

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1899 S HB	<b>Title:</b> Wildfire reconstruction
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## Estimated Cash Receipts

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

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

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	1.3	438,405	438,405	438,405	2.2	729,764	729,764	729,764	1.1	364,882	364,882	364,882
Department of Commerce	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
<b>Total \$</b>	1.3	438,405	438,405	438,405	2.2	729,764	729,764	729,764	1.1	364,882	364,882	364,882

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

## Estimated Capital Budget Expenditures

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

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

## Estimated Capital Budget Breakout

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

<b>Bill Number:</b> 1899 S HB	<b>Title:</b> Wildfire reconstruction	<b>Agency:</b> 103-Department of Commerce
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

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

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	2.5	1.3	2.2	1.1
<b>Account</b>					
General Fund-State 001-1	0	438,405	438,405	729,764	364,882
<b>Total \$</b>	0	438,405	438,405	729,764	364,882

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

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kellen Wright	Phone: 360-786-7134	Date: 01/27/2024
Agency Preparation: Joseph Piper	Phone: 360-725-3042	Date: 02/02/2024
Agency Approval: Joseph Piper	Phone: 360-725-3042	Date: 02/02/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/02/2024

## Part II: Narrative Explanation

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

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

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

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

Sec. 2 amends the authorizing statute for the Climate Commitment Act to allow the climate commitment account to fund assistance to individuals, local governments, and businesses rebuilding from losses due to wildfires in meeting current energy code efficiency standards, increasing electric vehicle charging capacity, and increasing solar installations in new or rebuilt buildings.

Sec. 3 creates a grant program at the Department of Commerce to provide assistance to qualifying property owners and local governments that had buildings destroyed or damaged in a wildfire after January 1, 2023.

Sec. 3 (1) The department shall provide, by rule, for a system for the submission and evaluation of grant applications, and for ensuring that the grants are only used for the purposes specified in this section. Commerce is required to adopt grant guidelines by rule.

Sec. 3 (4) The department shall develop criteria for awarding grants under this section, and must prioritize any building that is owned or rented by a low-income to moderate-income household. Thereafter, the department must award grants based upon the amount of energy efficiency, electric vehicle charging capacity, or solar panels installation that will occur, with grants going first to those buildings which will yield the greatest environmental benefits.

Effective date is assumed to be 90 days after adjournment of the session in which this bill is passed.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

General assumptions:

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

The bill would require the department to adopt rules to implement the grant program. The department assumes that rulemaking will be completed by Q2 2025. Additionally, the department will require program staff to develop and administer the program.

Grant funding is subject to appropriation and is therefore indeterminate.

For the purpose of staffing estimates, the department assumes a grant program funded at a level between \$10,000,000 and \$15,000,000. Staffing assumptions are subject to change if the grant program is funded at a significantly different level. The department assumes that after the initial granting of funds, ongoing grant and contract management with individuals, local governments, and businesses will be required through FY28.

To accomplish this work, the department estimates (FY25-28):

0.30 FTE EMS2 Senior Energy Policy Specialist (500 hours) in FY25 to provide subject matter expertise and policy advice/consultation in coordinating development of the program. This position will lead the development of rulemaking effort, which will conclude in FY25.

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

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

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

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

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

#### Salaries and Benefits

FY25: \$308,047

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

#### Goods, Services, and Travel

FY25: \$24,011

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

#### Equipment

FY25: \$5,000

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

#### Intra-Agency Reimbursements

FY25: \$101,347

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

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

#### Total Costs

FY25: \$438,405

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

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	438,405	438,405	729,764	364,882
<b>Total \$</b>			0	438,405	438,405	729,764	364,882

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

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29	
FTE Staff Years		2.5	1.3	2.2	1.1	
A-Salaries and Wages		228,976	228,976	382,036	191,018	
B-Employee Benefits		79,071	79,071	135,312	67,656	
C-Professional Service Contracts						
E-Goods and Other Services		24,011	24,011	42,208	21,104	
G-Travel						
J-Capital Outlays		5,000	5,000			
M-Inter Agency/Fund Transfers						
N-Grants, Benefits & Client Services						
P-Debt Service						
S-Interagency Reimbursements						
T-Intra-Agency Reimbursements		101,347	101,347	170,208	85,104	
9-						
<b>Total \$</b>		0	438,405	438,405	729,764	364,882

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

### III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Commerce Specialist 2	70,799		0.5	0.3	0.5	0.3
Commerce Specialist 3	82,056		1.0	0.5	1.0	0.5
Commerce Specialist 5	95,185		0.3	0.2	0.3	0.2
EMS Band 2	122,841		0.3	0.2		
Management Analyst 3	74,381		0.2	0.1	0.2	0.1
WMS Band 2	122,841		0.2	0.1	0.2	0.1
<b>Total FTEs</b>			2.5	1.3	2.2	1.1

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

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

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

NONE

### IV. C - Capital Budget Breakout

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

NONE

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

NONE

None.

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

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

Sec. 3 (1) The department shall provide, by rule, for a system for the submission and evaluation of grant applications, and for ensuring that the grants are only used for the purposes specified in this section. Commerce is required to adopt grant guidelines by rule.

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1899 S HB

Title: Wildfire reconstruction

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

### Legislation Impacts:

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

## Part II: Estimates

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

### Estimated revenue impacts to:

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

### Estimated expenditure impacts to:

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

## Part III: Preparation and Approval

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



## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

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

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

#### **CHANGES BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:**

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

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

#### **SUMMARY OF CURRENT BILL:**

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

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

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

#### **BACKGROUND:**

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

### **B. SUMMARY OF EXPENDITURE IMPACTS**

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

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

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

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

#### **SUMMARY OF CURRENT BILL VERSION:**

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

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

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

#### Discussion:

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

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

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

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

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

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

### **C. SUMMARY OF REVENUE IMPACTS**

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

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

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

#### **SUMMARY OF CURRENT BILL VERSION:**

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

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

Discussion:

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

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

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

SOURCES:

Department of Natural Resources

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

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

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

House Bill Report, S HB 1899 (2024)

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

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

Washington State Military Department, Emergency Management Division

Washington State Military Department, Fire Management Assistance Grant Program