

Multiple Agency Fiscal Note Summary

Bill Number: 1194 HB	Title: Renewable energy workforce
-----------------------------	--

Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Revenue	38,730,000	38,730,000	55,100,000	70,250,000	70,250,000	95,960,000	92,870,000	92,870,000	121,820,000
Total \$	38,730,000	38,730,000	55,100,000	70,250,000	70,250,000	95,960,000	92,870,000	92,870,000	121,820,000

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		17,265,601		31,323,599		41,411,700
Local Gov. Total		17,265,601		31,323,599		41,411,700

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
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.9	331,200	331,200	331,200	.2	31,100	31,100	31,100	.1	22,000	22,000	22,000
Washington State University	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Total \$	0.9	331,200	331,200	331,200	0.2	31,100	31,100	31,100	0.1	22,000	22,000	22,000

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

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Washington State University	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

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

Estimated Capital Budget Breakout

--

Prepared by: Ramona Nabors, OFM	Phone: (360) 742-8948	Date Published: Final
--	---------------------------------	---------------------------------

Individual State Agency Fiscal Note

Bill Number: 1194 HB	Title: Renewable energy workforce	Agency: 090-Office of State Treasurer
-----------------------------	--	--

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:

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: Tracey Taylor	Phone: 360-786-7152	Date: 01/10/2023
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 01/12/2023
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/12/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/18/2023

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.

HB 1194 creates the clean and renewable energy workforce capital account, coupled with the general fund as the recipient of the earnings from investments under RCW 43.84.092(4).

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.

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

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

II. C - Expenditures

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

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Department of Revenue Fiscal Note

Bill Number: 1194 HB	Title: Renewable energy workforce	Agency: 140-Department of Revenue
-----------------------------	--	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax	10,300,000	28,430,000	38,730,000	70,250,000	92,870,000
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax	20,000	50,000	70,000	110,000	150,000
NEW-State 00 - 00 -	4,600,000	11,700,000	16,300,000	25,600,000	28,800,000
Total \$	14,920,000	40,180,000	55,100,000	95,960,000	121,820,000

Estimated Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.6	0.3	0.9	0.2	0.1
GF-STATE-State 001-1	301,800	29,400	331,200	31,100	22,000
Total \$	301,800	29,400	331,200	31,100	22,000

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Tracey Taylor	Phone: 60-786-7152	Date: 01/10/2023
Agency Preparation: Alex Merk-Dyes	Phone: 60-534-1601	Date: 01/18/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/18/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/19/2023

Request # 1194-1-1

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:

There is no renewable energy production tax under current law.

Machinery and equipment used directly in generating electricity from wind, sun, fuel cells, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, or landfill gas as the principal source of power is exempt from state and local sales and use tax in whole or in part.

Solar energy systems generating no more than 100 kilowatt AC of electricity qualify for 100% sales and use tax exemption for machinery, equipment and installation.

Renewable energy systems generating more than 1,000 watts AC of electricity may qualify for a remittance of up to 100% of sales and use tax paid on machinery, equipment, and installation if certain criteria are met.

The exemptions expire January 1, 2030.

PROPOSAL:

This bill establishes a clean and renewable energy workforce training center to educate and train the workforce, located in the Tri-Cities area.

This bill creates a new clean energy workforce investment tax on the production of electricity from a qualified utility-scale facility, a solar or wind farm that generates five megawatts or more. The tax rate is \$1.00 per megawatt-hour.

A county may submit an authorizing proposition to the voters to impose a local excise tax option. This tax rate may not exceed \$1.00 per megawatt-hour.

This bill repeals the state and local sales and use tax exemption for machinery and equipment, and labor and services to install the machinery and equipment that is used for generating electricity through solar systems, wind, sun, fuel cells, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, or landfill gas.

This bill creates a new state treasury account, the clean and renewable energy workforce capital account. Revenues deposited into this account intend to be an equal amount to repealing the exemption for sales of machinery and equipment used in generating renewable energy.

EFFECTIVE DATE:

This bill takes effect on January 1, 2024.

II. B - Cash receipts Impact

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

ASSUMPTIONS

- Wind and solar total production grows 6.12% each year based on the average of five years of production growth.
- All Washington wind and solar energy plants included in U.S. Energy Information Administration data would qualify as 'qualified utility-scale facilities' generating more than five megawatts or more.

Request # 1194-1-1

- All current wind and solar energy plants keep operating at the same or increased capacity.
- Wind and solar energy plants under construction or in development are excluded from the estimate. New qualifying plants increase revenues.
- Compound annual growth rate is 9% for renewable energy market and 15% for residential solar photovoltaic (PV) market.
- Large renewable energy projects that qualify for a sales and use tax reimbursement are difficult to predict. No large new projects will be added. Large projects would increase the sales tax impact.
- The impact of the local county excise tax section of this bill is indeterminate. It is unknown which counties would pass a ballot measure to impose a new excise tax.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.9231%.
- This legislation takes effect January 1, 2024, and impacts five months of collections in fiscal year 2024.

DATA SOURCES

- Department of Revenue, excise tax return data and renewable energy reimbursements
- U.S. Energy Information Administration Statistics
- Globenewswire.com, Renewable energy and residential solar PV market forecasts

REVENUE ESTIMATES

This bill increases state revenues by an estimated \$14.9 million in the five months of impacted collections in fiscal year 2024, and by \$40.2 million in fiscal year 2025, the first full year of impacted collections.

This bill also increases local revenues by an estimated \$4.6 million in the five months of impacted collections in fiscal year 2024, and by \$12.8 million in fiscal year 2025, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ 14,920
FY 2025 -	\$ 40,180
FY 2026 -	\$ 45,130
FY 2027 -	\$ 50,830
FY 2028 -	\$ 57,270
FY 2029 -	\$ 64,550

Local Government, if applicable (cash basis, \$000):

Repeal of sales and use tax exemption

FY 2024 -	\$ 4,640
FY 2025 -	\$ 12,800
FY 2026 -	\$ 14,720
FY 2027 -	\$ 16,920
FY 2028 -	\$ 19,460
FY 2029 -	\$ 22,370

Local excise tax impacts are indeterminate

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.

ASSUMPTION:

This estimate affects 120 taxpayers.

FIRST YEAR COSTS:

The department will incur total costs of \$301,800 in fiscal year 2024. These costs include:

Labor Costs – Time and effort equate to 1.56 FTEs.

- Amend one administrative rule.
- Adopt on new administrative rule.
- Expire one deduction.
- Create a new quantity excise tax with an addendum for a county component.
- Create the clean and renewable energy workforce capital account in the state treasury.
- Set up, program, and test computer system changes.
- Review reports, scrutinize data, examine accounts, and make corrections as necessary.
 - Process tax return work items; assist taxpayers with reporting questions; and respond to inquiries via email, web message, and paper correspondence.
 - Answer additional phone calls and counter inquiries on tax questions and tax return preparation from businesses, individuals, and accountants.
- Gather requirements, attend implementation meetings, document processes, and test systems.

Object Costs - \$114,400.

- Contract computer system programming.

SECOND YEAR COSTS:

The department will incur total costs of \$29,400 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 0.3 FTEs.

- Review reports, scrutinize data, examine accounts, and make corrections as necessary.
 - Process tax return work items; assist taxpayers with reporting questions; and respond to inquiries via email, web message, and paper correspondence.
 - Answer additional phone calls and counter inquiries on tax questions and tax return preparation from businesses, individuals, and accountants.

ONGOING COSTS:

Ongoing costs for the 2025-27 biennium equal \$31,100 and include similar activities described in the second-year costs. Time and effort equate to 0.2 FTEs in fiscal year 2026 and 0.1 FTEs in fiscal year 2027.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.6	0.3	0.9	0.2	0.1
A-Salaries and Wages	115,200	19,100	134,300	20,200	14,600
B-Employee Benefits	38,000	6,300	44,300	6,700	4,800
C-Professional Service Contracts	114,400		114,400		
E-Goods and Other Services	23,400	3,100	26,500	3,300	2,000
J-Capital Outlays	10,800	900	11,700	900	600
Total \$	\$301,800	\$29,400	\$331,200	\$31,100	\$22,000

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
EMS BAND 4	126,619	0.0		0.0		
EMS BAND 5	147,919	0.0		0.0		
EXCISE TAX EX 2	55,872	0.1	0.1	0.1	0.1	
EXCISE TAX EX 3	61,632	0.3	0.1	0.2		
IT SYS ADM-JOURNEY	92,844	0.2		0.1		
MGMT ANALYST4	73,260	0.7	0.1	0.4	0.1	0.1
TAX POLICY SP 2	75,120	0.0		0.0		
TAX POLICY SP 3	85,020	0.1		0.0		
TAX POLICY SP 4	91,524	0.0		0.0		
WMS BAND 2	94,669	0.1		0.1		
WMS BAND 3	107,685	0.0		0.0		
Total FTEs		1.6	0.3	1.0	0.2	0.1

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

Provisions of the bill 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 process to amend WAC 458-20-263, titled: "Exemptions from retail sales and use taxes for qualifying electric generating systems using renewable energy sources," and the standard process to adopt WAC 458-20-NEW, titled: "Clean energy workforce investment tax." Persons affected by this rulemaking would include qualifying utility-scale facilities that produce electricity.

Individual State Agency Fiscal Note

Bill Number: 1194 HB	Title: Renewable energy workforce	Agency: 365-Washington State University
-----------------------------	--	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

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

Estimated Capital Budget Impact:

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: Tracey Taylor	Phone: 360-786-7152	Date: 01/10/2023
Agency Preparation: Emily Green	Phone: 5093359681	Date: 01/18/2023
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 01/18/2023
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 01/25/2023

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.

HB 1194 – Renewable Energy Workforce relates to the training, educating, and inspiring the next generation of the clean and renewable energy workforce.

Section 1 of this bill states that the legislature intends to establish a joint clean and renewable energy workforce training center (CREW center) to educate and train the workforce for the energy transition. The legislature further intends to locate this facility and training program in the Tri-Cities region. Additionally, this section sets the intention to create Secure Power from American Resource Center (SPARC Center) facility also located within the Tri-Cities Region.

Section 2 (2) of this bill states that the CREW Center may be jointly operated by American resources center and WSU Tri-Cities. It may be made available to all four-year institutions of higher education within the state of Washington.

Section 2 (3) (i) of this bill states that the CREW Center Board of Directors shall include one (1) representative from WSU.

At this time, the fiscal impact to WSU is indeterminate, greater than \$50,000. WSU estimates that initial costs would range between \$10-20 million; however, size and scope of facilities and programming is unknown at this time.

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.

WSU will not collect any fee or tax revenue as a result of the bill.

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.

For the purposes of this fiscal note, WSU assumes that it would require an executive director and administration support staff to operate and manage CREW Center programming. The executive director would need experience within the clean energy sector to best facilitate operations and programming at the center. This bill does not address the programming or student support required and cannot assess the appropriate size of support staff. Additionally, the CREW Center would require faculty members in order to support training program. Faculty members required would be based on targeted enrollment proscribed by the legislature. It is unclear at this time how other Washington institutions of higher education would participate in CREW Center Operations.

For the purposes of this fiscal note, WSU assumes that it would require an executive director plus administrative staff to operate and manage the SPARC Center. The executive director would need experience within the clean energy sector to best engage visitors and inspire citizens to engage in clean energy policy making. It is unclear at this time how operational responsibilities and expenses would be split between WSU Tri-Cities and the American resources center.

WSU estimates \$350,000-\$600,000 would be needed for goods and services based on targeted enrollment and program specifications.

WSU estimates that purchasing a facility to house the CREW center would range from \$7-10 million.

Purchase cost for SPARC Center facility is estimated at \$3-5 million.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

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

III. B - Expenditures by Object Or Purpose

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

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1194 HB

Title: Renewable energy workforce

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

Legislation Impacts:

- Cities: Increased revenue due to sales and use tax exemption repeal
- Counties: Increased revenue due to sales and use tax exemption repeal
- Special Districts: Increased revenue due to sales and use tax exemption repeal
- Specific jurisdictions only: Washington State University and Technical College staff costs
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: Option for counties to put a vote before the people
- Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
City	1,368,117	3,774,117	5,142,234	9,329,145	12,333,696
County	1,681,772	4,639,371	6,321,143	11,467,944	15,161,318
Special District	1,543,711	4,258,513	5,802,224	10,526,510	13,916,686
TOTAL \$	4,593,600	12,672,001	17,265,601	31,323,599	41,411,700
GRAND TOTAL \$					90,000,900

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 01/20/2023
Leg. Committee Contact: Tracey Taylor	Phone: 360-786-7152	Date: 01/10/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/20/2023
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 01/25/2023

Part IV: Analysis

A. SUMMARY OF BILL

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

Section 1 describes legislative intent.

Section 2 adds a new chapter to title 82 RCW [Excise taxes] to establish a “clean and renewable energy workforce training center and secure power from American resources centers” that will be under the authority of Washington State University Tri-Cities and a joint operating agency pursuant to chapter 43.52 RCW. A board with 13 voting members will be established, which will include two members from local governments: one member representing Washington State University and one member representing a community and technical college in the Tri-Cities area.

Section 3 amends RCW 43.52.391 [powers and duties of operating agency] allow an operating agency (defined as any two or more cities or public utility districts or combinations thereof formed for the purpose of acquiring, constructing, operating and owning plants, systems and other facilities and extensions thereof, for the generation and/or transmission of electric energy and power), to own or operate educational training facilities and public visitor centers designed to provide education enrichment experiences.

Section 4 repeals a sales and use tax exemption for machinery and equipment used in generating electricity.

Section 5 defines three facilities: “Qualified utility-scale facility,” “solar farm,” and “wind farm.”

Section 6 creates a state excise tax called a statewide clean energy workforce investment tax on the production from a qualified utility-scale facility.

Section 7 creates a local option for a county to impose a county excise tax upon approval by a vote of the people. The ballot measure must clearly state the purposes for which the proposed tax may be used: 1) to support tourism and economic development purposes; 2) to mitigate any negative impacts to touring from the siting of energy infrastructure; and 3) for education, workforce, and skill center initiatives.

Section 8 creates “the clean and renewable energy workforce capital account” in the state treasury.

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.

This bill will result in an indeterminate increase in local government expenditures.

Section 2 establishes a board of 13 members. Two of the 13 members work for a local government and will require additional workload and staff costs for a technical college and a state university. It is unknown if these staff and workload costs will fit into current workload requirements or if they will require additional staff to be hired.

Section 7 gives a county the option to put a vote to the people to enact a new county excise tax. Counties that choose to add a ballot measure would incur increased but indeterminate costs. Adding a ballot measure could increase the ballot size and number of printed pages. However, the length of the ballot, and the length of the measure that a county might add cannot be predicted. Therefore, the increased printing costs are indeterminate.

Because cities, counties and special purpose districts participating in elections pay their proportionate share of election costs to print ballots and voter pamphlets, any increased costs counties experience as a result of printing more pages would proportionately impact cities and special districts in the same indeterminate manner.

The potential results of an election are indirect impacts and are not included in this fiscal note analysis.

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.

This bill will result in a significant increase in local government revenue.

According to the Dept. of Revenue Fiscal Note, this bill increases local revenues due to the repeal of sales and use tax exemptions (Section 4) by an estimated \$4.6 million in the five months of impacted collections in fiscal year 2024, and by \$12.8 million in fiscal year 2025, the first full year of impacted collections.

TOTAL LOCAL GOV REVENUE INCREASE

FY 2024 -	\$ 4,640,000
FY 2025 -	\$ 12,800,000
FY 2026 -	\$ 14,720,000
FY 2027 -	\$ 16,920,000
FY 2028 -	\$ 19,460,000
FY 2029 -	\$ 22,370,000

METHODOLOGY:

The revenue distributions for cities, counties, and special districts are based on DOR data for local sales and use tax distributions from Calendar Year 2021. Mitigation payments and distributions to hospital benefit zones are not factored into this distribution. The result is a distribution of 36.61 percent to counties, 29.78 percent to cities, and 33.61 percent to special districts. The one percent DOR administrative fee has also been deducted.

COUNTIES:

FY 2024	\$1,681,772
FY 2025	\$4,639,371
FY 2026	\$5,335,276
FY 2027	\$6,132,668
FY 2028	\$7,053,293
FY 2029	\$8,108,025

CITIES:

FY 2024	\$1,368,117
FY 2025	\$3,774,117
FY 2026	\$4,340,234
FY 2027	\$4,988,911
FY 2028	\$5,737,837
FY 2029	\$6,595,859

SPECIAL DISTRICTS:

FY 2024	\$1,543,711
FY 2025	\$4,258,513
FY 2026	\$4,897,289
FY 2027	\$5,629,221
FY 2028	\$6,474,270
FY 2029	\$7,442,416

SOURCES:

Department of Revenue Fiscal Note
Department of Revenue Local Tax Distributions



Multiple Agency Ten-Year Analysis Summary

Bill Number 1194 HB	Title Renewable energy workforce
-------------------------------	--

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

Estimated Cash Receipts

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	14,920,000	40,180,000	45,130,000	50,830,000	57,270,000	64,550,000	72,890,000	82,460,000	93,300,000	105,730,000	627,260,000
Washington State University	0	0	0	0	0	0	0	0	0	0	0
Total	14,920,000	40,180,000	45,130,000	50,830,000	57,270,000	64,550,000	72,890,000	82,460,000	93,300,000	105,730,000	627,260,000



Ten-Year Analysis

Bill Number 1194 HB	Title Renewable energy workforce	Agency 090 Office of State Treasurer
-------------------------------	--	--

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: Dan Mason	Phone: (360) 902-8990	Date: 1/12/2023 4:29:37 pm
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 1/12/2023 4:29:37 pm
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 1/25/2023 12:56:30 pm



Ten-Year Analysis

Bill Number 1194 HB	Title Renewable energy workforce	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

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Renewable energy production tax	new	4,600,000	11,700,000	12,400,000	13,200,000	14,000,000	14,800,000	15,700,000	16,700,000	17,700,000	18,800,000	139,600,000
Retail Sales Tax	001	10,300,000	28,430,000	32,680,000	37,570,000	43,200,000	49,670,000	57,100,000	65,650,000	75,480,000	86,790,000	486,870,000
Retail Sales Tax	553	20,000	50,000	50,000	60,000	70,000	80,000	90,000	110,000	120,000	140,000	790,000
Total Retail Sales Tax		10,320,000	28,480,000	32,730,000	37,630,000	43,270,000	49,750,000	57,190,000	65,760,000	75,600,000	86,930,000	487,660,000
Total		14,920,000	40,180,000	45,130,000	50,830,000	57,270,000	64,550,000	72,890,000	82,460,000	93,300,000	105,730,000	627,260,000
Biennial Totals		55,100,000	95,960,000	121,820,000	155,350,000	199,030,000	627,260,000					

Narrative Explanation (Required for Indeterminate Cash Receipts)

CURRENT LAW:

There is no renewable energy production tax under current law.

Machinery and equipment used directly in generating electricity from wind, sun, fuel cells, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion technology that converts otherwise lost energy from exhaust, or landfill gas as the principal source of power is exempt from state and local sales and use tax in whole or in part.

Solar energy systems generating no more than 100 kilowatt AC of electricity qualify for 100% sales and use tax exemption for machinery, equipment and installation.

Renewable energy systems generating more than 1,000 watts AC of electricity may qualify for a remittance of up to 100% of sales and use tax paid on machinery, equipment, and installation if certain criteria are met.



Ten-Year Analysis

Bill Number	Title	Agency
1194 HB	Renewable energy workforce	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>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

The exemptions expire January 1, 2030.

PROPOSAL:

This bill establishes a clean and renewable energy workforce training center to educate and train the workforce, located in the Tri-Cities area.

This bill creates a new clean energy workforce investment tax on the production of electricity from a qualified utility-scale facility, a solar or wind farm that generates five megawatts or more. The tax rate is \$1.00 per megawatt-hour.

A county may submit an authorizing proposition to the voters to impose a local excise tax option. This tax rate may not exceed \$1.00 per megawatt-hour.

This bill repeals the state and local sales and use tax exemption for machinery and equipment, and labor and services to install the machinery and equipment that is used for generating electricity through solar systems, wind, sun, fuel cells, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, or landfill gas.

This bill creates a new state treasury account, the clean and renewable energy workforce capital account. Revenues deposited into this account intend to be an equal amount to repealing the exemption for sales of machinery and equipment used in generating renewable energy.

EFFECTIVE DATE:

This bill takes effect on January 1, 2024.

ASSUMPTIONS

- Wind and solar total production grows 6.12% each year based on the average of five years of production growth.
- All Washington wind and solar energy plants included in U.S. Energy Information Administration data would qualify as 'qualified utility-scale facilities' generating more than five megawatts or more.
- All current wind and solar energy plants keep operating at the same or increased capacity.
- Wind and solar energy plants under construction or in development are excluded from the estimate. New qualifying plants increase revenues.
- Compound annual growth rate is 9% for renewable energy market and 15% for residential solar photovoltaic (PV) market.
- Large renewable energy projects that qualify for a sales and use tax reimbursement are difficult to predict. No large new projects will be added. Large projects would increase the sales tax impact.



Ten-Year Analysis

Bill Number	Title	Agency
1194 HB	Renewable energy workforce	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>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

- The impact of the local county excise tax section of this bill is indeterminate. It is unknown which counties would pass a ballot measure to impose a new excise tax.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.9231%.
- This legislation takes effect January 1, 2024, and impacts five months of collections in fiscal year 2024.

DATA SOURCES

- Department of Revenue, excise tax return data and renewable energy reimbursements
- U.S. Energy Information Administration Statistics
- Globenewswire.com, Renewable energy and residential solar PV market forecasts

REVENUE ESTIMATES

This bill increases state revenues by an estimated \$14.9 million in the five months of impacted collections in fiscal year 2024, and by \$40.2 million in fiscal year 2025, the first full year of impacted collections.

This bill also increases local revenues by an estimated \$4.6 million in the five months of impacted collections in fiscal year 2024, and by \$12.8 million in fiscal year 2025, first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ 14,920
FY 2025 -	\$ 40,180
FY 2026 -	\$ 45,130
FY 2027 -	\$ 50,830
FY 2028 -	\$ 57,270
FY 2029 -	\$ 64,550

Local Government, if applicable (cash basis, \$000):

Repeal of sales and use tax exemption

FY 2024 -	\$ 4,640
FY 2025 -	\$ 12,800



Ten-Year Analysis

Bill Number 1194 HB	Title Renewable energy workforce	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> .

Narrative Explanation (Required for Indeterminate Cash Receipts)

FY 2026 -	\$ 14,720
FY 2027 -	\$ 16,920
FY 2028 -	\$ 19,460
FY 2029 -	\$ 22,370
Local excise tax impacts are indeterminate	

Agency Preparation: Alex Merk-Dyes	Phone: 360-534-1601	Date: 1/18/2023 9:03:05 pm
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 1/18/2023 9:03:05 pm
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 1/25/2023 12:56:30 pm



Ten-Year Analysis

Bill Number 1194 HB	Title Renewable energy workforce	Agency 365 Washington State University
-------------------------------	--	--

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: Emily Green	Phone: 5093359681	Date: 1/18/2023 9:39:38 pm
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 1/18/2023 9:39:38 pm
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 1/25/2023 12:56:30 pm