Multiple Agency Fiscal Note Summary

Bill Number: 1263 HB	**Title:** Rural infrastructure

Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Bond Retirement and Interest	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total $	0	0	0	0	0	0	0	0	0

Agency Name	2021-23		2023-25		2025-27	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Bond Retirement and Interest	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Commerce	Fiscal note not available											
Utilities and Transportation Commission	.6	0	0	503,272	.0	0	0	0	.0	0	0	0
Total $	**0.6**	**0**	**0**	**503,272**	**0.0**	**0**	**0**	**0**	**0.0**	**0**	**0**	**0**

Agency Name	2021-23			2023-25			2025-27		
	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	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Bond Retirement and Interest	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	Fiscal note not available								
Utilities and Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Total $	**0.0**	**0**	**0**	**0.0**	**0**	**0**	**0.0**	**0**	**0**

FNPID: 61695

FNS029 Multi Agency rollup

Agency Name	2021-23			2023-25			2025-27		
	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

NONE

Prepared by: Myra Baldini, OFM	Phone: (360) 688-8208	Date Published: Preliminary 2/ 4/2021

FNPID: 61695

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 1263 HB	Title: Rural infrastructure	Agency: 010-Bond Retirement and Interest

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:

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:	Kyle Raymond	Phone: 360-786-7190	Date: 01/25/2021
Agency Preparation:	Leslie Yonkers	Phone: (360) 902-9020	Date: 01/28/2021
Agency Approval:	Leslie Yonkers	Phone: (360) 902-9020	Date: 01/28/2021
OFM Review:	Les Myhre	Phone: (360) 902-0614	Date: 01/28/2021

Part II: Narrative Explanation

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

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

Sec. 2 creates the rural infrastructure assistance account in the state treasury. The proceeds of bond sales, when authorized by the legislature, must be deposited into the account. Expenditures from the account may be used only for grants to local governments located in rural counties for public facilities, including costs incurred by the Department of Commerce to administer the grant program.

The bill allows for bond proceeds to be deposited into the rural infrastructure account. However, the bill does not specify the amount of bonds to be issued in connection with the program. As such, we are unable to calculate the fiscal impact of such bonds. [Believe, as the bill does not provide a bond authorization, the incremental difference of the bill itself (fiscal impact from the bill) is $0].

OST recommends against the use of separate accounts for the deposit of bond proceeds. Depositing tax-exempt proceeds into the state building construction account or taxable proceeds into the state taxable building construction account is considered best practice. Proceeds will be used as appropriated. This eliminates the potential of unspent balances in segregated accounts that may lose appropriation authority over multiple biennia, causing federal tax compliance concerns.

II. B - Cash receipts Impact

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

N/A

II. C - Expenditures

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

N/A

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: *List FTEs by classification and corresponding annual compensation. Totals need to 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

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

NONE

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

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 1263 HB	Title: Rural infrastructure	Agency: 215-Utilities and Transportation Commission

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.6	0.6	0.6	0.0	0.0
Account					
Public Service Revolving Account-State 111-1	251,636	251,636	503,272	0	0
Total $	251,636	251,636	503,272	0	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:	Kyle Raymond	Phone: 360-786-7190	Date: 01/25/2021
Agency Preparation:	Amanda Hathaway	Phone: 360-664-1249	Date: 01/28/2021
Agency Approval:	Amy Andrews	Phone: 360-481-1335	Date: 01/28/2021
OFM Review:	Jenna Forty	Phone: (564) 999-1671	Date: 01/28/2021

Part II: Narrative Explanation

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

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

Section 3 (h) requires that the Utilities and Transportation Commission to provide technical feasibility analysis for a number of applications for the rural infrastructure development grant program. The program plans to offer two grant cycles each fiscal year for a total of four per biennium.

II. B - Cash receipts Impact

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

NONE

II. C - Expenditures

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

These numbers are based off implementing 2019's SB 5511, using staff's time codes and previous costs associated with the consultants. The UTC anticipates applications will triple if this passes.

Costs of coordinating and providing technical assistance to the Department of Commerce for this program would include 1,200 UTC staff hours per fiscal year.

$86,635 starting in FY 2022 annual expenditures for providing Department of Commerce technical assistance: (Assistant Director Telecommunications, 0.29; Regulatory Analyst 3, 0.29)

Depending on the level of assistance requested by the Department, the UTC will need new resources to retain a part/full time engineering consulting firm at an estimated cost of $165,000 per fiscal year.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
111-1	Public Service Revolving Account	State	251,636	251,636	503,272	0	0
		Total $	251,636	251,636	503,272	0	0

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.6	0.6	0.6		
A-Salaries and Wages	58,936	58,936	117,872		
B-Employee Benefits	20,628	20,628	41,256		
C-Professional Service Contracts	165,000	165,000	330,000		
E-Goods and Other Services	7,072	7,072	14,144		
G-Travel					
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 $	251,636	251,636	503,272	0	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 2022	FY 2023	2021-23	2023-25	2025-27
Asst. Director, Regulatory Services	115,908	0.3	0.3	0.3		
Regulatory Analyst 3	90,883	0.3	0.3	0.3		
Total FTEs		0.6	0.6	0.6		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

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

NONE

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

NONE

Part V: New Rule Making Required

LOCAL GOVERNMENT FISCAL NOTE

Revised

Department of Commerce

Bill Number: 1263 HB	**Title:** Rural infrastructure

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

Legislation Impacts:

[X] Cities: Cities located in rural counties applying for public facility grants

[X] Counties: Rural counties applying for public facility grants

[X] Special Districts: Special districts in rural counties applying for public facility grants

[ ] Specific jurisdictions only:

[ ] Variance occurs due to:

Part II: Estimates

[ ] No fiscal impacts.

[ ] Expenditures represent one-time costs:

[X] Legislation provides local option: Local governments in rural counties would have an opportunity to apply for grant funds for qualifying public facilities

[X] Key variables cannot be estimated with certainty at this time: Which jurisdictions would apply for funding; which jurisdictions would receive the funding; amount of funding

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Vellinga	Phone: 360-725-5038	Date: 02/01/2021
Leg. Committee Contact: Kyle Raymond	Phone: 360-786-7190	Date: 01/25/2021
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/01/2021
OFM Review: Myra Baldini	Phone: (360) 688-8208	Date: 02/01/2021

Part IV: Analysis

A. SUMMARY OF BILL

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

This bill would amend Title 43 RCW by adding a new chapter.

Section 1
Defines in Section 1(5) of the bill department, broadband infrastructure, local government, public facilities, and rural county.

Section 2
Creates the rural infrastructure assistance account in the state treasury. The account may be used to issue grants to local governments located in rural counties for public facilities.

Section 3
Requires the Department of Commerce to establish a competitive grant program to award funding to local governments located in rural counties for public facilities. Commerce is required to develop administrative procedures governing the application and award process, act as fiscal agent for the program, and is responsible for administering, accepting, and reviewing the applications to select recipients for grant awards. Commerce must consider the following factors when prioritizing applications:
-whether the project is critical in nature and would affect the health and safety of many people;
-the extent to which the project leverages other funds;
-the extent to which the project is ready to proceed to construction;
-whether the project is located in a distressed area; whether the project promotes the sustainable use of resources and environmental quality, as applicable;
-whether the project consolidates or regionalizes systems;
-whether the project encourages economic development through mixed-use and mixed income development;
-whether the facility is being well managed in the present and for long-term sustainability;
-achieving equitable distribution of funds by geography and population;
-whether the applicant sought or is seeking funding for the project from other sources;
-whether the completion of the project will directly or indirectly achieve net negative greenhouse gas emissions; and
-whether the project will increase the opportunity for individuals to work from home

Commerce must also consider the extent to which the project meets the following objectives:
-efficient use of state resources;
-reservation and enhancement of health and safety;
-abatement of pollution and protection of the environment;
-creation of new, family-wage jobs, and avoidance of shifting existing jobs from one Washington state community to another;
-fostering economic development;
-efficiency in delivery of goods and services and transportation; and
-reduction of the overall cost of public infrastructure

Section 4
Requires Commerce to develop and submit a report by November 1, 2022 and each year thereafter containing the following information:
-the total number of applications and amount of funding requested
-a list and description of projects approved in the preceding fiscal year with project scores against the department's prioritization criteria
-the total amount of grant disbursements made in the preceding fiscal year;
-the total amount of funds obligated and timing of when the funds were obligated in the preceding fiscal year; and
-for projects funded in the prior biennium, the outcomes achieved by the approved projects, including the reduction to net negative greenhouse gas emissions, where applicable

Commerce may gather data from the local governments awarded the grant funding in order to develop the report.

B. SUMMARY OF EXPENDITURE IMPACTS

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

Local government expenditure impacts are indeterminate.

There are 32 counties that meet the definition of rural: Adams, Asotin, Benton, Chelan, Clallam, Columbia. Cowlitz, Douglas, Ferry,

Franklin, Garfield, Grant, Grays Harbor, Island, Jefferson, Kittitas, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, San Juan, Skagit, Skamania, Stevens, Wahkiakum, Walla Walla, Whatcom, Whitman, and Yakima.

Local governments include: air pollution districts, area agency on aging, behavioral health organizations, cemetery districts, cities/towns, conservation districts, counties, diking/drainage districts, emergency management service, fire protection districts, flood control districts, health districts, hospital districts, housing authorities, industrial development corporations, irrigation and reclamation districts, library districts, local/regional trauma care councils, mosquito/pest/weed districts, park and recreation districts, port/airport districts, public development authorities, public facilities districts, public utility districts, regional planning councils, stadium authorities, transportation authorities, transportation benefit districts, tv reception districts, and water/sewer districts. The total number of these local governments in the 32 rural counties in unknown.

The number of projects that would qualify for a grant established by this bill is unknown.

The application and process must be established by Commerce. Local government's staff time commitment and other potential costs are unknown. However, based on similar grant programs through the Public Works Board at the Department of Commerce, the application process generally takes 1-2 hours to complete. Most local governments have a person on staff that completes financing applications as part of their normal duties, so expenditures of this type are likely minimal.

If awarded a grant, there could be potential costs, likely minimal, to gather and provide data to the Department of Commerce per Section 4(2) in order for Commerce to develop the report required in Section 4 of the bill.

C. SUMMARY OF REVENUE IMPACTS

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

Local government revenue impacts are indeterminate. This bill would establish a program through the Department of Commerce to award grants to local governments as defined in Section 1(3) in rural counties as defined in Section 1(5) for public facilities as defined in Section 1(4).

There are 32 counties that meet the definition of rural: Adams, Asotin, Benton, Chelan, Clallam, Columbia. Cowlitz, Douglas, Ferry, Franklin, Garfield, Grant, Grays Harbor, Island, Jefferson, Kittitas, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, San Juan, Skagit, Skamania, Stevens, Wahkiakum, Walla Walla, Whatcom, Whitman, and Yakima.

Local governments include: air pollution districts, area agency on aging, behavioral health organizations, cemetery districts, cities/towns, conservation districts, counties, diking/drainage districts, emergency management service, fire protection districts, flood control districts, health districts, hospital districts, housing authorities, industrial development corporations, irrigation and reclamation districts, library districts, local/regional trauma care councils, mosquito/pest/weed districts, park and recreation districts, port/airport districts, public development authorities, public facilities districts, public utility districts, regional planning councils, stadium authorities, transportation authorities, transportation benefit districts, tv reception districts, and water/sewer districts. The total number of these local governments in the 32 rural counties in unknown.

The number of potential applications from local governments is unknown. The number of grants that will be awarded, for what amount, and how much these grants would leverage is unknown.

Sources
House Bill Report, HB 1263, Community & Economic Development Committee (2021)
Department of Commerce fiscal note, 1263 HB (2021)