a technical correction to provide an exception for the revenue Ecology would collect under SHB 1290. The fees collected and costs recovered under the expedited voluntary cleanup process in SHB 1290 would be collected in the Voluntary Cleanup Account. (Section 203)

Compared to the prior version of the bill, Ecology's fiscal impact for the Model Toxics Control Operating Account would change for Public Participation Grants beginning in the 2021-23 biennium based on one percent of the hazardous substance tax revenue changes under Section 201. Ecology assumes no change in fiscal impact from the other bill changes.

Background: Under chapter 82.21 RCW, the hazardous substance tax (HST) is a tax collected by the Department of Revenue (DOR) on the first possession of hazardous substances in the state. Hazardous substances include petroleum products, pesticides, and certain chemicals. The HST rate is 0.7 percent of the wholesale value of the substance. HST funds the accounts associated with the state's 1989 Model Toxics Control Act (MTCA) established under chapter 70.105D RCW, including the State Toxics Control Account (STCA), Local Toxics Control Account (LTCA), and Environmental Legacy Stewardship Account (ELSA). The first $140 million per year of HST collections are deposited into STCA and LTCA by formula (56/44 percent split respectively) and any amount over $140 million per year is deposited into ELSA. MTCA funds are currently dedicated in the operating and capital budgets to a broad range of toxic cleanup, pollution prevention and management activities at the state and local level.

This bill would amend the HST, establish new MTCA accounts, and eliminate the existing MTCA accounts. As described in section 101, the purpose of this bill, the model toxics control reform act, is to update the model toxics control program and its primary funding mechanism, through the following changes:
- Increases funding for programs and projects related to clean air, clean water, toxic cleanup, and prevention, with specific focus on stormwater pollution;
- Provides distinct and transparent financial separation of capital and operating budget funding under the program;
- Improves the transparency and visibility of operating and capital project expenditures under the program;
- Eliminates the volatility of HST revenues by moving to a volumetric rate for petroleum products.

Section 1 would provide the intent that there will be no transfers from the MTCA accounts to the state general fund, education legacy trust account, or opportunities pathway account in the 2019-21 biennium.

Section 101 would amend RCW 82.21.010 to provide the purpose of this act.

Section 201 would change the HST applied to petroleum products to $1.09 per barrel, except for those petroleum products identified by DOR that are not easily measured on a per barrel basis. The tax rate would increase annually by the implicit price deflator for nonresidential structures beginning July 1, 2020 (FY 2021) and each July 1st thereafter.

The first $50 million per biennium of the HST would be deposited by DOR into the Motor Vehicle Fund to be used exclusively for transportation stormwater purposes until transportation revenues increase by $2 billion attributable to an additive transportation funding act.

The tax on petroleum products, after first depositing the $50 million to the Motor Vehicle Fund, would be deposited into new accounts established under the bill at rates of:
- 60 percent into the Model Toxics Control Operating Account
- 25 percent into the Model Toxics Control Capital Account
- 15 percent into the Model Toxics Control Stormwater Account

All other substances subject to the tax would stay at seven-tenths of one percent of the wholesale value, and would be deposited into the new Model Toxics Control Capital Account. The HST would no longer be deposited into the existing toxics control accounts STCA, LTCA, and ELSA, which would be eliminated under section 415.

Section 202 would create the Model Toxics Control Operating Account. The account must be used to carry out the purposes of this chapter (70.105D RCW), including but not limited to the uses authorized in section 202(2). The authorized uses are similar to the existing MTCA accounts, and Ecology assumes, after consultation with the Attorney General's Office, that all of the agency's uses of existing MTCA accounts for operating purposes are authorized under this section and the purposes of this chapter under RCW 70.105D.010. Ecology assumes the agency's operating expenditures would be shifted from the existing MTCA accounts eliminated in section 415 to the Model Toxics Control Operating Account.

Section 202(2)(e) would provide a specifically authorized use of the Model Toxics Control Operating Account for Local Solid Waste Financial Assistance.

Section 202(4) provides that one percent of the HST must be allocated for Public Participation Grants. Ecology assumes this would be an increase in Model Toxics Control Operating Account expenditures beginning in 2021-23 from 1% of current HST revenue projections to 1% of DOR's estimated revenue under this bill.

Section 202(5) would require Ecology to adopt rules for grants or loans funded under the Model Toxics Control Operating Account. Ecology has existing rules for operating grants and loans funded under MTCA consistent with the existing requirement for MTCA accounts, so Ecology assumes no new rules or rule changes would be necessary.

Section 203 would create the Model Toxics Control Capital Account. The account must be used to carry out the purposes of this chapter (70.105D RCW), including improvement, rehabilitation, remediation, and cleanup of toxic sites and other capital-related expenditures including but not limited to the uses authorized in section 203(4). The authorized uses are similar to the existing MTCA accounts, with the addition of 203(4)(a)(iv) for grants to remediate contaminated property for development of affordable housing. Ecology assumes, after consultation with the Attorney General's Office, that all of the agency's uses of existing MTCA accounts for capital purposes are authorized under this section and the purposes of this chapter under RCW 70.105D.010. Ecology assumes the agency's capital expenditures would be shifted from the existing MTCA accounts eliminated in section 415 to the Model Toxics Control Capital Account, with the exception of Ecology's capital Stormwater Financial Assistance Program, which is assumed to be under the section 204 Model Toxics Control Stormwater Account.

Section 203(2) specifies that the costs of remedial actions recovered related to this chapter would be deposited in the new Model Toxics Control Capital Account. An exception is provided for the fees collected and costs recovered under the expedited voluntary cleanup process in SHB 1290, Laws of 2019, which would be collected in the Voluntary Cleanup Account. Ecology assumes the agency's cost recovery revenue previously collected in STCA would be deposited in the Model Toxics Control Capital Account.

Section 203(5) provides authority under the Model Toxics Control Capital Account for Ecology's remedial action grant program. This section would prohibit Ecology from disbursing remedial action grants unless the applicants have received all necessary permits. Ecology would have no fiscal impact under the following assumptions:
- When prioritizing projects for grant funding and developing its budget, Ecology would consider the status of any required permits when evaluating the project's overall readiness to proceed. This is work Ecology already does under Chapter 173-322A WAC.
- When soliciting grants, we would add questions on whether the project would require any permits that are not exempt under RCW 70.105D.090 and the status of obtaining any such permits. This would require modification of Ecology's Administration of Grants and Loans (EAGL) system as part of other planned changes.
- When awarding grants after enactment of the budget, Ecology would only award funding for construction work that had already been permitted. In some cases, grant applicants may obtain required permits after Ecology has awarded a grant for pre-construction work. In those cases, Ecology would need to amend the grant to fund construction work, which is already work Ecology often does.

Section 204 would create the Model Toxics Control Stormwater Account, which would be authorized for operating and capital programs directly related to stormwater pollution control. While both operating and capital purposes would be eligible, for fiscal note purposes Ecology is assuming the agency's MTCA-funded Stormwater capital projects would be under this account, while the agency's stormwater-related operating funding is assumed under the Model Toxics Control Operating Account where it is also eligible. Ecology assumes the agency's related expenditures would be shifted from the existing MTCA accounts eliminated in section 415 to the Model Toxics Control Stormwater Account.

Section 301 would require OFM and LEAP to identify changes to budgeting and reporting systems that would improve access to and understanding of MTCA budget information at the time of the governor and legislative budgets. OFM and LEAP must provide the proposed changes to the governor and legislature by September 1, 2020, and may implement low and no-cost changes during 2019-21. Ecology estimates no fiscal impact.

Sections 403, 404, 405, 407, 408, 409, and 411 would require specified cost recovery, private/local, and penalty revenue currently collected in STCA to now be collected in the Model Toxics Control Operating Account. Ecology assumes the agency's penalty revenue and private/local revenue previously collected in STCA would be deposited in the Model Toxics Control Operating Account.

Section 415 would eliminate the current MTCA accounts (STCA, LTCA, and ELSA). Ecology's funding in these accounts would be eliminated.

Under section 416, any residual balance of funds remaining in STCA on July 1, 2019 would be transferred to the Model Toxics Control Operating Account. Under section 417, any residual balance of funds remaining in LTCA on July 1, 2019 would be transferred to the Model Toxics Control Capital Account. Under section 418, any residual balance of funds remaining in ELSA on July 1, 2019 would be transferred to the Model Toxics Control Stormwater Account. Ecology assumes we would make these transfers.

Section 419 is an emergency clause and would provide for this bill to take effect July 1, 2019.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Ecology assumes the following fiscal impacts to Cash Receipts:
- Shifts of the revenue Ecology currently collects in the State Toxics Control Account for cost recovery, penalties, and private/local to the new accounts specified in this bill. No net fiscal impact.
- Transfers of residual balances from the current MTCA accounts to the new accounts required under sections 416, 417, and 418. No net fiscal impact.

Hazardous Substance Tax – Collected by the Department of Revenue

Changes to the hazardous substance tax revenue and distribution into the new MTCA accounts and Motor Vehicle Fund under this bill would be made by the Department of Revenue (DOR). These fiscal impacts can be found in the DOR fiscal note.

Cost Recovery, Penalties, and Private/Local Revenue – Collected by Ecology

Section 203(2) specifies that the costs of remedial actions recovered related to this chapter would be deposited in the new Model Toxics Control Capital Account. An exception is provided for the fees collected and costs recovered under the expedited voluntary cleanup process in SHB 1290, Laws of 2019, which would be collected in the Voluntary Cleanup Account. Ecology is not assuming the effects of separate legislation in this fiscal note. For purposes of the fiscal note, Ecology assumes the agency's cost recovery revenue previously collected in STCA would be deposited in the Model Toxics Control Capital Account based on 2019-21 maintenance level revenue estimates.
- Model Toxics Control Capital Account revenue and coinciding reduction to STCA revenue for hazardous waste cleanup cost recovery is estimated at $9,405,000 per biennium

Sections 403, 404, 405, 407, 408, 409, and 411 would require specified cost recovery, private/local, and penalty revenue currently collected in STCA to now be collected in the Model Toxics Control Operating Account. For purposes of the fiscal note, Ecology assumes the agency's penalty revenue previously collected in STCA would be deposited in the Model Toxics Control Operating Account based on 2019-21 maintenance level revenue estimates. Ecology assumes the agency's private/local revenue previously collected in STCA private/local would be deposited in the Model Toxics Control Operating Account to align with where the expenditures are assumed based on 2019-21 maintenance level revenue estimates.
- Model Toxics Control Operating Account State revenue and coinciding reduction to STCA revenue for estimated penalties is estimated at $356,000 per biennium

- Model Toxics Control Operating Account Private/Local revenue and coinciding reduction to STCA Private/Local for reimbursable contracts revenue is estimated at $499,000 per biennium

Transfers – Conducted by Ecology

Under section 416, any residual balance of funds remaining in STCA on July 1, 2019 would be transferred to the MTCA Operating Account. Under section 417, any residual balance of funds remaining in LTCA on July 1, 2019 would be transferred to the Model Toxics Control Capital Account. Under section 418, any residual balance of funds remaining in ELSA on July 1, 2019 would be transferred to the Model Toxics Control Stormwater Account.

Ecology assumes we would make the transfers of residual balances to the new accounts on July 1, 2019. For purposes of this fiscal note, based on current cash balance projections, prior to any changes in the 2019 Supplemental budgets, Ecology estimates transfers of approximately:
- STCA to Model Toxics Control Operating Account of $40,000,000
- LTCA to Model Toxics Control Capital Account of $50,000,000
- ELSA to Model Toxics Control Stormwater Account of $20,000,000

Note: Ecology assumes there will need to be some remaining cash balance in STCA, LTCA, and ELSA from July to September 2019 in order to close the accounts from the 2017-19 biennium. It is currently unclear how the 2017-19 biennium would be closed after July 1, 2019, since the bill eliminates the accounts effective July 1 and requires the residual balances to be transferred July 1. In addition, depending on final appropriations, additional fund transfers between the accounts may be needed in the current biennium as authorized in the 2017-19 operating and capital budgets to ensure adequate ending balances to be transferred to the new accounts.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Ecology assumes the following fiscal impacts to the Operating Budget:
- Shifts of Ecology's existing MTCA Operating appropriations to the Model Toxics Control Operating Account. No net fiscal impact.
- Expenditures for the Local Solid Waste Financial Assistance Program beginning in the 2019-21 biennium based on specific authorization added in Section 202(2)(e) and the Legislature's 2019-21 Conference Operating Budget.
- Expenditures for the Public Participation Grant Program beginning in the 2021-23 biennium based on the HST revenue changes in this bill.

Ecology assumes, after consultation with the Attorney General's Office, that all of the agency's uses of existing MTCA accounts for operating purposes are authorized under this section and the purposes of this chapter. Expenditure shifts between the new accounts created under this bill are described below based on the 2019-21 Carryforward Level Operating Budget in the current MTCA accounts. Actual appropriations to the accounts would be determined in the Enacted Operating Budget.

Model Toxics Control Operating Account

Section 202 would create the Model Toxics Control Operating Account. The account must be used to carry out the purposes of this chapter (70.105D RCW), including but not limited to the uses authorized in section 202(2).

The authorized uses are similar to the existing MTCA accounts, and Ecology has identified that all of the agency's uses of existing MTCA accounts for operating purposes are authorized under this section and the purposes of this chapter under RCW 70.105D.010. Ecology assumes the agency's operating expenditures would be shifted from the existing MTCA accounts eliminated in section 415 to the Model Toxics Control Operating Account.

Based on Ecology's 2019-21 Operating Carryforward Level, Ecology estimates operating expenditures in 2019-21 and ongoing as follows:
- Model Toxics Control Operating State from STCA State of $155,795,000
- Model Toxics Control Operating Private/Local from STCA Private/Local of $499,000
- Model Toxics Control Operating State from LTCA of $4,943,000
- Model Toxics Control Operating State from ELSA of $45,369,000

Local Solid Waste Financial Assistance

The Local Solid Waste Financial Assistance (LSWFA) program would be an authorized use of the Model Toxics Control Operating Account under section 202(2)(e) and the Model Toxics Control Capital Account under section 203(4)(b). The LSWFA program administered by Ecology is authorized under MTCA in current law chapter 70.105D RCW, and has historically been funded in the capital budget. For the purposes of this fiscal note, based on specific authorization added in Section 202(2)(e) and the Legislature's 2019-21 Conference Operating Budget, Ecology assumes LSWFA would be in the operating budget. Based on the 2017-19 Enacted Capital Budget for this grant program, Ecology estimates operating expenditures in 2019-21 and ongoing at $10,000,000. Note that the Conference 2019-21 Operating Budget for this program is $10,000,000.

Public Participation Grants

Section 202(4) provides that one percent of the HST must be allocated for Public Participation Grants (PPG). Ecology assumes this would be an increase in Model Toxics Control Operating Account expenditures for grants beginning in 2021-23 from 1% of current HST revenue projections to 1% of DOR's estimated revenue under this bill.

The PPG appropriation is based on 1% of the prior two fiscal years of actual HST revenue. Ecology estimates the following expenditure increases for PPG based on the HST revenue changes in this bill:

- 2019-21 – There is no change to 2019-21 as a result of this bill. Ecology's 2019-21 Carryforward Level for PPG is $2,598,000. Funding of $79,000 is proposed in the Governor's 2019-21 Operating Budget Maintenance Level item MD to align with 1% of HST actuals from FY 2017 and FY 2018.

- 2021-23 – The estimated PPG increase in 2021-23 is $1,235,000. The March 2019 HST forecast for FY 2019 is $154,774,000 and the revenue projected for FY 2020 under this bill is $228,500,000 (total $383,274,000 for the two years). One percent is $3,833,000, which is $1,235,000 above 2019-21 CFL of $2,598,000.

- 2023-25 – The estimated PPG increase in 2023-25 is $2,557,000. The revenue projected under this bill for FY 2021 is $253,900,000 and for FY 2022 is $261,600,000 (total $515,500,000 for the two years). One percent is $5,155,000, which is $2,557,000 above 2019-21 CFL of $2,598,000.

- After 2023-25 – PPG would continue to be adjusted based on the 1% calculation after 2023-25, which is beyond the timeframe of this fiscal note.

Elimination of existing MTCA accounts

Section 415 would eliminate the existing MTCA accounts. Based on Ecology's 2019-21 Operating Carryforward Level, this would result in the elimination of expenditures from these accounts in 2019-21 and ongoing estimated at:
- STCA State of $155,795,000
- STCA Private/Local of $499,000
- LTCA of $4,943,000
- ELSA of $45,369,000

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
173-1	State Toxics Control Account	State	(77,200,000)	(78,595,000)	(155,795,000)	(155,795,000)	(155,795,000)
173-7	State Toxics Control Account	Private/Local	(249,000)	(250,000)	(499,000)	(499,000)	(499,000)
174-1	Local Toxics Control Account	State	(2,453,000)	(2,490,000)	(4,943,000)	(4,943,000)	(4,943,000)
19G-1	Environmental Legacy Stewardship Account	State	(22,002,000)	(23,367,000)	(45,369,000)	(45,369,000)	(45,369,000)
NEW-1	Model Toxics Control Operating	State	106,655,000	109,452,000	216,107,000	217,342,000	218,664,000
NEW-7	Model Toxics Control Operating	Private/Local	249,000	250,000	499,000	499,000	499,000
		Total $	5,000,000	5,000,000	10,000,000	11,235,000	12,557,000

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years					
N-Grants, Benefits & Client Services	5,000,000	5,000,000	10,000,000	11,235,000	12,557,000
Total $	5,000,000	5,000,000	10,000,000	11,235,000	12,557,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
173-1	State Toxics Control Account	State	(19,012,500)	(19,012,500)	(38,025,000)	0	0
174-1	Local Toxics Control Account	State	(43,295,000)	(43,295,000)	(86,590,000)	0	0
19G-1	Environmental Legacy Stewardship Account	State	(2,817,500)	(2,817,500)	(5,635,000)	0	0
NEW-1	Model Toxics Control Capital Account	State	45,517,000	45,517,000	91,034,000	0	0
NEW-1	Model Toxics Control Stormwater Account	State	19,608,000	19,608,000	39,216,000	0	0
		Total $	0	0	0	0	0

IV. B - Expenditures by Object Or Purpose

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

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

NONE

Ecology assumes the following fiscal impacts to the Capital Budget:
- Shifts of Ecology's existing MTCA Capital appropriations, excluding Stormwater, to the Model Toxics Control Capital Account. No net fiscal impact.
- Shifts of Ecology's existing MTCA Stormwater appropriations to the Model Toxics Control Stormwater Account. No net fiscal impact.

Ecology assumes, after consultation with the Attorney General's Office, that all of the agency's uses of existing MTCA accounts for capital purposes are authorized under this section and the purposes of this chapter. For fiscal note purposes, the 2019-21 biennium estimated reappropriations as of March 2019 in the current MTCA accounts is provided here to show the reappropriation amounts assumed to be moved out of the existing accounts and appropriated in the new accounts. The fiscal impact for new appropriations is indeterminate. Actual appropriations to the accounts would be determined in the Enacted Capital Budget.

Model Toxics Control Capital Account

Section 203 would create the Model Toxics Control Capital Account. Ecology assumes the agency's capital expenditures would be shifted from the existing MTCA accounts eliminated in section 415 to the Model Toxics Control Capital Account, with the exception of Ecology's capital Stormwater Financial Assistance Program, which is assumed to be under the section 204 Model Toxics Control Stormwater Account.

For fiscal note purposes, Ecology's 2019-21 biennium estimated reappropriations as of March 2019 is provided to show the reappropriation capital impact in the Model Toxics Control Capital Account as follows:
- Model Toxics Control Capital from STCA of $26,625,000 ($38,025,000 STCA 2019-21 biennium estimated reappropriations minus $11,400,000 Stormwater)
- Model Toxics Control Capital from LTCA of $58,774,000 ($86,590,000 LTCA 2019-21 biennium estimated reappropriations minus $27,816,000 Stormwater)
- Model Toxics Control Capital from ELSA of $5,635,000

Note: Ecology's Local Solid Waste Financial Assistance Program is authorized under section 203, but is not included in the capital budget estimates since it is funded in 2017-19 from SBCA. For fiscal note purposes, Ecology is assuming this program would be in the operating budget.

Model Toxics Control Stormwater Account

Section 204 would create the Model Toxics Control Stormwater Account, which would be authorized for operating and capital programs directly related to stormwater pollution control. For the capital budget, Ecology assumes this would include Ecology's Stormwater Financial Assistance Program.

For fiscal note purposes, Ecology's 2019-21 biennium estimated reappropriations as of March 2019 for the Stormwater Financial Assistance Program are provided to show the reappropriation capital stormwater impacts as follows:
- Model Toxics Control Stormwater Account capital budget amount of $39,216,000 (based on 2019-21 biennium estimated

reappropriations of $11,400,000 from STCA and $27,816,000 from LTCA)

Elimination of existing MTCA Accounts

Section 415 would eliminate the existing MTCA accounts. For fiscal note purposes, Ecology's 2019-21 biennium estimated reappropriations as of March 2019 are provided to show the reappropriation reduction to capital appropriations in the existing MTCA accounts as follows:

- STCA of $38,025,000
- LTCA of $86,590,000
- ELSA of $5,635,000

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Revised

Bill Number: 5993 E S SB	Title: Model toxics control program	Agency: 471-State Conservation Commission

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
Account					
State Toxics Control Account-State 173-1	(500,000)	(500,000)	(1,000,000)	(1,000,000)	(1,000,000)
Model Toxics Operating Account-State New-1	500,000	500,000	1,000,000	1,000,000	1,000,000
Total $	0	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:	Phone:	Date: 04/26/2019
Agency Preparation: Karla Heinitz	Phone: (360)407-6212	Date: 04/30/2019
Agency Approval: Josh Giuntoli	Phone: 360-407-7474	Date: 04/30/2019
OFM Review: Leslie Connelly	Phone: (360) 902-0543	Date: 05/01/2019

Part II: Narrative Explanation

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

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

Section 202 of ESSB 5993 adds a new section to RCW 70.105D creating the Model Toxics Control Operating Account.

The proposed bill will allow the State Conservation Commission to use funding from the new Toxics Operating Account in the following areas:

• State government programs for the safe reduction, recycling, or disposal of paint and hazardous wastes from households, small businesses, and agriculture; [Sec 202(3)(f)]

• Oil and hazardous materials spill prevention, preparedness, training, and response activities; [Sec 202(3)(g)]

• Water and environmental health protection and monitoring programs; [Sec 202(3)(h)]

If adopted, the current State Conservation Commission State Toxics Account funding would be shifted to the new Model Toxics Operating Account. The State Conservation Commission would use the funding to support conservation district activities in the areas of reduction of hazardous wastes at agricultural operations; oil and hazardous materials activities on farms; and water and environmental health protection and monitoring programs at conservation districts.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

No cash receipts are expected for the State Conservation Commission.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 202 of ESSB 5993 adds a new section to RCW 70.105D creating the Model Toxics Control Operating Account.

If adopted, the current State Conservation Commission State Toxics Account funding would be shifted to the New Model Toxics Operating Account.

The State Conservation Commission would use the funding to support conservation district activities in the areas of reduction of hazardous wastes at agricultural operations; oil and hazardous materials activities on farms; and water and environmental health protection and monitoring programs at conservation districts.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
173-1	State Toxics Control Account	State	(500,000)	(500,000)	(1,000,000)	(1,000,000)	(1,000,000)
New-1	Model Toxics Operating Account	State	500,000	500,000	1,000,000	1,000,000	1,000,000
		Total $	0	0	0	0	0

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
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	500,000	500,000	1,000,000	1,000,000	1,000,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-N-New Grants, Benefits & Client Services	(500,000)	(500,000)	(1,000,000)	(1,000,000)	(1,000,000)
Total $	0	0	0	0	0

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No new rules.

Individual State Agency Fiscal Note

Bill Number: 5993 E S SB	Title: Model toxics control program	Agency: 477-Department of Fish and Wildlife

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
Account					
Environmental Legacy Stewardship Account-State 19G-1	(1,392,000)	(1,392,000)	(2,784,000)	(2,784,000)	(2,784,000)
Model Toxics Control-State new-1	1,392,000	1,392,000	2,784,000	2,784,000	2,784,000
Total $	0	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:		Phone:	Date: 04/26/2019
Agency Preparation:	Aaron Dumas	Phone: 3609022528	Date: 05/02/2019
Agency Approval:	Brandon Bean	Phone: 360-480-6670	Date: 05/02/2019
OFM Review:	Leslie Connelly	Phone: (360) 902-0543	Date: 05/07/2019

Part II: Narrative Explanation

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

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

Sections 202-204 establish the new Model Toxics Control Operating Account, Model Toxics Control Capital Account, and Model Toxics Control Stormwater Account.

Section 415 eliminates the existing Environmental Legacy Stewardship Account, as well as the State and Local Toxics Control accounts.

Sections 416-418 transfer residual balances in the existing accounts into the new accounts.

CHANGES TO PRIOR FISCAL NOTE:
This engrossed substitute bill does not change the Department's fiscal note from prior version.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The Department currently has $2,784,000 of biennial spending authority in the ELSA (19G). All current ELSA-funded WDFW work correlates to section 202(2)(h), water and environmental health protection and monitoring programs, of the new Model Toxics Control Operating account. This fiscal note assumes that spending authority will transfer from ELSA to the new Operating account, and that therefore no work changes will occur in the Department.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
19G-1	Environmental Legacy Stewardship Account	State	(1,392,000)	(1,392,000)	(2,784,000)	(2,784,000)	(2,784,000)
new-1	Model Toxics Control	State	1,392,000	1,392,000	2,784,000	2,784,000	2,784,000
		Total $	0	0	0	0	0

III. B - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5993 E S SB	Title: Model toxics control program	Agency: 490-Department of Natural Resources

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
Account					
State Toxics Control Account-State 173-1	(5,283,000)	(5,283,000)	(10,566,000)	(10,566,000)	(10,566,000)
Model Toxics Control Operating Account-State new-1	5,283,000	5,283,000	10,566,000	10,566,000	10,566,000
Total $	0	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:		Phone:	Date: 04/26/2019
Agency Preparation:	Elayne Crow	Phone: 360-902-1121	Date: 04/30/2019
Agency Approval:	Stephen Bernath	Phone: 360-902-1028	Date: 04/30/2019
OFM Review:	Leslie Connelly	Phone: (360) 902-0543	Date: 05/01/2019

Part II: Narrative Explanation

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

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

SSB 5993 reforms the financial structure of the model toxics control program.

The proposed amendments to SB 5993 do not change the relationship that the Department of Natural Resources (DNR) Forest Practices has with the Model Toxics Control program. Per the lead agency assumptions, agencies with current operating State toxics Control Account, Local Toxics Control Account and Environmental Legacy Stewardship Account appropriations will assume the same estimated operating expenditure shifts from current Model Toxics Control accounts to the Model Toxics Control Operating Account (MTCOA).

Section 1: Adds intent language that specifies there will be no transfers from the MTCA accounts to the operating budget in 2019-2021 biennium.

Section 201(1):
Reduces the tax rate to $1.09 per barrel, and modifies the expenditure allocation to the following:
Operating - 60 percent
Capital - 25 percent
Stormwater -15 percent

(2) Eliminates the language referencing RCW 70.105D.070 (Hazardous Waste Management). Chapter 82.32 RCW applies to the tax imposed in this chapter (General Administrative Provisions).

(3) Starting July 1, 2020, and every July 1 thereafter, the growth in the tax rate specified must be adjusted from the fiscal growth factor to the implicit price deflator for nonresidential construction.

Sections 202, 203, and 204 would create the Model Toxics Control Operating Account, Model Toxics Control Capital Account, and Model Toxics Control Stormwater Account.

Section 202 requires that MTCOA moneys must be spent on purposes specified in 202(2).
All of Department of Natural Resources (DNR) Forest Practices program expenditures that currently use State Toxics Control Account (STCA) moneys fit these criteria:
(2)(a) the state's responsibility for hazardous waste planning, management, regulation, enforcement, technical assistance, and public education required under RCW 70.105; and
(2)(h) Water and environmental health protection and monitoring programs.

For the purposes of this fiscal note, the 2019-2021 Operating Carry Forward level for Forest Practices is $10,566,000.

Section 415 would eliminate the current State Toxics Control Account. This is the account from which the Forest Practices program has received funding for the past two biennia. For the purposes of this fiscal note the 2019-21 funding is ($10,566,000).

DNR assumes this would be replaced by MTCOA funds of $10,566,000.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 415 would eliminate the current State Toxics Control Account. This is the account from which the Forest Practices program has received funding for the past two biennia. For the purposes of this fiscal note the 2019-21 funding is ($10,566,000).

DNR assumes this would be replaced by MTCOA funds of $10,566,000.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
173-1	State Toxics Control Account	State	(5,283,000)	(5,283,000)	(10,566,000)	(10,566,000)	(10,566,000)
new-1	Model Toxics Control Operating Account	State	5,283,000	5,283,000	10,566,000	10,566,000	10,566,000
		Total $	0	0	0	0	0

III. B - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

NONE

The Governor's budget includes $130,000 in fiscal year (FY) 2020 in State Toxics Control Account (Account 173) funding for the Sunshine Mine cleanup project. This version of the bill removes language restricting capital expenditures to only the Department of Ecology. Agencies with current capital appropriations (Ecology, University of Washington, Commerce, and DNR) will assume capital expenditure shifts from current Model Toxic Control accounts (MTCA) to the new Capital and Stormwater accounts based on 2019-2021 appropriation estimates.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5993 E S SB	Title: Model toxics control program	Agency: 495-Department of Agriculture

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
Account					
State Toxics Control Account-State 173-1	(2,795,000)	(2,803,000)	(5,598,000)	(5,598,000)	(5,598,000)
Model Toxics Control Operating Account-State NEW-1	2,795,000	2,803,000	5,598,000	5,598,000	5,598,000
Total $	0	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:		Phone:	Date: 04/26/2019
Agency Preparation:	Kelly McLain	Phone: 902-1945	Date: 04/29/2019
Agency Approval:	Natasha Roberts	Phone: (360) 902-1988	Date: 04/29/2019
OFM Review:	Leslie Connelly	Phone: (360) 902-0543	Date: 05/01/2019

Part II: Narrative Explanation

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

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

Engrossed Substitute Senate Bill 5993, Reforming the financial structure of the model toxics control program

ESSB 5993 differs from SB 5993 as follows:
Changes the hazardous substance tax amount applied to petroleum products from $1.39 per barrel to $1.09 per barrel. (Section 201)
Provides that the first $50 million per biennium of HST be deposited into the Motor Vehicle Fund to be used exclusively for transportation stormwater purposes until transportation revenues increase by $2 billion attributable to an additive transportation funding act. (Section 201)
Changes the distribution into the new accounts at rates of 60 percent to the Model Toxics Control Operating Account, 25 percent to the Model Toxics Control Capital Account, and 15 percent to the Model Toxics Control Stormwater Account. (Section 201)

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

This legislation has no cash receipt impacts.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 201 would change the hazardous substance tax applied to petroleum products to $1.09 per barrel. The tax on petroleum products would now be deposited into new accounts established under the bill at rates of 60 percent to the Model Toxics Control Operating Account, 25 percent to the Model Toxics Control Capital Account, and 15 percent to the Model Toxics Control Stormwater Account.

Section 202 adds a new section to RCW 70.105D that creates the Model Toxics Control Operating Account and (2) states funds must be used only to carry out the purposes of the chapter. Washington State Department of Agriculture (WSDA) receives funding under (h) water and environmental health protection and monitoring programs and (l) state agriculture and health programs for the safe use, reduction, recycling and disposal of pesticides.

Section 415 would eliminate the current MTCA accounts: State Toxics Control Account, Local Toxics Control Account, and the Environmental Legacy Stewardship Account.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
173-1	State Toxics Control Account	State	(2,795,000)	(2,803,000)	(5,598,000)	(5,598,000)	(5,598,000)
NEW-1	Model Toxics Control Operating Account	State	2,795,000	2,803,000	5,598,000	5,598,000	5,598,000
		Total $	0	0	0	0	0

III. B - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

NONE

This legislation has no capital budget impacts.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

This legislation requires no rule changes for WSDA.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5993 E S SB	**Title:** Model toxics control program

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

Legislation Impacts:

- [X] Cities: Cities apply for or receiving toxic control grants
- [X] Counties: Same as above
- [X] Special Districts: Same as above
- [ ] Specific jurisdictions only:
- [ ] Variance occurs due to:

Part II: Estimates

- [ ] No fiscal impacts.
- [ ] Expenditures represent one-time costs:
- [ ] Legislation provides local option:
- [X] Key variables cannot be estimated with certainty at this time: Changes in allocations from the toxic control accounts to local governments

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Allan Johnson	Phone: 360-725-5033	Date: 05/07/2019
Leg. Committee Contact:	Phone:	Date: 04/26/2019
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 05/07/2019
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 05/07/2019

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

CHANGES FROM PREVIOUS BILL VERSION:
-- Reduces the tax rate from $1.39 per barrel to $1.09 per barrel.
-- Modifies the expenditure allocation to the following: Operating—60 percent; Capital—25 percent; Stormwater—15 percent.
-- Annual deposits will be made to the Motor Vehicle Fund for transportation stormwater programs until transportation revenue increases to a predetermined amount.
-- Changes the intent section to say there will be no transfers from the MTCA accounts to the operating budget in the 2019-21 biennium only.

SUMMARY OF CURRENT BILL VERSION:
The HST is changed from a value-based tax on petroleum products to a volumetric tax. The rate is $1.09 per 42-gallon barrel. The tax rate for non-petroleum products is not changed. LTCA, STCA, and ELSA are repealed and replaced with the Model Toxics Control Operating Account, the Model Toxics Control Capital Account, and the Model Toxics Control Stormwater Account. Revenue from the HST is allocated to these accounts as follows: 60 percent to the operating account, 25 percent to the capital account and 15 percent to the stormwater account.

$50 million per biennium is deposited in the Motor Vehicle Fund to be used exclusively for transportation stormwater programs; this remains in place until transportation revenue increases by $2 billion attributable to an additive transportation funding act.

The Department of Revenue must compile a list of petroleum products that are not easily measured on a per barrel basis. Petroleum products on this list are subject to the 0.7 percent tax on the wholesale value. Beginning July 1, 2020, and each July 1st thereafter, the volumetric portion of the HST is adjusted by the implicit price deflator for nonresidential construction.

The operating account may only be spent in the operating budget to carry out administrative and service activities related to:
-- hazardous waste planning;
-- solid waste planning;
-- hazardous waste clean-up;
-- state matching funds required under federal law;
-- financial assistance for local governments;
-- reduction and recycling of household hazardous wastes;
-- oil spill prevention and response;
-- water and environmental health protection programs;
-- air quality programs; or
-- plastic or polystyrene foam clean-up.

The capital account may be spent only in the capital budget and used for the improvement, rehabilitation, remediation, and cleanup of toxic sites.

The stormwater account must be allocated to carry out operating and capital directly related to stormwater projects. The bill enumerates the qualifying programs and projects in the respective budgets.

The Office of Financial Management and the Legislative Evaluation and Accountability Program are directed to modify budgeting and reporting systems to document MTCA account, appropriation and project information.

Specifies that it is the intent of the Legislature to not transfer MTCA accounts to the near general funds in the operating budget in the 2019-21 biennium.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

CHANGES FROM THE PREVIOUS VERSION:
The change in the number of grants to local governments as a result of this legislation is unclear. Any changes in the number of grants will affect local government costs to apply for grants.

EXPENDITURE IMPACT OF THE CURRENT BILL:

The Local Government Fiscal Note Program anticipates that grants from the new toxic control programs to cities, counties and special districts will likely change from current levels from the three existing toxic control accounts. Jurisdictions could experience a change in the total amount of costs in applying for grants and possibly through dedication of matching funds. The change in the total number of grants and timeline of these changes is not known and, as a result, these impacts are indeterminate.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

CHANGES FROM THE PREVIOUS VERSION:
DOR anticipates that revenue will be lower under this version. The overall impact of revenue to local governments is unclear and is indeterminate.

REVENUE IMPACT OF THE CURRENT BILL:
This legislation would replace the existing toxic control accounts with three new accounts: the Model Toxics Control Operating Account, the Model Toxics Control Capital Account, and the Model Toxics Control Stormwater Account. The Local Government Fiscal Note Program anticipates that this legislation will likely result in indeterminate changes to local government revenue. The magnitude of change to local government revenue and the timing of changes to allocations is not known.

Local governments receive a significant amount of revenue from grants provided by the existing toxic control accounts. This is currently estimated to be approximately 40 percent of current revenue raised through the toxic control program. The Department of Ecology anticipates that local governments would continue to receive grant revenues from the new funds but cannot estimate the distribution percentage. Funds from the new accounts may be prioritized differently than existing toxic control accounts. As a result, some local government activities could see a net reduction in grant revenue while others could see an increase. The amount of net overall change is unclear and will depend upon funding priorities and distribution decisions that have not been made yet. As a result, the impact of this legislation on local governments is indeterminate.

SOURCES
Department of Ecology
Department of Revenue
Local Government Fiscal Note HB 1399 (2015)