Multiple Agency Fiscal Note Summary

Bill Number: 2410 HB	**Title:** Jet fuel tax preferences

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 Revenue	0	0	0	(5,000)	(5,000)	(5,000)	(23,000)	(23,000)	(23,000)
Total $	**0**	**0**	**0**	**(5,000)**	**(5,000)**	**(5,000)**	**(23,000)**	**(23,000)**	**(23,000)**

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
Joint Legislative Audit and Review Committee	.0	0	0	7,200	.0	0	0	9,600	.0	0	0	9,600
Department of Revenue	.2	62,300	62,300	62,300	.1	27,000	27,000	27,000	.1	27,000	27,000	27,000
Department of Ecology	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total $	**0.2**	**62,300**	**62,300**	**69,500**	**0.1**	**27,000**	**27,000**	**36,600**	**0.1**	**27,000**	**27,000**	**36,600**

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Joint Legislative Audit and Review Committee	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.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

Prepared by: Amy Hatfield, OFM	**Phone:** (360) 280-7584	**Date Published:** Final 1/25/2024

FNPID 69710

Individual State Agency Fiscal Note

Bill Number: 2410 HB	Title: Jet fuel tax preferences	Agency: 014-Joint Legislative Audit and Review Committee

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
Account					
Performance Audits of Government Account-State 553-1	4,800	2,400	7,200	9,600	9,600
Total $	4,800	2,400	7,200	9,600	9,600

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: 01/22/2024
Agency Preparation:	Dana Lynn	Phone: 360-786-5177	Date: 01/24/2024
Agency Approval:	Eric Thomas	Phone: 360 786-5182	Date: 01/24/2024
OFM Review:	Gaius Horton	Phone: (360) 819-3112	Date: 01/25/2024

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 bill amends RCW 82.04.287 and 82.04.436, providing B&O tax preferences for manufacturers, processors for hire, wholesalers and retailers of alternative jet fuel. The bill adds new preferences under each statute for businesses located in a distressed area of the state (as defined in the bill) that produce alternative jet fuel.

TAX PREFERENCE PERFORMANCE STATEMENT DETAILS

Section 5 notes that the tax preference performance statement in section 8, chapter 232, Laws of 2023 applies for sections 2 through 4 of the bill.

The 2023 performance statement categorized the preferences as intended to improve industry competitiveness, as indicated in RCW 82.32.808(2)(b). The Legislature's specific public policy objective is to encourage production and use of alternative jet fuels and to support development of the alternative jet fuels industry in the state by providing targeted tax relief.

The Legislature intended to extend the expiration dates if a review finds that:
• There has been an increase in the production and use of alternative jet fuels by persons claiming the tax preferences.
• The production and use of alternative jet fuels in the state does not result in additional pollution including, but not limited to, pollution from per-and polyfluoroalkyl substances, noxious gases, ultrafine particles, lead, or other metals.
• The alternative jet fuel industry has created measurable economic growth in Washington.

JLARC is directed to include a racial equity analysis on air travel-related pollution in communities near an international airport owned by a port district in a county with a population greater than 1.5 million.

To obtain the data necessary for its review, JLARC may access and use data from an international airport owned by a port district in a county with a population greater than 1.5 million, the University of Washington, reports compiled by the Washington State University, and other data collected by the state as it deems necessary.

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.

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.

JLARC staff would contact and work with the Department of Revenue, the Port of Seattle, the University of Washington, and Washington State University immediately after passage of the bill to ensure any project contacts needed for the expanded tax preferences are established and all necessary data for JLARC staff’s future evaluation needs are identified and collected. JLARC will likely review these preferences in 2031.

The expenditure detail reflects work conducted to prepare for the future review of the preferences. Costs associated with the review are not included in this fiscal note. This fiscal note reflects only the costs associated with establishing data collection.

This tax preference review may require additional resources. The audit will be conducted and presented to JLARC consistent with the processes used for other tax preference reviews. Based on all tax preference legislation that is passed, JLARC may subsequently determine that it can absorb the costs for this proposed bill in its base budget, if the workload of other enacted tax preference legislation does not exceed current staffing. JLARC will assess all of the tax preference reviews mandated in the 2024 legislative session.

This audit will require an estimated 1 audit month.

JLARC Audit Months: JLARC calculates its staff resources in "Audit Months" to estimate the time and effort to undertake and complete its studies. An "Audit Month" reflects a JLARC analyst's time for a month, together with related administrative, support, and goods/services costs. JLARC's anticipated 2023-25 costs are calculated at approximately $23,900 per audit month.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
553-1	Performance Audits of Government Account	State	4,800	2,400	7,200	9,600	9,600
		Total $	4,800	2,400	7,200	9,600	9,600

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages	3,100	1,600	4,700	6,200	6,200
B-Employee Benefits	1,000	500	1,500	2,000	2,000
C-Professional Service Contracts					
E-Goods and Other Services	600	300	900	1,200	1,200
G-Travel	100		100	200	200
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	4,800	2,400	7,200	9,600	9,600

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
Research Analyst	131,064					
Support staff	110,856					
Total FTEs						0.0

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: 2410 HB	Title: Jet fuel tax preferences	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 05 - Bus and Occup Tax				(5,000)	(23,000)
Total $				(5,000)	(23,000)

Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.3	0.2	0.1	0.1
Account					
GF-STATE-State 001-1	17,700	44,600	62,300	27,000	27,000
Total $	17,700	44,600	62,300	27,000	27,000

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: 360-786-7152	Date: 01/22/2024
Agency Preparation:	Anna Yamada	Phone: 360-534-1519	Date: 01/23/2024
Agency Approval:	Marianne McIntosh	Phone: 360-534-1505	Date: 01/23/2024
OFM Review:	Amy Hatfield	Phone: (360) 280-7584	Date: 01/23/2024

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.

CURRENT LAW
PREFERENTIAL BUSINESS AND OCCUPATION (B&O) TAX RATE
Businesses that manufacture alternative jet fuels pay a preferential B&O tax rate for manufacturing activities and wholesaling and retailing of the alternative jet fuel manufactured.

For manufacturers, the amount of tax equals the value of the product manufactured multiplied by the rate of 0.275%.

For processors for hire, the amount of tax equals the business's gross income multiplied by the rate of 0.275%.

For those making sales at retail or wholesale, the amount of tax equals the gross proceeds of sales multiplied by the rate of 0.275%.

Alternative jet fuel means fuel that can be blended and used with conventional petroleum jet fuels without the need to modify aircraft engines. It also has a lower carbon intensity than the annual carbon intensity standard (found in WAC 173-424-900) and does not include conventional jet fuel.

The preferential rates become effective on the first day of the quarter immediately following the month when the Department of Ecology notifies the Department of Revenue (department) that one or more facilities with a cumulative production capacity of at least 20 million gallons of alternative jet fuel each year are operating in Washington.

A person who takes the preferential rates must file an annual tax performance report with the department.

The preferential rates expire nine calendar years after the close of the calendar year in which the tax rates take effect.

BUSINESS AND OCCUPATION TAX CREDIT FOR MANUFACTURERS:
The law provides a B&O tax credit to those manufacturing alternative jet fuel. The credit equals $1 per gallon of alternative jet fuel having at least 50% less carbon dioxide (CO_2) equivalent emissions than conventional jet fuel and is sold by:
- A business manufacturing alternative jet fuel located in a qualifying county with a population of less than 650,000 at the time of an application.
- The Department of Ecology, in consultation with the Department of Archeology and Historic Preservation, must verify that the production facility is not located on the footprint of a structure listed as a historic cemetery or tribal burial grounds.
- The business's designated fuel blender is located in Washington (but not for both activities).

The credit amount must increase by 2 cents for each additional 1% reduction in CO_2 equivalent emissions beyond 50%, not to exceed $2 per gallon.

The credit is calculated only on the portion of jet fuel that is considered alternative jet fuel and does not include conventional jet fuel when such fuels are blended or otherwise used in a jet fuel mixture.

The credit may be earned from the first day of the quarter immediately following the quarter when the Department of Ecology notifies the department that one or more facilities with a cumulative production capacity of at least 20 million gallons of alternative jet fuel each year are operating in Washington. No credit may be earned beginning nine calendar years after the close of the calendar year in which the contingency occurs.

Manufacturers claiming this credit must reduce the wholesale price of alternative jet fuel by the amount of the claimed credit.

To claim this credit, the taxpayer must electronically file all returns, forms, and other required information, including contract pricing for sales of alternative jet fuel, with the department and complete an application for the credit. The taxpayer claiming the credit provided in this section must file a complete annual tax performance report with the department.

Businesses may take the credit for either manufacturing or using alternative jet fuels, but not both.

The department must notify those applying for the credit within 60 days of acceptance of their documentation.

The credit earned during one calendar year may be carried over and claimed against taxes incurred only for the next subsequent calendar year. The department cannot grant refunds.

PROPOSAL
The intent of this bill is to support the development of the alternative jet fuel industry in distressed areas of the state by extending the existing tax preferences and providing long-term employment opportunities to distressed areas.

"Distressed area" means a county that has been designated as such by the Employment Security Department by January 1, 2024.

This bill allows a manufacturer of alternative jet fuel to locate in a "distressed area" to qualify for the existing tax preferences.

PREFERENTIAL B&O RATES
The reduced rates of 0.275% become effective for a business located in a distressed area on the first day of the quarter immediately following the month when the Department of Ecology notifies the department that the particular facility has a facility-specific production capacity of at least 500,000 gallons of alternative jet fuel each year.

The preferential rates expire for all locations in the state nine calendar years after the close of the calendar year in which the department receives notice from the Department of Ecology that a cumulative production capacity of at least 20 million gallons of alternative jet fuel annually from one or more facilities operating in the state.

B&O TAX CREDIT
Only after the Department of Ecology has notified the department that the particular facility in a distressed area has a facility-specific production capacity of at least 500,000 gallons of alternative jet fuel each year, that specific manufacturer may take the B&O credit after June 30, 2025.

EFFECTIVE DATE
This bill takes effect on July 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
Producers in distressed areas
- An alternative jet fuel production facility in a distressed area begins operations by July 1, 2024, with an initial capacity of 40,000 gallons during the fiscal year 2025. The capacity will increase to 500,000 gallons by July 1, 2025, during fiscal year 2026.

- The Department of Ecology will verify this facility's 500,000-gallon capacity requirement for a distressed area during the third quarter of calendar year 2026.
- The preferential B&O rate for this specific production facility in a distressed area becomes effective October 1, 2026, the start of the fourth quarter. This leads to eight months of impacted cash collections in fiscal year 2027.
- Producer credits will be taken against the B&O tax paid in fiscal year 2028 for fuel produced the previous year.

Producers in non-distressed, qualifying counties
- An alternative jet fuel production facility with a 30 million gallon capacity begins operations by July 1, 2028.
- The Department of Ecology will verify the 20 million gallon capacity requirement during the third quarter of calendar year 2028 and verify, in consultation with the Department of Archeology and Historic Preservation, that the production facilities are not listed as a historic cemetery or tribal burial grounds.
- The preferential B&O rate becomes effective October 1, 2028, the start of the fourth quarter. This leads to eight months of impacted cash collections in fiscal year 2029.
- Producers and alternative fuel users will claim credits beginning in fiscal year 2030.
- Producer credits will be taken against the B&O tax paid in fiscal year 2030 for fuel produced the previous year.

-The two facilities will exceed the 20 million gallon threshold to trigger the tax preferences on July 1, 2028, triggering the preferences to expire on July 1, 3037, nine years after.
- Beginning in fiscal year 2029, alternative jet fuel production will grow at the rate projected for worldwide production capacity, as reported by Statista.

- When alternative jet fuel is manufactured in the state, it will be consumed by in-state users before being exported during the period of this fiscal note.
- Airlines/carriers will replace fossil-based jet fuels with alternative fuels as the in-state production begins.

DATA SOURCES
- Transportation Economic & Revenue Forecast, Summary Vol. I November 2023 Forecast
- U.S. Energy Information Administration, Prices, Sales Volume, and Stocks by State
- U.S. Energy Information Administration, PADD 5 Refinery and Blender Net Production
- California Air Resources Board, LCFS Pathway Certified Carbon Intensities
- Washington Research Council, Economic contribution of Washington State's petroleum refining Industry in 2019, Appendix A.2 Quantity and Value of Output, June 2021
- Construction Begins on First U.S Commercial e-SAF Plant, Aironline.com, July 11, 2023, https://www.ainonline.com/aviation-news/aerospace/2023-07-11/construction-begins-first-us-commercial-e-saf-plant
- New $800 M sustainable aviation fuel plant planned for Washington state, May 18, 2023, https://www.seattletimes.com/business/boeing-aerospace/new-800m-sustainable-aviation-fuel-plant-planned-for-washington-state/
- Congressional Research Service, Sustainable Aviation Fuel (SAF)
- Air passenger Numbers to Recover in 2024, JETA, March 1, 2022, https://www.iata.org/en/pressroom/2022-releases/2022-03-01-01/
- Statista, SAF World production capacity 2020-2025 trend
- Statista, U.S. price outlook of select fuels 2018-2050
- Department of Revenue, Excise tax data

REVENUE ESTIMATES

This bill decreases state revenues by an estimated $5,000 in the 2025-27 biennium and $23,000 in the 2027-29 biennium.

TOTAL REVENUE IMPACT:

State Government (cash basis, $000):

FY 2024 -	$ 0
FY 2025 -	$ 0
FY 2026 -	$ 0
FY 2027 -	($ 5)
FY 2028 -	($ 11)
FY 2029 -	($ 12)

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

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.

ASSUMPTIONS:
This bill affects minimal taxpayers.

FIRST YEAR COSTS:
The department will incur total costs of $17,700 in fiscal year 2024. These costs include:

Labor Costs – Time and effort equate to 0.09 FTEs.
- Adopt one new administrative rule.
- Set up, program, and test computer system changes.
- Identify publications and information the department may need to create or update on the department's website.

Object Costs - $6,800.
- Computer system changes, including contract programming.

SECOND YEAR COSTS:
The department will incur total costs of $44,600 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 0.33 FTEs.
- Continued computer system testing, monitoring, and maintenance.
- Review reports, scrutinize data, and examine accounts to make corrections as necessary.

ONGOING COSTS:
Ongoing costs for the 2025-27 biennium equal $27,000 and include similar activities described in the second-year costs. Time and effort equate to 0.1 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.3	0.2	0.1	0.1
A-Salaries and Wages	6,800	28,200	35,000	18,400	18,400
B-Employee Benefits	2,200	9,400	11,600	6,000	6,000
C-Professional Service Contracts	6,800		6,800		
E-Goods and Other Services	1,300	4,800	6,100	2,000	2,000
J-Capital Outlays	600	2,200	2,800	600	600
Total $	$17,700	$44,600	$62,300	$27,000	$27,000

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	131,684		0.0	0.0		
EMS BAND 5	153,836		0.0	0.0		
IT B A-JOURNEY	91,968		0.2	0.1	0.1	0.1
MGMT ANALYST4	76,188		0.0	0.0		
TAX POLICY SP 2	78,120	0.1	0.0	0.0		
TAX POLICY SP 3	88,416	0.0	0.1	0.1		
TAX POLICY SP 4	95,184		0.0	0.0		
WMS BAND 2	98,456	0.0		0.0		
WMS BAND 3	111,992		0.0	0.0		
Total FTEs		0.1	0.3	0.2	0.1	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 standard process to adopt one new rule under chapter 458-20 WAC. Persons affected by this rulemaking would include manufacturers located in a distressed county with a production capacity of at least 500,000 gallons of alternative jet fuel.

Individual State Agency Fiscal Note

Bill Number: 2410 HB	Title: Jet fuel tax preferences	Agency: 461-Department of Ecology

Part I: Estimates

☒ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

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: 01/22/2024
Agency Preparation:	Cristina Steward	Phone: 564-669-1723	Date: 01/22/2024
Agency Approval:	Erik Fairchild	Phone: 360-407-7005	Date: 01/22/2024
OFM Review:	Lisa Borkowski	Phone: (360) 742-2239	Date: 01/23/2024

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.

Currently, RCW 82.04.287 allows businesses manufacturing alternative jet fuel (also known as sustainable aviation fuel, or SAF) to receive a tax credit of 0.275 percent of the business's gross income, effective July 1, 2024.

This bill would amend RCW 82.04.287 and RCW 82.04.436 to reduce the fuel production capacity requirements that must be met to receive the credit when businesses producing alternative jet fuel are located in distressed areas of the state.

Section 2 would amend RCW 82.04.287 to include a provision that Ecology notify the Department of Revenue when a SAF production facility in a distressed area of the state has a facility-specific production capacity of at least 500,000 gallons per year.

Section 3 would define "distressed area" as a county that has been designated as such by the Employment Security Department.

Section 4 would amend RCW 70A.535.150 to require Ecology to notify the Department of Revenue within 30 days when any facility capable of producing at least 500,000 gallons of alternative jet fuel each year is operating in a distressed area in the state.

This bill would have no fiscal impact to Ecology. Information about production capacity of SAF production facilities is collected by a third party, and notification requirements under this bill are within Ecology's existing workload implementing ESSB 5447 (2023).

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.

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.