

Multiple Agency Fiscal Note Summary

| | |
|-----------------------------|---|
| Bill Number: 2290 HB | Title: Untreated sewage discharges |
|-----------------------------|---|

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 Ecology | Non-zero but indeterminate cost and/or savings. Please see discussion. | | | | | | | | |
| Total \$ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Agency Name | 2023-25 | | 2025-27 | | 2027-29 | |
|---------------------|---------------------------|-------|-----------|-------|-----------|-------|
| | GF- State | Total | GF- State | Total | GF- State | Total |
| Local Gov. Courts | | | | | | |
| Loc School dist-SPI | | | | | | |
| Local Gov. Other | Fiscal note not available | | | | | |
| 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 Revenue | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 |
| Department of Ecology | .4 | 126,960 | 126,960 | 126,960 | .4 | 114,185 | 114,185 | 114,185 | .0 | 0 | 0 | 0 |
| Recreation and Conservation Funding Board | Fiscal note not available | | | | | | | | | | | |
| Total \$ | 0.4 | 126,960 | 126,960 | 126,960 | 0.4 | 114,185 | 114,185 | 114,185 | 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 | Fiscal note not available | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

Estimated Capital Budget Expenditures

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|---|---------------------------|-------|-------|---------|-------|-------|---------|-------|-------|
| | FTEs | Bonds | Total | FTEs | Bonds | Total | FTEs | Bonds | Total |
| Department of Revenue | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Department of Ecology | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Recreation and Conservation Funding Board | Fiscal note not available | | | | | | | | |
| Total \$ | 0.0 | 0 | 0 | 0.0 | 0 | 0 | 0.0 | 0 | 0 |

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|---------------------|---------------------------|----------|-------|---------|----------|-------|---------|----------|-------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Local Gov. Courts | | | | | | | | | |
| Loc School dist-SPI | | | | | | | | | |
| Local Gov. Other | Fiscal note not available | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

Estimated Capital Budget Breakout

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|---|---------------------------------|---|
| Prepared by: Lisa Borkowski, OFM | Phone: (360) 742-2239 | Date Published: Preliminary 1/21/2024 |
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Department of Revenue Fiscal Note

| | | |
|-----------------------------|---|--|
| Bill Number: 2290 HB | Title: Untreated sewage discharges | Agency: 140-Department of Revenue |
|-----------------------------|---|--|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

| | | |
|-------------------------------------|-----------------------|------------------|
| Legislative Contact: Megan McPhaden | Phone: 60-786-7114 | Date: 01/13/2024 |
| Agency Preparation: Erin Valz | Phone: 60-534-1522 | Date: 01/20/2024 |
| Agency Approval: Valerie Torres | Phone: 60-534-1521 | Date: 01/20/2024 |
| OFM Review: Amy Hatfield | Phone: (360) 280-7584 | Date: 01/21/2024 |

Request # 2290-1-1

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.

CURRENT LAW:

The state does not charge a fee on discharge contaminated by untreated sewage.

PROPOSAL:

This bill requires the Department of Ecology to levy a fee of one cent per gallon of discharge contaminated by untreated sewage upon every discharger of untreated sewage, provided the following conditions are all met:

- A municipal combined sewer overflow system or a municipal wastewater treatment plant discharges the untreated sewage.
- Puget Sound or a water body in hydrological continuity with Puget Sound receives the untreated sewage.

The state deposits these fees in the Salmon Recovery Account.

The Department of Ecology may adopt rules as necessary to implement this bill.

EFFECTIVE DATE:

The bill takes effect 90 days after the final adjournment of the session.

II. B - Cash receipts Impact

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

ASSUMPTIONS:

- The Department of Ecology collects and deposits these fees.

REVENUE ESTIMATES:

This legislation results in no revenue impact on taxes administered by the Department of Revenue (department).

II. C - Expenditures

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

The department will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

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

NONE

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

| | | |
|-----------------------------|---|--|
| Bill Number: 2290 HB | Title: Untreated sewage discharges | Agency: 461-Department of Ecology |
|-----------------------------|---|--|

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 | 0.9 | 0.4 | 0.4 | 0.0 |
| Account | | | | | |
| General Fund-State 001-1 | 0 | 126,960 | 126,960 | 114,185 | 0 |
| Total \$ | 0 | 126,960 | 126,960 | 114,185 | 0 |

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

| | | |
|-------------------------------------|-----------------------|------------------|
| Legislative Contact: Megan McPhaden | Phone: 360-786-7114 | Date: 01/13/2024 |
| Agency Preparation: Ligeia Heagy | Phone: 564-233-8279 | Date: 01/19/2024 |
| Agency Approval: Erik Fairchild | Phone: 360-407-7005 | Date: 01/19/2024 |
| OFM Review: Lisa Borkowski | Phone: (360) 742-2239 | Date: 01/21/2024 |

Part II: Narrative Explanation

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

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

Under current law, Chapter 90.48 RCW designates the Department of Ecology (Ecology) to be the state water pollution control agency for all purposes of the federal Clean Water Act. Under RCW 90.48.465, Ecology is required to establish water discharge fees to fully recover and not to exceed expenses incurred by the department in processing water quality permit applications and modifications, monitoring and evaluating compliance with permits, conducting inspections, securing laboratory analysis of samples taken during inspections, reviewing plans and documents directly related to operations of permittees, overseeing performance of delegated pretreatment programs, and supporting the overhead expenses that are directly related to these activities.

This bill would add a new section to chapter 90.48 RCW to create a penalty that would provide funding for salmon recovery. The bill would require Ecology to adopt rules necessary to implement the penalty, establish a uniform calculation of the penalty, and to ensure that each operator of municipal wastewater treatment plants or combined sewer overflow system submits annual reports that summarize the gallons of untreated sewage discharged to state waters.

Section 2 would add a new section to chapter 90.48 RCW that would conditionally establish:

- (1) for Ecology to assess a one-cent fee for each gallon of untreated sewage discharged directly to Puget Sound or to waterbodies in hydraulic continuity to Puget Sound, and that the fee only applies when the source of the discharge is from a municipal combined sewer overflow system or municipal wastewater treatment plant,
- (2) that any fee levied is in addition to any other fee or civil penalty assessed pursuant to other provisions of law, court order, or consent decree, and
- (3) that funds generated by the fee are to be deposited to Salmon Recovery Account.

Section 2 (4) would require Ecology to adopt rules necessary to implement the bill. This section specifically identifies that the rules Ecology adopts must also address the following:

- Establish requirements that operators of municipal wastewater treatment plants or municipal combined sewer overflow systems submit annual aggregate reports of discharges of untreated sewage into state waters; and
- Create a uniform method of calculating the penalties assessed by the authority of the bill.

II. B - Cash receipts Impact

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

The cash receipts impact to Ecology under this bill is indeterminate for section 2.

Under section 2, Ecology would be required to conduct rulemaking to establish a one-cent fee as a penalty for each gallon of untreated sewage discharged directly to Puget Sound or to waterbodies in hydraulic continuity to Puget Sound when the source of the discharge is from a municipal combined sewer overflow system or municipal wastewater treatment plant. Revenue would be deposited into the Salmon Recovery Account.

Revenue from the penalties established in section 2 is indeterminate. The level of untreated sewage that would be charged this penalty is unknown and could vary significantly year to year. For example, for calendar year 2022, in the northwest regional area, there was approximately 1.8 billion gallons of overflow (some of which did not spill into Puget Sound, but we aren't able to separate out that data). At 1.8 billion gallons, the penalty assessment would have been approximately \$18 million.

II. C - Expenditures

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

The expenditure impact to Ecology under this bill is estimated to be greater than \$50,000 in Fiscal Year (FY) 2025 and FY 2026 to implement the requirements of section 2.

Section 2 - Rulemaking

Section 2 (4) would require Ecology to complete a rulemaking to add a new section to the WAC to reflect the penalty assessment and collection process.

Ecology estimates that this rulemaking would be moderately complex and generate substantial public interest and comment. Ecology also estimates that the rulemaking would require eighteen months to complete. This rulemaking would include preproposal meetings to gather input from stakeholders and develop the Environmental Justice Assessment and two public hearings to accept comments on the rule proposal. Ecology estimates the following staffing needs:

- 0.1 FTE of an Environmental Engineer 5 in FY 2025 and 0.05 FTE in FY 2026 to serve as the Water Quality technical subject matter expert through the rulemaking process.
- 0.25 FTE of an Environmental Planner 4 in FY 2025 and 0.15 FTE in FY 2026 to coordinate the rulemaking effort, the technical subject matter expert, and manage outreach for the duration of the rulemaking process.
- 0.2 FTE Communications Consultant 4 in FY 2025 and 0.1 FTE in FY 2026 to support the public engagement process and assist with outreach, public meeting, support and accessibility.
- 0.2 FTE Community Outreach & Environmental Educational Specialist 3 in FY 2025 and 0.1 FTE in FY 2026 to assist with outreach, public meeting, website updates, support and accessibility.
- The following positions would complete an economic and regulatory analysis of the rule in FY 2026: Economic Analyst 3, 0.2 FTE; Regulatory Analyst 2, 0.05 FTE.
- Consistent with the Office of the Attorney General (AGO), Ecology assumes that an AAG would provide client advice on the bill's application and implementation. The AGO assumes \$5,800 for FY 2025 and FY 2026 based on 0.02 FTE each year, and negligible costs thereafter.

Section 2 - Implementation

Ecology assumes work related to review and verifying the annual reports and data collected from permit holders, and processing penalty invoices, would be conducted as part of existing staff permitting and administration responsibilities, with no new fiscal impact.

SUMMARY: The expenditure impact to Ecology under this bill is:

Section 2 Rulemaking is estimated to require:

FY 2025: \$126,960 and 0.9 FTE

FY 2026: \$114,185 and 0.8 FTE

THE TOTAL EXPENDITURE IMPACT to Ecology under this bill is estimated to be:

FY 2025: \$126,960 and 0.9 FTE

FY 2026: \$114,185 and 0.8 FTE

Notes on costs by object:

Salary estimates are current biennium actual rates at Step L.

Benefits are the agency average of 34.1% of salaries.

Goods and Services are the agency average of \$6,048 per direct program FTE. In addition, AGO costs of \$5,800 per year in FY 2025 and FY 2026 are included.

Travel is the agency average of \$2,205 per direct program FTE.

Equipment is the agency average of \$1,286 per direct program FTE.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 29.8% of direct program salaries and benefits, and is shown as object 9. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT App Development - Journey.

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 | 126,960 | 126,960 | 114,185 | 0 |
| Total \$ | | | 0 | 126,960 | 126,960 | 114,185 | 0 |

III. B - Expenditures by Object Or Purpose

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|----------------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | | 0.9 | 0.4 | 0.4 | |
| A-Salaries and Wages | | 65,497 | 65,497 | 58,705 | |
| B-Employee Benefits | | 22,334 | 22,334 | 20,019 | |
| E-Goods and Other Services | | 10,337 | 10,337 | 9,731 | |
| G-Travel | | 1,654 | 1,654 | 1,434 | |
| J-Capital Outlays | | 965 | 965 | 836 | |
| 9-Agency Administrative Overhead | | 26,173 | 26,173 | 23,460 | |
| Total \$ | 0 | 126,960 | 126,960 | 114,185 | 0 |

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

| Job Classification | Salary | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------|---------|---------|---------|---------|---------|---------|
| COM OUTRCH & ENV ED SP 3 | 67,717 | | 0.2 | 0.1 | 0.1 | |
| COMM CONSULTANT 4 | 80,469 | | 0.2 | 0.1 | 0.1 | |
| ECONOMIC ANALYST 3 | 95,627 | | | | 0.1 | |
| ENVIRONMENTAL ENGINEER 5 | 119,465 | | 0.1 | 0.1 | 0.0 | |
| ENVIRONMENTAL PLANNER 4 | 95,650 | | 0.3 | 0.1 | 0.1 | |
| FISCAL ANALYST 2 | | | 0.1 | 0.0 | 0.0 | |
| IT APP DEV-JOURNEY | | | 0.0 | 0.0 | 0.0 | |
| REGULATORY ANALYST 2 | 88,798 | | | | 0.0 | |
| Total FTEs | | | 0.9 | 0.4 | 0.4 | 0.0 |

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Section 2 (4) would require Ecology to add a new section to chapter 173 WAC to 1) establish requirements that operators of municipal wastewater treatment plants or municipal combined sewer overflow systems submit annual aggregate reports of discharges of untreated sewage into state waters, 2) and to create a uniform method of calculating the penalties assessed by the authority of the bill.



Multiple Agency Ten-Year Analysis Summary

| | |
|-------------------------------|---|
| Bill Number 2290 HB | Title Untreated sewage discharges |
|-------------------------------|---|

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

| Department of Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Department of Ecology Indeterminate Impact | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



Ten-Year Analysis

| | | |
|-------------------------------|---|--|
| Bill Number 2290 HB | Title Untreated sewage discharges | Agency 140 Department of Revenue |
|-------------------------------|---|--|

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts **Partially Indeterminate Cash Receipts** **Indeterminate Cash Receipts**

| | | | | | | | | | | | | | |
|---------------------------|------------------|--|--|--|--|--|--|--|--|--|--|--|--|
| Name of Tax or Fee | Acct Code | | | | | | | | | | | | |
|---------------------------|------------------|--|--|--|--|--|--|--|--|--|--|--|--|

| | | |
|---------------------------------|---------------------|-----------------------------|
| Agency Preparation: Erin Valz | Phone: 360-534-1522 | Date: 1/20/2024 10:49:23 an |
| Agency Approval: Valerie Torres | Phone: 360-534-1521 | Date: 1/20/2024 10:49:23 an |
| OFM Review: | Phone: | Date: |



Ten-Year Analysis

| | | |
|-------------------------------|---|--|
| Bill Number 2290 HB | Title Untreated sewage discharges | Agency 461 Department of Ecology |
|-------------------------------|---|--|

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Estimated Cash Receipts

| Name of Tax or Fee | Acct Code | | | | | | | | | | | | |
|--------------------|-----------|--|--|--|--|--|--|--|--|--|--|--|--|
| Total | | | | | | | | | | | | | |

Biennial Totals

Narrative Explanation (Required for Indeterminate Cash Receipts)

Under section 2, Ecology would be required to conduct rulemaking to establish a one-cent fee as a penalty for each gallon of untreated sewage discharged directly to Puget Sound or to waterbodies in hydraulic continuity to Puget Sound when the source of the discharge is from a municipal combined sewer overflow system or municipal wastewater treatment plant. Revenue would be deposited into the Salmon Recovery Account.

Revenue from the penalties established in section 2 is indeterminate. The level of untreated sewage that would be charged this penalty is unknown and could vary significantly year to year. For example, for calendar year 2022, in the northwest regional area, there was approximately 1.8 billion gallons of overflow (some of which did spill into Puget Sound, but we aren't able to separate out that data). At 1.8 billion gallons, the penalty assessment would have been approximately \$18 million.

| | | |
|----------------------------------|---------------------|----------------------------|
| Agency Preparation: Ligeia Heagy | Phone: 564-233-8279 | Date: 1/19/2024 1:43:55 pm |
| Agency Approval: Erik Fairchild | Phone: 360-407-7005 | Date: 1/19/2024 1:43:55 pm |
| OFM Review: | Phone: | Date: |