

Multiple Agency Fiscal Note Summary

Bill Number: 1652 S HB	Title: Paint stewardship
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Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	301,000	302,000	1,299,000	1,301,000	1,380,000	1,382,000
Department of Ecology	0	181,167	0	139,790	0	139,790
Total \$	301,000	483,167	1,299,000	1,440,790	1,380,000	1,521,790

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	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.3	56,800	56,800	.0	0	0	.0	0	0
Department of Ecology	.8	0	181,167	.6	0	139,790	.6	0	139,790
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
Total \$	1.1	56,800	237,967	0.6	0	139,790	0.6	0	139,790

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	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Environmental and Land Use Hearings Office	.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

NONE

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Prepared by: Linda Steinmann, OFM	Phone: 360-902-0573	Date Published: Final 2/26/2019
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Department of Revenue Fiscal Note

Bill Number: 1652 S HB	Title: Paint stewardship	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2020	FY 2021	2019-21	2021-23	2023-25
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax		325,000	325,000	1,401,000	1,488,000
GF-STATE-State 01 - Taxes 05 - Bus and Occup Tax		(24,000)	(24,000)	(102,000)	(108,000)
Performance Audits of Government Account-State 01 - Taxes 01 - Retail Sales Tax		1,000	1,000	2,000	2,000
Total \$		302,000	302,000	1,301,000	1,382,000

Estimated Expenditures from:

Account	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.6		0.3		
GF-STATE-State 001-1	56,800		56,800		
Total \$	56,800		56,800		

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: Dan Jones	Phone: 360-786-7118	Date: 02/15/2019
Agency Preparation: Marianne McIntosh	Phone: 360-534-1505	Date: 02/26/2019
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 02/26/2019
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 02/26/2019

Request # 1652-1-1

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.

This bill creates a paint stewardship program for the collection, transportation and processing of leftover architectural latex paint. It requires all persons selling architectural latex paint in or into Washington to be part of the program. An additional fee, the amount to be established by the stewardship program must be added to the sales of paint. The fee applies at either the wholesale level or the retail level - if agreed upon by the retailer and the manufacturer or distributor. The fee, when added to the purchase price of the paint, is subject to retail sales tax.

The bill provides a B&O tax exemption for amounts attributable to the fee established under this program.

The bill takes effect 90 days after final adjournment of the session in which it is enacted.

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.

ASSUMPTIONS

- The earliest the fee will be implemented is December 1, 2020. The cash impact is 6 months for Fiscal Year 2021.
- The fee revenue will grow at three percent annually.
- Fees are added to the price of paint and retail sales tax is paid by the end user.

DATA SOURCES

- Paintcare.org, Colorado and Oregon Annual Reports

REVENUE ESTIMATES

This bill increases state revenues by an estimated \$302,000 in the 6 months of impacted collections in Fiscal Year 2021, and by \$641,000 in Fiscal Year 2022, the first full year of impacted collections. This bill also increases local revenues by an estimated \$142,000 in the 6 months of impacted collections in Fiscal Year 2021, and by \$301,000 in Fiscal Year 2022, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2020 -	\$ 0
FY 2021 -	\$ 302
FY 2022 -	\$ 641
FY 2023 -	\$ 660
FY 2024 -	\$ 681
FY 2025 -	\$ 701

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

FY 2020 -	\$ 0
FY 2021 -	\$ 142
FY 2022 -	\$ 301
FY 2023 -	\$ 310
FY 2024 -	\$ 319
FY 2025 -	\$ 328

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.

ASSUMPTIONS:

This bill affects 900 taxpayers.

FIRST YEAR COSTS:

The Department of Revenue (Department) will incur total costs of \$56,800 in Fiscal Year 2020. These costs include:

Labor Costs – Time and effort equates to 0.57 FTEs.

- Create a new administrative rule.
- Create a special notice and update web content.
- Resolve additional error and out of balance and amended returns.
- Prepare refunds and assessments.
- Respond to additional telephone questions, email and written correspondence.

Object Costs - \$5,100.

- Printing and postage.
- Contract computer programming.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.6		0.3		
A-Salaries and Wages	32,600		32,600		
B-Employee Benefits	9,700		9,700		
C-Professional Service Contracts	4,400		4,400		
E-Goods and Other Services	6,600		6,600		
J-Capital Outlays	3,500		3,500		
Total \$	\$56,800		\$56,800		

III. B - 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 2020	FY 2021	2019-21	2021-23	2023-25
EMS BAND 4	115,593	0.0		0.0		
EXCISE TAX EX 3	56,256	0.1		0.1		
MGMT ANALYST1	45,096	0.0		0.0		
MGMT ANALYST4	63,684	0.2		0.1		
TAX INFO SPEC 4	60,636	0.2		0.1		
TAX POLICY SP 2	68,580	0.0		0.0		
TAX POLICY SP 3	77,616	0.0		0.0		
TAX POLICY SP 4	83,556	0.0		0.0		
WMS BAND 3	98,308	0.0		0.0		
Total FTEs		0.6		0.3		

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure 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 adopt a new rule under WAC 458-20. Persons affected by this rule-making would include paint sellers.

Individual State Agency Fiscal Note

Bill Number: 1652 S HB	Title: Paint stewardship	Agency: 461-Department of Ecology
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
Paint Product Stewardship Acct-State NEW-1	54,643	126,524	181,167	139,790	139,790
Total \$	54,643	126,524	181,167	139,790	139,790

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.5	1.2	0.8	0.6	0.6
Account					
Paint Product Stewardship Acct-State NEW-1	54,643	126,524	181,167	139,790	139,790
Total \$	54,643	126,524	181,167	139,790	139,790

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: Dan Jones	Phone: 360-786-7118	Date: 02/15/2019
Agency Preparation: My-Hanh Mai	Phone: 360-407-6996	Date: 02/20/2019
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 02/20/2019
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 02/20/2019

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.

Compared to 1652 HB, 1652 SHB would clarify the due date for the annual report in Section 5(4) and make several technical changes throughout the bill. These modifications would not change the fiscal impact to Ecology.

Under current law, local governments regulate and manage local moderate risk waste facilities, which currently collect paint. This bill would require paint manufacturers selling products in or into Washington State, to establish, fund, and implement a product stewardship program for architectural paint, including proper management of the left over paint.

Section 1 would establish an architectural paint stewardship program, overseen by the Department of Ecology (Ecology).

Section 3 would require producers of architectural paint to participate in an agency-approved stewardship plan through membership in and appropriate funding of a paint stewardship organization (PSO), before they could sell architectural paint in or into Washington State. Retailers would be prohibited from selling architectural paint manufactured or distributed by a producer that is not in compliance.

Section 4 would require a PSO representing producers of architectural paint to submit a stewardship program plan for architectural paint, as outlined by the bill, to Ecology by May 30, 2020, or within one year of the effective date of section 4, whichever comes later. A PSO would be required to submit a new plan or plan amendment to Ecology for approval when there are changes to the amount of the assessment, if required by Ecology, or at a minimum of every five years.

Section 5 would require each PSO to:

- (1) submit a paint stewardship program plan in accordance with section 4;
- (2) develop and distribute collection site procedural manuals to collection sites;
- (3) implement their paint stewardship plans by November 30, 2020 or within six months after approval of their plan;
- (4) submit an annual report to Ecology beginning October 15, 2020, or a later date agreed to by Ecology;
- (5) pay an annual administrative fee in an amount sufficient to cover the department's cost of administering and enforcing the paint stewardship program; and
- (6) work with producers, distributors, and retailers to provide consumers with educational and informational materials describing collection opportunities.

Section 6 would require Ecology to review and make a determination of approval within 120 days of receipt of the plan submittal. Ecology would be required to provide the reason(s) for any plans not approved, after which a PSO would have 60 days to submit a revised plan for approval to Ecology.

Ecology would be required to make the proposed plans, or plan amendments available for public review and comment for at least 30 days, and to actively supervise the conduct of a PSO in determination and implementation of the architectural paint assessment under section 4.

Ecology would be required to set the annual fee the PSO must pay to cover, but not to exceed the department's

full costs of administering and enforcing the paint stewardship programs. A PSO would be required to pay Ecology's administrative fee by June 30, 2020, and annually thereafter.

Ecology would be required to post a list of producers and brands for which the department has approved a plan, on its web site upon the date the first plan is approved and update the list monthly. Ecology would be required to review annual reports within 90 days of submission, to ensure compliance with the provisions of this bill.

Ecology would also be required to enforce the provisions of this bill. Ecology would be authorized to administratively impose civil penalties for a violation of the chapter, and adopt rules as necessary for the purpose of implementing, administering, and enforcing this bill.

Section 7 would prohibit producers or paint retailers from selling or offering for sale architectural paint in Washington unless the producer or brand of the paint is participating in an approved stewardship plan.

Section 8 would require a PSO to submit an annual report, describing their paint stewardship program as outlined by the bill, beginning October 15, 2020, and annually thereafter. Ecology would be required to make these reports available for the general public through the internet.

Section 9 would grant immunity to producers or PSOs from laws relating to antitrust, restraint of trade, unfair trade practices, and other regulation of trade and commerce, if implementing a stewardship plan pursuant to section 4 and thereby subject to regulation by the department.

Section 10 would create the Paint Product Stewardship Account to be used by Ecology only for administering and enforcing paint stewardship programs. Funds in the account may only be spent after appropriation.

Section 11 would void this statute if a national program that substantially meets the intent of this statute is established by federal law. For this fiscal note, we assume no such federal law and we have estimated the costs for the state program called for in the bill.

Section 15 would exempt receipts attributable to the paint assessment from the Business & Occupation (B&O) Tax, collected by the Washington State Department of Revenue.

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.

Section 6 would require Ecology to set an annual fee for the purposes of covering Ecology's full costs associated with the implementation and enforcement of the paint stewardship program as outlined in the bill. A PSO would be required to pay the fee by June 30, 2020, and annually thereafter. Section 10 would require that the fee be deposited into the new Paint Product Stewardship Account.

To estimate implementation costs for this bill, Ecology assumes that the fee would be collected from Paint Care, the same paint stewardship organization representing approximately 127 producers that are participating in Oregon's paint stewardship program. Ecology estimates that billing and fee collection would reflect Ecology's estimate of costs as outlined in this fiscal note in each fiscal year. Variances from each year's estimate and actual costs would be adjusted in the following billing cycle.

Section 6 would also provide authority for Ecology to impose penalties up to \$1,000 per violation per day for the purposes of enforcing the provisions of this bill. Ecology assumes that the purpose of the penalty is to ensure

compliance; therefore, Ecology assumes no revenue associated with infractions.

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.

Currently, there are nine states that implement paint stewardship programs. One paint stewardship organization (PSO), Paint Care, serves as the PSO representing producers of architectural paint subject to the laws in those states. In Oregon State, the paint stewardship plan identifies 127 producers that are participating, as required by law, in the Oregon's paint stewardship program through Paint Care. For the purposes of estimating costs and revenue as pertains to this bill, Ecology assumes that the same number of producers (127) would participate in Washington's paint stewardship program using Paint Care as their PSO representative.

Section 4 would require a PSO representing producers of architectural paint to submit a stewardship program plan for architectural paint, as outlined by the bill, to Ecology by May 30, 2020, or within one year of the effective date of section 4, whichever comes later. A PSO would be required to submit a new plan or plan amendment to Ecology for approval if required by Ecology, when there are changes to the amount of the assessment, or at a minimum of every five years.

Section 6 would require Ecology to review plans submitted by a PSO under Section 4. Ecology would be required to approve or not approve the plan and provide written notice of plan approval status within 120 days of receipt of the plan. If a plan were not approved, then Ecology would be required to provide the reason. A PSO would be required to revise and resubmit to Ecology within 60 days of receipt of non-approval. Ecology would be required to make plans and amendments to plans available for public review and comment for at least 30 days.

Initial Review of Plan

Ecology assumes that the PSO would submit the initial stewardship plan on May 30, 2020 (FY20), and that the first plan revision would be submitted in FY21, and once every five years thereafter. Based on previous experience with the electronics product recycling program (E-Cycle), Ecology assumes that some technical assistance would be required to field questions from producers, to provide Paint Care with feedback on draft plans and to provide support and guidance on notifying stakeholders and gathering comments as required by law. Ecology estimates that the work to review the initial plan, including review and approval of the assessment described above, would require 0.13 FTE Environmental Specialist 4 (ES4) each year, in FY20, and FY21. We assume a major plan revision to account for the 2020 U.S. Census in FY21. We estimate review of the plan update would require 0.25 FTE ES4 in FY21, and then 0.10 FTE ES4 every fifth year thereafter. Based on previous experience, we assume ongoing maintenance and monitoring of the plan would be required. We estimate this effort would require 0.05 FTE ES4 in FY22 and ongoing.

PSO Supervision

Ecology would be required to actively supervise the conduct of the PSO in determination and implementation of the architectural paint assessment under section 4. Ecology assumes that the purpose of active supervision is to ensure that the program is fully funded and is implemented by the PSO producers, and retailers, according to the law. Ecology further assumes that this work would involve ongoing research, data collection, inspections, and technical assistance. Ecology assumes that this would further involve ongoing verification that the correct and accurate architectural paint assessments that are paid to and collected by the PSO are sufficient to cover but not exceed the cost of the program. This would mean comparing the total collections from the architectural paint assessment paid to the amount of architectural paint sold in the state; comparing the cost of collecting, transporting, and recycling architectural paints to the amount of architectural paint collected; and comparing the total collections from the architectural paint assessment paid to the cost of operating the PSO. Based on the

efforts of the E-Cycle program, Ecology estimates that this effort would require 0.20 FTE ES4 in FY20 and ongoing.

Fee Collection

Ecology would be required to estimate, charge, and collect an annual fee from the PSO for the purposes of covering all of Ecology's costs associated with administering and enforcing the paint stewardship program as outlined in the bill. Ecology would be required collect the first annual fee by June 30, 2020, and annually thereafter. Ecology assumes that it would collect the fee from Paint Care, the same PSO representing the 127 producers that are participating in Oregon's paint stewardship program. Ecology estimates that this would require 0.10 FTE ES4 in FY20, and annually thereafter.

Enforcement

Ecology would be required to enforce all elements of this bill. Enforcement would include notifying potential violators of the requirements of the bill, and conducting proceedings to recover civil penalties from anyone who violates the requirements of the bill. Ecology estimates that this work would require 0.10 FTE ES4 in FY21, and each year thereafter. Ecology would have the authority to impose penalties as outlined by the bill for the purposes of enforcing the provisions of this bill. Ecology assumes that the purpose of the penalty is to ensure compliance; therefore, Ecology assumes no revenue associated with infractions. Should an infraction occur, then Ecology estimates that 0.10 FTE Assistant Attorney General (AAG) time (\$22,000) would be required. No costs are included in the fiscal note related to this potential scenario.

Website Development

Ecology would be required to post and update a list of producers and brands that are covered by approved plans upon plan approval monthly. Ecology assumes routine website updates would be done as part of the communications consultant's routine work. In addition to posting the list of producers and brands, Ecology would be required to post plans and annual reports to the agency website, beginning in 2020. Ecology further assumes that a web page dedicated to paint stewardship would be built to post the required information to. Based on previous efforts with building web pages, Ecology estimates that 0.05 FTE ES4 and 0.05 FTE Communications Consultant 3 (CC3) would be required in FY21 to create the required web page content and build the paint stewardship web page. Ecology further assumes that one plan, and one list of producers and brands would be posted in FY21 (with monthly updates to the list), and that one annual report would be posted each year starting in FY21. Adding content to the website as required (annual reports, compliance reports, and plans) would require one or two hours of staff time each time. Ecology already has information technology and communications staff dedicated to adding content to the agency's website, and this minimal amount of effort would be folded into the existing workload.

Guidance Documents

Ecology would be authorized to write rules for the purposes of implementing this bill. Upon consultation with the Attorney General's Office, rulemaking would not be necessary because the bill clearly defines convenience standards, enforcement, plan requirements, and annual reporting requirements. The latex paint recycled under the product stewardship program would be exempt from dangerous waste regulations (Chapter 173-303 WAC). However, many businesses use both latex and oil-based paint. Ecology would develop and distribute guidance documents to provide clarification for dangerous waste generators. The additional workload for guidance documents would require 0.02 FTE ES4 one-time in FY21.

Annual Report Review

Section 8 would require the PSO to submit an annual report to Ecology starting October 15, 2020, and annually thereafter. The report would be required to contain a description of the activities of the PSO as outlined by the

bill for the previous fiscal year. Ecology assumes that one report would be collected and posted to the agency's website (costs for this requirement are included in the description above). Ecology assumes that annual reports would be reviewed by staff to ensure the required content is included and to understand the data that would be presented. Ecology estimates that 0.10 FTE ES4 would be required in FY21, and ongoing for this work.

Notes on costs by object:

Salary estimates are current biennium actual rates at Step L.

Benefits are the agency average of 37.1% of salaries.

Goods and Services are the agency average of \$4,230 per direct program FTE.

Travel is the agency average of \$2,577 per direct program FTE.

Equipment is the agency average of \$1,319 per direct program FTE.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 29.7% of direct program salaries and benefits, and is shown as object 9. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT Specialist 2.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
NEW-1	Paint Product Stewardship Acct	State	54,643	126,524	181,167	139,790	139,790
Total \$			54,643	126,524	181,167	139,790	139,790

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.5	1.2	0.8	0.6	0.6
A-Salaries and Wages	28,764	66,581	95,345	73,582	73,582
B-Employee Benefits	10,672	24,703	35,375	27,302	27,302
E-Goods and Other Services	1,819	4,231	6,050	4,654	4,654
G-Travel	1,108	2,578	3,686	2,836	2,836
J-Capital Outlays	567	1,319	1,886	1,452	1,452
9-Agency Administrative Overhead	11,713	27,112	38,825	29,964	29,964
Total \$	54,643	126,524	181,167	139,790	139,790

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 2020	FY 2021	2019-21	2021-23	2023-25
COMM CONSULTANT 3	60,639		0.1	0.0		
ENVIRONMENTAL SPEC 4	66,894	0.4	1.0	0.7	0.6	0.6
FISCAL ANALYST 2		0.0	0.1	0.1	0.1	0.1
IT SPECIALIST 2		0.0	0.1	0.0	0.0	0.0
Total FTEs		0.5	1.2	0.8	0.6	0.6

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1652 S HB	Title: Paint stewardship	Agency: 468-Environmental and Land Use Hearings Office
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Part I: Estimates

No Fiscal Impact

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: Dan Jones	Phone: 360-786-7118	Date: 02/15/2019
Agency Preparation: Kay Brown	Phone: (360) 664-9160	Date: 02/19/2019
Agency Approval: Nina Carter	Phone: 360 664-9171	Date: 02/19/2019
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 02/19/2019

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.

The original bill, HB 1652 establishes an architectural paint stewardship program. Section 3 of the bill requires all producers of architectural paint selling in or into Washington to participate in an approved state paint stewardship plan through a stewardship organization. Producers who do not participate in a stewardship organization may not sell architectural paint within Washington. Retailers may not sell architectural paint manufactured or distributed by producers not in compliance with this legislation.

Section 6 of the original bill authorizes the Department of Ecology to impose civil penalties for violations of the chapter. Ecology may impose a civil penalty of up to \$1,000 per violation per day for violations of the act or up to \$10,000 per violation per day for known, intentional, or negligent violations. Penalties imposed by Ecology are appealable to the Pollution Control Hearings Board (PCHB).

The substitute bill does not make changes to Ecology's civil penalty authority or to appeals to the PCHB. The Board assumes that, like the original bill, there will be few appeals filed as a result of this legislation, and that the Board will be able to absorb the few appeals that may be filed within its current resources. Therefore, the substitute bill, like the original, will not have any fiscal impact on the PCHB.

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.

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.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1652 S HB

Title: Paint stewardship

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

Legislation Impacts:

- Cities: decreased expenditures for solid waste management programs, possible increased revenue from entering into agreements with stewardship organizations
- Counties: same as above
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to: the amount of resources local governments currently employ toward architectural paint solid waste management, the extent to which local governments enter into agreements with stewardship organizations for use of their collection, transportation and disposal systems

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: how many local governments currently process latex paint or oil-based paint

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 02/22/2019
Leg. Committee Contact: Dan Jones	Phone: 360-786-7118	Date: 02/15/2019
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/22/2019
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 02/22/2019

Part IV: Analysis

A. SUMMARY OF BILL

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

CHANGES FROM ORIGINAL BILL:

Changes in this bill do not affect local government fiscal impacts.

SUMMARY OF THIS BILL:

This bill creates an end-of-life management program for architectural paints (latex and oil-based paints) in Washington state. The program (paint stewardship program) will require all manufacturers to participate with a stewardship organization, which is tasked with creating and implementing a plan. Funds created by the stewardship organization will go towards managing the stewardship program, as well as funding the Dept. of Ecology's costs to oversee and enforce the program.

SECTION DETAILS:

Section 1 characterizes the need for the state to develop a comprehensive, end-of-life management plan for architectural paint in part to reduce local government's financial burden of collecting and managing unwanted architectural paints. Manufacturers will be responsible for developing and implementing a paint stewardship program (PSP) to be enforced by the Department of Ecology (ECY).

Section 3 requires all producers of architectural paint selling in or into Washington state to participate in a paint stewardship plan through membership in and funding of a stewardship organization.

Section 4 requires a stewardship organization representing producers to submit a plan for the PSP to Ecology by May 30, 2020 or within a year of the effective date of this legislation, whichever comes first. This section describes what the plan must include. Among other components of the plan, Sections 4(1)(h)(ii) and 4(4) of the bill mention a description of the how the stewardship organization incorporates existing public and private waste collection services and facilities, where cost effective and mutually agreeable for collecting, transporting and disposing of unwanted paint.

Section 5 requires the stewardship organization begin implementation of the PSP by November 30, 2020. Section 5(5) requires the stewardship organization to work with local governments and others to provide consumer education materials describing collection opportunities and prevention, reuse and recycling of leftover paint.

Section 7 defines compliance for producers and addresses roles of distributors, and retailers. No fees can be collected at drop off centers.

Section 12 provides nothing in this legislation changes or limits the authority of Washington utilities, transportation commission, any city or town in providing solid waste services.

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.

CHANGES FROM ORIGINAL BILL:

This bill would modify the definition of "covered entity." This change is anticipated to codify existing regulations and would not result in fiscal impacts.

SUMMARY OF THIS BILL:

This bill will have an indeterminate decrease in expenditures for local governments: local jurisdictions will transfer responsibility of end-of-life, architectural paint management, outreach and education to industry.

Solid waste management decrease in expenditures:

-- Kitsap County predicts that local governments will save \$100,000/year once the plan goes into effect November 30, 2020. This cost to local governments comes from paint transportation and disposal, supplies (packaging and drums), and labor (for processing paint). This approximation of decreased expenditures would apply to all local governments that process latex and oil-based paints as part of their solid waste management programs.

Solid waste management increase in expenditures:

-- Local governments will incur an indeterminate cost depending on the extent that local governments enter into agreements with a stewardship organization for collection, transportation, and disposal systems.

-- Local governments will incur an indeterminate cost depending on the extent that local governments work with a stewardship organization to provide consumers with educational and informational materials.

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.

CHANGES FROM ORIGINAL BILL:

This version would not change fiscal impacts.

SUMMARY OF THIS BILL:

This bill has indeterminate revenue impact for local governments.

Local governments will obtain indeterminate revenue depending on the extent that local governments enter into agreements with stewardship organizations for collection, transportation, and disposal systems.

SOURCES:

Kitsap County