

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5722 S SB	Title: Greenhouse gases/buildings
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

☒ Cities: Indeterminate increase in revenues and expenditures.

☒ Counties: Same as above.

☒ Special Districts: Same as above.

☐ Specific jurisdictions only:

☐ Variance occurs due to:

Part II: Estimates

☐ No fiscal impacts.

☐ Expenditures represent one-time costs:

☒ Legislation provides local option: Local governments with relevant buildings are able to comply with energy standards early to apply for financial incentive payments.

☒ Key variables cannot be estimated with certainty at this time: The number of relevant buildings owned by local governments, the costs associated with benchmarking buildings, the costs of developing energy management plans and operation and maintenance plans, costs of conducting energy analysis, and costs of submitting data to the Department of Commerce (Commerce).

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

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Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/14/2022
OFM Review: Jennifer Masterson	Phone: (360) 810-0117	Date: 02/14/2022

Part IV: Analysis

A. SUMMARY OF BILL

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

Section 2 would amend the definitions in RCW 19.27A.200 and 2019 c 285 s 2. The definition for covered buildings is amended to include tier 2 buildings, investor owned utilities now include corporations distributing natural gas, net energy use now includes renewable energy produced on a campus, and definitions are added for tier 1 and 2 covered buildings.

Section 3 would add a new section to chapter 19.27A RCW, mandating Commerce to establish by rule a state energy management and benchmarking requirements for tier 2 covered buildings. By July 1, 2027, tier 2 covered building owners must submit reports to the department as required. Commerce is authorized to adopt rules for the inclusion of tier 2 covered buildings in the state energy performance standard beginning in 2030, and would be mandated to adopt rules for performance standards for tier 2 buildings by December 31, 2030. Commerce is authorized to adopt performance standards for multifamily residential buildings on a longer timeline.

Section 4 would amend RCW 19.27A.220 and 2021 c 315 s 18, such that the department may authorize any participating utility serving a tier 2 building to administer incentive payments. Tier 2 eligible buildings may only receive an incentive payment if all required benchmarking, energy management, and operations and maintenance planning documentation has been submitted to Commerce. This section would give eligible tier 2 buildings the option of receiving a base incentive payment of 30 cents per gross square foot of floor area.

Section 5 would amend RCW 19.27A.230 and 2019 c 85 s 5 such that Commerce cannot issue certification for a tier 2 incentive application if doing so is likely to result in total incentive payments in excess of \$150 million.

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.

This bill would increase local government expenditures by an indeterminate amount.

By 2027, local governments must submit reports on benchmarking and energy use to Commerce for any tier 2 covered buildings they own. It is unknown how many relevant buildings would need benchmarking and analysis, as well as the costs involved with doing so and submitting the reports to Commerce. This manifests as an indeterminate increase in local government expenditures.

It is unknown how many additional buildings owned by local government agencies would now be subject to state energy management and benchmarking requirements, and what costs would be involved in bringing them into adequate condition. The standards for tier 2 covered buildings would be in effect starting in 2030, which is beyond the timeframe of this fiscal note and as such does not result in any immediate impact to local government expenditures.

This legislation would also impact local permitting authorities through more properties to audit and more permits processed. This would only be necessary beginning in 2030, which is beyond the scope of this fiscal note. As such, this will not have any immediate impact on local government expenditures.

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.

This bill increase local government revenues by an indeterminate amount.

Building owners of relevant properties are given the option to comply with these energy standards early in exchange for incentive payments. It is unknown how many local governments would elect to accommodate energy use standards early and the magnitude of incentive payments that would be received. This manifests as an indeterminate increase in local

government revenues.

Sources:

Washington State Department of Commerce, Energy Division