

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1413 S HB	<b>Title:</b> Habitat conservation prgrms
-------------------------------	---

## Estimated Cash Receipts

Agency Name	2005-07		2007-09		2009-11	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	0	0	(305,900)	(305,900)	(310,900)	(310,900)
<b>Total \$</b>	0	0	(305,900)	(305,900)	(310,900)	(310,900)

Local Gov. Courts *						
Local Gov. Other **	Non-zero but indeterminate cost. Please see discussion.					
Local Gov. Total						

## Estimated Expenditures

Agency Name	2005-07			2007-09			2009-11		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	5,800	5,800	.0	0	0	.0	0	0
Department of General Administration	.0	0	0	.0	0	0	.0	0	0
State Parks and Recreation Commission	.0	0	0	.0	0	0	.0	0	0
Interagency Committee for Outdoor Recreation	.0	0	0	.0	0	0	.0	0	0
Department of Fish and Wildlife	.0	0	0	.0	0	0	.0	0	0
Department of Natural Resources	.0	0	0	.0	0	0	.0	0	0
<b>Total</b>	0.0	\$5,800	\$5,800	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

--

<b>Prepared by:</b> Jim Skalski, OFM	<b>Phone:</b> 360-902-0654	<b>Date Published:</b> Final 3/ 1/2005
--------------------------------------	-------------------------------	---

\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1413 S HB	<b>Title:</b> Habitat conservation prgrms	<b>Agency:</b> 090-Office of State Treasurer
-------------------------------	---	--

## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

FUND	FY 2006	FY 2007	2005-07	2007-09	2009-11
General Fund-State 001-1				(305,900)	(310,900)
<b>Total \$</b>				(305,900)	(310,900)

### Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
<b>Fund</b>					
<b>Total \$</b>					

*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:	Phone:	Date: 02/17/2005
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 02/22/2005
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 02/22/2005
OFM Review: Deborah Feinstein	Phone: 360-902-0614	Date: 02/22/2005

## 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.*

SHB 1413 creates the riparian protection account and the farmlands preservation account. Earnings from investments will be credited to the general fund.

Earnings from investments:

The amount of earnings by an account is a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period in question. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average balances, and hence differing earnings.

There will be an impact to the earnings; however, the actual earnings will be determined more by the impact to the average daily balance than the amount of increases or decreases in receipts, disbursements, and transfers. Currently, estimated earnings are indeterminable. Without projected monthly estimates of receipts, disbursements, and transfers, OST is unable to estimate the changes to the average balance of the account and the impact to earnings.

Based on the November 2004 Revenue Forecast, the net rate for estimating earnings for FY 05 is 1.70%, FY 06 is 2.72%, and FY 07 is 2.99%. Approximately \$17,000 in FY 05, \$27,200 in FY 06, and \$29,900 in FY 07 in net earnings and \$5,000 in OST management fees would be gained or lost annually for every \$1 million increase or decrease in average daily balance.

Also, SHB 1413 directs the Office of the State Treasurer on behalf of the Department of Natural Resources to distribute to counties an amount in lieu of property taxes plus an additional amount equal to the weed control assessment that would be due if the land were privately owned.

Assumption: The distribution to counties as provided in sections 11 and 12 of the bill will be a state revenue for distribution reduction of general fund revenues.

As the bank for state agencies, the Office of the State Treasurer will distribute to counties as directed by the Department of Natural Resources and this bill. The figures in this fiscal note are on behalf of the Department of Natural Resources as provided by DNR.

Debt Limit:

There will be an impact on the Debt Service Limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, General State Revenues.

### 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.*

SHB 1413 creates the riparian protection account and the farmlands preservation account. Earnings from investments will be credited to the general fund.

Also, SHB 1413 directs the Office of the State Treasurer on behalf of the Department of Natural Resources to distribute to counties an amount in lieu of property taxes plus an additional amount equal to the weed control assessment that would be due if the land were privately owned. The figures in this fiscal note are on behalf of the Department of Natural Resources as provided by DNR.

## 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

### III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years					
<b>Total:</b>					

## Part IV: Capital Budget Impact

## 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.

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1413 S HB	<b>Title:</b> Habitat conservation prgrms	<b>Agency:</b> 140-Department of Revenue
-------------------------------	---	--

## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

<b>FUND</b>					
<b>Total \$</b>					

### Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.1		0.0		
<b>Fund</b>					
GF-STATE-State 001-1	5,800		5,800		
<b>Total \$</b>	5,800		5,800		

*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:	Phone:	Date: 02/17/2005
Agency Preparation: Margaret Knudson	Phone: 360-570-6082	Date: 02/25/2005
Agency Approval: Kim Davis	Phone: 360-570-6087	Date: 02/25/2005
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 02/25/2005

## 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.*

Note: This fiscal note reflects SHB 1413.

This fiscal note addresses the sections of the bill that would impact the Department of Revenue or the collection of taxes. The bill creates the riparian protection account and the farmlands preservation account.

Section 1 defines "farmlands" as farm and agricultural land under RCW 84.34.020(2) in the open space taxation act.

Section 5 establishes a riparian protection account within the state treasury for acquisition and enhancement or restoration of riparian habitat.

Section 6 establishes a farmlands preservation account within the state treasury for acquisition and preservation of farmlands in order to maintain the opportunity for agricultural activity upon these lands. Moneys from this account are to be distributed for the fee simple or less than fee simple acquisition of farmlands and for the enhancement or restoration of ecological functions on those properties.

Section 10 adds a new section to chapter 79.70 RCW and Section 11 adds a new section to chapter 79.71 RCW. Both sections require the State Treasurer, on behalf of the Department of Natural Resources, to distribute to counties for all lands acquired for the purposes of the indicated chapters an amount in lieu of real property taxes equal to the amount of tax that would be due if the land were taxable as open space land under chapter 84.34 RCW, plus an additional amount equal to the amount of weed control assessment that would be due if the lands were privately owned. The counties must distribute the in lieu of real property taxes to all taxing districts, except the state, in the same way it would distribute local property taxes. The county is also to distribute the amount received for weed control to the appropriate weed district.

Section 12 amends RCW 84.33.140(13)(c) to allow an expanded exemption from the payment of compensating taxes, due upon removal of forest land from designation under chapter 84.33 RCW, to include the sale or transfer of fee title to a governmental entity or a nonprofit nature conservancy corporation exclusively for the protection and conservation of lands approved for state natural resources conservation area purposes as defined in chapter 79.71 RCW.

Section 13 amends RCW 77.12.203 to include subsection (4) that requires the county to distribute the amount received in lieu of real property taxes to all property taxing districts, except the state, in the appropriate tax code areas the same way it would distribute local property taxes from private property. The county is also to distribute the amount received for weed control to the appropriate weed district.

Sections 1 through 13 of the act take effect July 1, 2007.

### 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/DATA SOURCES

The bill holds harmless taxing districts with payments in lieu of real property taxes. In lieu of real property taxes equals the amount of tax that would be due if the land were taxable as open space land. The State Treasurer, on behalf of the Department of Natural Resources, is directed to distribute in lieu payments to counties.

County assessors and county legislative authorities are to assist in determining the calculation of tax that would be due. Approximately 9,900 acres are purchased each year. For assessment year 2004, acres in the current use open space

program averaged \$4,000 in the state, but the range was from a low of \$50 to nearly \$17,000 per acre.

It is assumed that the Department of Fish and Wildlife and the Department of Natural Resources will submit fiscal notes with estimates of the impact and directing, as the bill states, the State Treasurer to distribute in lieu payments to counties.

The impact of exempting forest lands donated to government agencies and approved for state natural resources conservation area purposes from the compensating tax that is imposed when designated forest lands are removed from the current use program is minimal. Such tax is a windfall to the counties and does not impact the state.

**CURRENTLY REPORTING TAXPAYERS** (Impact for taxpayers who are known or estimated to be currently paying the tax in question)

The state property tax levy is predicted to remain below the \$3.60 limit throughout the 2009-11 Biennium. Therefore, there will be no loss to the state school levy, and any shifts of tax burden would be minimal.

**TOTAL REVENUE IMPACT:**

State Government (cash basis, \$000): None

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

The Department will incur costs of \$5,800 in FY 2006 to amend one rule via expedited adoption. These costs include FTE time, printing, and mailing.

The Department will have to revise current use training forms and materials.

The Department will absorb these costs. However, should this bill and other similar bills pass, the net impact may result in costs above the level the Department can reasonably absorb. In that event, the Department will need additional resources to implement the legislation.

**Part III: Expenditure Detail**

**III. A - Expenditures by Object Or Purpose**

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.1		0.0		
A-	2,800		2,800		
B-	700		700		
E-	1,900		1,900		
J-	400		400		
<b>Total \$</b>	<b>\$5,800</b>		<b>\$5,800</b>		

**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 2006	FY 2007	2005-07	2007-09	2009-11
HEARINGS SCHEDULER	31,032	0.0		0.0		
RULES MANAGER	69,500	0.0		0.0		
RULES POLICY SPECIALIST	68,600	0.0		0.0		
TAX POLICY SPECIALIST 3	58,656	0.0		0.0		
<b>Total FTE's</b>		<b>0.1</b>		<b>0.1</b>		

## **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 would need to amend WAC 458-30.700.



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1413 S HB	<b>Title:</b> Habitat conservation prgrms	<b>Agency:</b> 150-Dept of General Administration
-------------------------------	---	---

## 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:	Phone:	Date: 02/17/2005
Agency Preparation: Valerie Gore	Phone: 360-902-7357	Date: 02/18/2005
Agency Approval: Ron McQueen	Phone: 360-902-7360	Date: 02/25/2005
OFM Review: Tristan Wise	Phone: 360-902-0546	Date: 02/25/2005

## 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 1 (9) of this act changes the definition of eligible state agencies to include the Department of General Administration.

SECTION 2 of this act changes the allocation of funds between the outdoor recreation and habitat conservation accounts and allows for a specific allocation if the total to be appropriated is more than \$40 million.

### 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.*

GA does not anticipate applying for any of these funds at this time; funding would not be available for GA to apply for until the 07-09 bieniumn.

### 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 changes would have no expenditure impact on GA

## Part III: Expenditure Detail

## Part IV: Capital Budget Impact

Zero

## 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

<b>Bill Number:</b> 1413 S HB	<b>Title:</b> Habitat conservation prgrms	<b>Agency:</b> 465-State Parks and Recreation Comm
-------------------------------	---	--

## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

<b>FUND</b>					
<b>Total \$</b>					

### Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
<b>Fund</b>					
<b>Total \$</b>					

*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:	Phone:	Date: 02/17/2005
Agency Preparation: Bill Koss	Phone: 360 902-8629	Date: 02/18/2005
Agency Approval: Jim French	Phone: 360 902-8523	Date: 02/23/2005
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 02/23/2005

## 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.*

#### Background:

The Washington Wildlife and Recreation Program (WWRP) provides funds for the acquisition and development of local and state parks, water access sites, trails, critical wildlife habitat, and urban wildlife habitat. Counties, cities, ports, park and recreation districts, school districts, state agencies, and tribes are eligible to apply. Local and tribal governments must provide at least a 50 percent match in cash or in-kind contributions. Grants applications are evaluated annually and the Interagency Committee for Outdoor Recreation submits a list of prioritized projects to the Governor and Legislature for approval. Half the funds appropriated in a biennium for the WWRP are for habitat conservation and the other half for outdoor recreation, allocated by formulas established in statute.

#### Summary of Bill:

Two new categories would be added to the Washington Wildlife and Recreation Program (WWRP) and changes would be made to the statutory formula for allocations made under the program. Categories for farmlands protection (sec. 1 and 6) and riparian protection (sec. 1 and 5) are added to the existing categories for outdoor recreation and habitat conservation (local and state parks, water access sites, trails, critical wildlife habitat, and urban wildlife habitat).

Section 2 addresses allocation of funds among various IAC administered accounts. For WWPR appropriations up to \$40 million for a biennium, the allocation is the same as current law: half to the Outdoor Recreation Account (ORA) and half to the Habitat Conservation Account (HCA). If the appropriation is over \$40 million, the allocation for the entire appropriation is \$20 million for the ORA, \$20 million for the HCA, and the amount over \$40 million and less than \$50 million is allocated as follows: 10% for the ORA, 10% for the HCA, 40% for the new Riparian Protection Account (newly created); and 40% for the newly created Farmlands Preservation Account. For WWRP appropriations in excess of \$50 million the allocation of the funds over \$50 million is 30% to the HCA, 30% to the ORA, 30% to the RPA and 10% to the FPA. 3% of the total may be used for administration.

Section 3 address the allocation of funds within the HCA account. The current allocation of funds is: not less than 35% to critical habitat, not less than 20% to natural area, not less than 15% to urban wildlife and the balance to unallocated. Under the bill the distributions changes to 45%, 30%, 20% respectively and 5% to fund restoration and enhancement projects (DNR and WDFW only).

Section 4 addresses the allocation of funds within the ORA account. The current allocation of funds is: not less than 25% to State Parks, not less than 25% to local parks, not less than 15% to trails, not less than 10% to water access and the balance (of approximately (25%) to unallocated. Under the bill the distribution is not less than 30% to State Parks with at least 50% used for land acquisition;; 30% to local parks; 20% for trails; 15% for water access; and 5% for the development and renovation projects on state recreation lands (DNR and WDFW only).

In Section 14, IAC is authorized to retain 3% of all grant funds for administering the grant programs.

Section 15 authorizes sections 1 through 13 to take place effective July 1, 2007.

Section 16 authorizes the 3% administration retainage to take place effective July 1, 2005.

### 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.

There would be no operating budget fiscal impact. See Capital Budget Section for description of capital budget impacts.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services					
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					
<b>Total:</b>	\$0	\$0	\$0	\$0	\$0

## Part IV: Capital Budget Impact

All assumptions are based on a \$45 million appropriation to IAC.

**CURRENT WWRP ORA ALLOCATION**

By statute State Parks receives 25% of the biennial appropriation to the Outdoor Recreation Account (ORA), and the ORA represents 50% of the total WWRP appropriation. A typical biennial appropriation to the WWRP amounts to \$45 million, which means \$22.5 million to the ORA. Currently State Parks receives \$5.625 million.

State Parks also obtains a portion of the funds initially placed in the unallocated category of the ORA. By statute the unallocated receives 25% of the ORA appropriation, to be later distributed by the IAC. It is not uncommon for State Parks to receive 30% of the unallocated, or \$1.688 million.

**FUTURE ORA TO STATE PARKS FUNDING UNDER SB 5396**

At \$45 million, the ORA account would receive \$20 million + 10% of the amount over \$40 million (less 3%) for a total of \$19,885,000. State Parks would receive 30% of that or \$5,965,500. The "unallocated category" would be eliminated - at our traditional 30% this would be a reduction of (\$1,688,000).

Total 2005-07 reduction (3% administration fee):  
State Parks category \$5,625,000 x 3% = (168,750)  
Unallocated \$1,688,000 x 3% = (50,640)

TOTAL 05-07 Reduction: (\$219,390)

Future Impact:  
State Parks category: \$5,965,500 - \$5,625,000 = \$341,000  
Unallocated category: \$0 - \$1,688,000 = (\$1,688,000)

Total Future Impact: (\$1,347,000)

Four other Account categories Trails, Water Access and new Riparian Protection and Farmland Preservation may be available for parks to apply for grants depending on criteria. Amounts are indeterminate because these depend on eligibility and competition. Historically we have not applied for water access grants because of the criteria. Under the trails category parks received \$500,000 in 01-03, \$697,490 in 03-05 and none in 05-07 because our projects rated too low. Riparian Protection and Farmland Preservation are new proposed categories and criteria is unknown.

**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.*

**OFM Notes:**

Section references in the Part IIA narrative's last three sentences refer to sections 14-16 of the bill. They should refer to sections 15-17 of the bill.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1413 S HB	<b>Title:</b> Habitat conservation prgrms	<b>Agency:</b> 467-Interagency Comm for Outdoor Rec
-------------------------------	---	---

## 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:	Phone:	Date: 02/17/2005
Agency Preparation: Rob Kirkwood	Phone: 360-902-3082	Date: 02/17/2005
Agency Approval: Rob Kirkwood	Phone: 360-902-3082	Date: 02/22/2005
OFM Review: Jim Skalski	Phone: 360-902-0654	Date: 02/22/2005

## 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.*

SHB 1413 adds two new categories to the Washington Wildlife and Recreation Program (WWRP) for farmlands preservation and riparian protection and establishes a formula for allocating moneys to the new accounts. Changes WWRP funding allocations for categories under the Habitat Conservation Account and the Outdoor Recreation Account.

This bill would neither increase nor decrease the total funding available to the WWRP program, instead it changes the allocation of those resources. For the purposes of this fiscal note, we assume the cost to administer the WWRP program (implementing new features plus existing program) will be the three percent as cited in section 2 (7). If the cost were less than three percent, the difference would be allocated to grant categories.

Section 2 adds two new accounts: Farmlands Protection and Riparian Protection. These new accounts would only receive funding when the biennial appropriation in the Washington Wildlife and Recreation Program (WWRP) exceeds \$40 million. The current account distribution of WWRP funds is 50% to the Outdoor Recreation Account (ORA) and 50% to the Habitat Conservation Account (HCA).

When funding exceeds \$40 million in a biennium, distribution would be as follows:  
\$20 million to the Outdoor Recreation Account  
\$20 million to the Habitat Conservation Account, and then.....

Funds in excess of \$40 million but less than \$50 million would be distributed as follows:  
10% - Outdoor Recreation Account  
10% - Habitat Conservation Account  
40% - Riparian Protection Account  
40% - Farmland Preservation Account

Funds in excess of \$50 million would be distributed as follows:  
30% - Outdoor Recreation Account  
30% - Habitat Conservation Account  
30% - Riparian Protection Account  
10% - Farmland Preservation Account

Section 2 (6) allows the IAC to accept private donations to the habitat conservation account, the outdoor recreation account, the riparian protection account, and the farmlands preservation account.

Section 2 (7), and section 15 (1) allows the IAC to apply up to three percent of the funds for the administration of the program. Using three percent of the funds for administration would lower available WWRP grant funds by a like amount, but reduce reliance on the Recreation Resources Account (fund 267) which is currently used to administer the WWRP program. The existing appropriation of Recreation Resource Account would remain in the operating budget, but could then be redirected in the Boating Facilities Program to provide grants to acquire, develop, and renovate boating facilities, including launching ramps, transient moorage, and support facilities on fresh and saltwater

Section 3 modifies the distribution of funds in HCA to:

- 45% - Critical Habitat (state and local govt). Current law is 35%
- 30% - Natural Areas (state govt). Current law is 30%
- 20% - Urban Wildlife Habitat (state and local govt). Current law is 15%
- 05% - Restoration and Enhancement on state lands. Current law allocates the balance to unallocated category.



Section 4 modifies the distribution to funds in ORA to:

30% - State Parks. Current law is 25%

30% - Local Parks. Current law is 25%

20% - Trails. Current law is 15%

15% - Water Access. Current law is 10%

05% - Development and Renovation on state lands. Current law allocates the balance to unallocated category.

Section 6 establishes the riparian protection account and outlines the guidelines for the program. Moneys appropriated to this account must be distributed for the acquisition and enhancement or restoration of riparian habitat.

Section 7 establishes the Farmlands Preservation Account and outlines the guidelines for the program. Moneys appropriated to the this account must be distributed for the acquisition and preservation of farmlands.

Section 16 states that sections 1-14 take effect on July 1, 2007 (2007-09 Biennium).

Section 17 states that section 15 takes effect July 1, 2005 (2005-07 Biennium).

Consequently, the 2005-07 Biennium will be be used to establish the new features of the WWRP program, and solicit and evaluate grants seeking funding for the 2007-09 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.*

## **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**

This bill will require establishing two new categories-the farmlands preservation program and the riparian protection program, plus the new categories of restoration and enhancement on state lands and development and renovation on state lands. Costs to establish these programs include a half time Recreation Resource Planner 3 for SFY 2006 and a personal service contract with a farmland preservation program expert such as the American Farmland Trust. This work is expected to be complete by the end of SFY 2006.

Beginning on July 1, 2006, a full time Outdoor Grants Manager 2 will be needed to implement and manage the grant program through the application, evaluation and contract management phases. This project manager would work with existing WWRP program staff and help manage the funding distribution, and be the lead for the two new programs. There will also be an extra board IAC meeting once a year, every year.

This bill would neither increase nor decrease the total funding available to the WWRP program, instead it changes the allocation of those resources. For the purposes of this fiscal note, we assume the cost to administer the WWRP program (new features plus existing program) will be the three percent as cited in section 2 (7). If the cost were less than three percent, the difference would be allocated to grant categories.

See attachments for the allocation at \$45 million and \$60 million, comparing the current law to the proposed law.

## **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.*

Section 2 (8) requires the Interagency Committee for Outdoor Recreation to adopt rules and procedures.

SHB-1413

**\$45M scenario comparing current law to proposed law.**

Account/Category	Current Law		Proposed		Difference
	Allocation %	Dollars	Allocation %	Dollars	
Habitat Conservation Acct					
-Critical Habitat	35%	\$ 7,875,000	45%	\$ 8,948,250	\$ 1,073,250
-Natural Area	20%	4,500,000	30%	5,965,500	1,465,500
-Urban Wildlife	15%	3,375,000	20%	3,977,000	602,000
-Unallocated	30%	6,750,000	0%	-	(6,750,000)
-Restoration and Enhancement State Lands	0%	-	5%	994,250	994,250
Subtotal		22,500,000		19,885,000	(2,615,000)
Outdoor Recreation Acct					
-State Parks	25%	5,625,000	30%	5,965,500	340,500
-Local Parks	25%	5,625,000	30%	5,965,500	340,500
-Trails	15%	3,375,000	20%	3,977,000	602,000
-Water Access	10%	2,250,000	15%	2,982,750	732,750
-Unallocated	25%	5,625,000	0%	-	(5,625,000)
-Development and Renovation State Lands	0%	-	5%	994,250	994,250
Subtotal		22,500,000		19,885,000	(2,615,000)
Riparian Protection Acct	0%		40% \$40M-\$50M 30% over \$50M	1,940,000	1,940,000
Farmlands Preservation Acct	0%		40% \$40M-\$50M 10% over \$50M	1,940,000	1,940,000
Administration			3% of total	1,350,000	1,350,000
Total		\$ 45,000,000		\$ 45,000,000	-

NOTE: For HCA and ORA 50% of the first \$40M, 10% for \$40 - \$50M, 30% over \$50M. See Section 2

SHB-1413

**\$60M scenario comparing current law to proposed law.**

Account/Category	Current Law		Proposed		Difference
	Allocation %	Dollars	Allocation %	Dollars	
Habitat Conservation Acct					
-Critical Habitat	35%	\$ 10,500,000	45%	\$ 10,476,000	\$ (24,000)
-Natural Area	20%	6,000,000	30%	6,984,000	984,000
-Urban Wildlife	15%	4,500,000	20%	4,656,000	156,000
-Unallocated	30%	9,000,000	0%	-	(9,000,000)
-Restoration and Enhancement State Lands	0%	-	5%	1,164,000	1,164,000
Subtotal		30,000,000		23,280,000	(6,720,000)
Outdoor Recreation Acct					
-State Parks	25%	7,500,000	30%	6,984,000	(516,000)
-Local Parks	25%	7,500,000	30%	6,984,000	(516,000)
-Trails	15%	4,500,000	20%	4,656,000	156,000
-Water Access	10%	3,000,000	15%	3,492,000	492,000
-Unallocated	25%	7,500,000	0%	-	(7,500,000)
-Development and Renovation State Lands	0%	-	5%	1,164,000	1,164,000
Subtotal		30,000,000		23,280,000	(6,720,000)
Riparian Protection Acct	0%		40% \$40M-\$50M 30% over \$50M	6,790,000	6,790,000
Farmlands Preservation Acct	0%		40% \$40M-\$50M 10% over \$50M	4,850,000	4,850,000
Administration			3% of total	1,800,000	1,800,000
Total		\$ 60,000,000		\$ 60,000,000	-

NOTE: For HCA and ORA 50% of the first \$40M, 10% for \$40 - \$50M, 30% over \$50M. See Section 2

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1413 S HB	<b>Title:</b> Habitat conservation prgrms	<b>Agency:</b> 477-Department of Fish and Wildlife
-------------------------------	---	--

## 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:	Phone:	Date: 02/17/2005
Agency Preparation: Mark Quinn	Phone: 509-754-7624	Date: 02/18/2005
Agency Approval: James Lux	Phone: 360-902-2444	Date: 02/21/2005
OFM Review: Jim Skalski	Phone: 360-902-0654	Date: 02/22/2005

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1413 S HB	<b>Title:</b> Habitat conservation prgrms	<b>Agency:</b> 490-Department of Natural Resources
-------------------------------	---	--

## 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:	Phone:	Date: 02/17/2005
Agency Preparation: Robert Brauer	Phone: 360) 902-1244	Date: 02/23/2005
Agency Approval: Bob VanSchoorl	Phone: (360) 902-1298	Date: 02/23/2005
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 02/23/2005

## 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.*

SHB 1413 Fiscal Impacts:

Section 2(6) – Provides for private donations to the habitat conservation account (HCA), the outdoor recreation account (ORA), the riparian protection account (RPA), and the farmlands preservation account (FPA). Unknown positive impact. There's no available data to determine at present.

Section 2(7) – Allows interagency committee for outdoor recreation (IAC) to use up to 3 percent out of Washington wildlife and recreation program (WWRP) funds for administration, thus reduces the overall funding available for land acquisition grants and for development and renovation grant projects.

Section 3(1) – Uncertain impact on the Department of Natural Resources (DNR) land acquisition grants as the percentages going to HCA categories are changed and the “unallocated” portion is eliminated. Section adds a new “restoration and enhancement” category that DNR and Washington Department of Fish and Wildlife (WDFW) would compete for.

Section 3(4) – Opens the “critical habitat” grant category to competition from local agencies with an unknown negative impact on future DNR grant funding.

Section 4 – Creates a new category of funding in the ORA available to DNR and WDFW on a competitive basis for funding “development and renovation” projects on existing recreation lands.

Sections 11 and 12 – Requires the state to make annual payments in lieu of taxes that would be due if the land were taxable as open space land to counties on state Natural Area Preserves (NAP) and Natural Resource Conservation Area (NRCA) lands and also for weed control assessments. The state treasurer, on DNR's behalf, will make payments directly to the counties, in amounts determined by the counties.

Section 13 – Removes the current requirement to pay “compensating tax” on purchase of NRCA lands under forestland tax designation. This amount is unknown since future purchases of privately owned designated forestlands under this tax status are not known. Any reduction in compensating tax payments would allow additional land acquisition funding with HCA funds.

### 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.*

No impact.

### 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.*

Transfer Assumption:

DNR assumes that the state treasurer will make direct payment to the counties and that no appropriation to nor expenditures from DNR will be required. Since the department already pays weed assessments on NAP and NRCA lands no impact is given for this.

Per section 15 of the bill tax assessments are effective July 1, 2007.

1. Total acres managed by DNR in NAP and NRCA status as of December 2004 is 117,874 acres.
2. Add 1,000 acres per fiscal year in NAP/NRCA land base.
3. The average rate of open space taxation to be use on NAP/NRCA lands is \$1.25 per acre per year (based on a sample of 12 privately owned properties eligible for inclusion in NAP's and NRCA's in six counties. These properties are in forestland designation under Ch. 84.33 RCW rather than in open space classification under Ch. 84.34 RCW, but these preferential tax laws are virtually identical.

Calculation: 117,874 acres x \$1.25 = \$147,343 per year.  
1,000 acres x \$1.25 = \$1,250 each added year.

### **Part III: Expenditure Detail**

### **Part IV: Capital Budget Impact**



Capital Impact Assumptions:

DNR assumes the IAC will receive \$45 million for the WWRP program in 05-07, 07-09 and 09-11.

HCA account impact for DNR:

In 03-05 DNR received approximately \$10 million out of the \$22.5 set aside for HCA land acquisition (1/2 of \$45 million). This represents 44.4% of the total HCA IAC budget. Applying this same percentage to a similar budget in 05-07 minus the 3% reduction for IAC administration equals \$9.7 million or a \$300,000 reduction from last biennium.

In outlying biennia it is assumed that DNR receives the same 44.4% of the total HCA IAC budget. Bill formula = \$20 million plus \$500,000 (10% of 5 million) = \$20,500,000  
Minus 3% IAC administration of \$615,000 and minus 5% for creation of new HCA funding category of \$994,300 equals \$18,890,800 times 44.4% = \$8,387,500 or a \$1,612,500 reduction from the 03-05 biennium level.

Creation of new HCA funding category – “restoration & enhancement” projects equals \$994,300. Assume 50% of this amount would come to DNR \$497,200.

ORA account impact for DNR:

Creation of new ORA funding category – “development & renovation” projects equals \$994,300. Assume 50% of this amount would come to DNR \$497,200.

RPA account impact for DNR:

Bill formula = \$5 million minus 3% IAC administration (\$150,000) times 40% for creation of new RPA funding category equals \$1,940,000. DNR assumes it would receive 15% of this amount or \$291,000.

FPA account impact: New category only open to city and county projects. DNR not eligible to apply.

Net HCA, ORA, and RPA impact:

HCA reduction (\$150,000) for 3% to IAC – annual for 05-07

HCA reduction (\$806,300) for 3% to IAC and new bill formula – annual for 07-09, 09-11

HCA increase \$248,600 for restoration & enhancement – annual for 07-09, 09-11

ORA increase \$248,600 for development & restoration – annual for 07-09, 09-11

PRA increase \$145,500 for riparian protection - annual for 07-09, 09-11

Net amount: (163,600) annual for 07-09, 09-11

**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.*

No new rules.

# LOCAL GOVERNMENT FISCAL NOTE

Revised

Department of Community, Trade and Economic Development

<b>Bill Number:</b> 1413 S HB	<b>Title:</b> Habitat conservation prgrms
-------------------------------	---

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

### Legislation Impacts:

- Cities:  
 Counties:  
 Special Districts:  
 Specific jurisdictions only:  
 Variance occurs due to:

## 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: Please see "Revenues" for discussion of variables.

### Estimated revenue impacts to:

**Indeterminate Impact**

### Estimated expenditure impacts to:

Jurisdiction	FY 2006	FY 2007	2005-07	2007-09	2009-11
City					
County					
Special District					
<b>TOTAL \$</b>					
<b>GRAND TOTAL \$</b>					0

## Part III: Preparation and Approval

Fiscal Note Analyst: Linda Bradford	Phone: 360-725-5035	Date: 02/24/2005
Leg. Committee Contact:	Phone:	Date: 02/17/2005
Agency Approval: Louise Deng Davis	Phone: (360) 725-5034	Date: 02/24/2005
OFM Review: Jim Skalski	Phone: 360-902-0654	Date: 03/01/2005

## **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 propose a change in distribution formulas for funds which come into the habitat conservation and outdoor recreation accounts. This bill is similar to SB 5118 except that this bill adds "riparian protection and farmlands preservation" to projects eligible for funding with habitat conservation and outdoor recreation funds. Watershed and Shoreline Master Plans and recovery efforts for "endangered, threatened, or sensitive species" are added as considerations for prioritizing projects selected for funding.

This bill would neither increase or decrease the total funding available to the WA Wildlife Recreation Program (WWRP), but merely changes the allocation of those resources.

### **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.*

None.

### **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.*

Receipts are indeterminate (please see below). Please see Lead Agency Assumptions for historic highs, lows, and averages of funds which might be available to local jurisdictions.

Unknown factors:

- Based on assumptions from the Interagency Committee for Outdoor Recreation (ICOR), the bill only makes changes in the distribution formula for habitat conservation and critical area protection. The actual amount of dollars these formulas will apply to is unknown, as well as how much land might be acquired at what price by the affected agencies. The Dept. of Fish & Wildlife (DFW) is already making payments in lieu of taxes (PILT) on their acquired lands, but they cannot project what they will be required to pay in the future.

- Another unknown is what income might be obtained by the weed boards, since these costs only apply on a case-by-case basis, and they would be for reimbursement for weed control performed by weed boards in areas owned by DFW and DNR.

- Regarding grant funding for projects, according to ICOR, there is a mixed bag of priorities, requirements, projects, developments, etc, and it is impossible to pre-determine which projects, when submitted, might be deemed eligible for how much funding, or even the total amount of funding available to local jurisdictions.

#### **SOURCES:**

Dept of General Administration

WA Fish & Wildlife

WA Dept of Natural Resources

State Parks

Interagency Committee for Outdoor Recreation

LGFN Fiscal Note 5118 SB (current session)

LGFN Fiscal Note 5396 SB (current session)

LGFN Fiscal Note 2275 SHB (2004 session)