

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 6327 SB	<b>Title:</b> Local economic dev projects
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## Estimated Cash Receipts

Agency Name	2005-07		2007-09		2009-11	
	GF- State	Total	GF- State	Total	GF- State	Total
Washington Economic Development Finance Authority	Non-zero but indeterminate cost. Please see discussion."					
<b>Total \$</b>	0	0	0	0	0	0

Local Gov. Courts *						
Local Gov. Other **	Fiscal note not available					
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
Department of Community, Trade, and Economic Development	.1	20,724	20,724	.2	41,448	41,448	.2	41,448	41,448
Washington Economic Development Finance Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Revenue	Fiscal note not available								
<b>Total</b>	0.1	\$20,724	\$20,724	0.2	\$41,448	\$41,448	0.2	\$41,448	\$41,448

Local Gov. Courts *									
Local Gov. Other **	Fiscal note not available								
Local Gov. Total									

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<b>Prepared by:</b> Doug Jenkins, OFM	<b>Phone:</b> 360-902-0563	<b>Date Published:</b> Preliminary 1/16/2006
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID: 12358

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6327 SB	<b>Title:</b> Local economic dev projects	<b>Agency:</b> 103-Community, Trade & Economic Develop
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## 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	0.0	0.2	0.1	0.2	0.2
<b>Fund</b>					
General Fund-State 001-1	0	20,724	20,724	41,448	41,448
<b>Total \$</b>	0	20,724	20,724	41,448	41,448

*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: 01/11/2006
Agency Preparation: Leilani Hesser	Phone: 360 725-4038	Date: 01/12/2006
Agency Approval: Victor Vasquez	Phone: 360 725-4144	Date: 01/13/2006
OFM Review: Mike Woods	Phone: 360-902-9819	Date: 01/14/2006

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 2 contains the primary definitions for the bill. For purposes of this analysis, the most important are: 1) the definition of a "brownfield" which includes the requirement of the property being owned by a local jurisdiction; 2) the definition of "cleanup payments"; 3) the definition of a "local economic development project" as one that includes the cleanup of publicly owned brownfield sites that have been designated a priority by the Department of Ecology and "a local economic development plan"; and 4) the definition of "local economic development project costs".

Section 3: A) allows a local jurisdiction to enter into an agreement with the Washington Economic Development Finance Authority (WEDFA) for issuance of bonds to finance local economic development project costs. The revenue stream for paying off these bonds would come from the pledging of "cleanup payments" at least equivalent to all state and local leasehold excise taxes normally imposed and collected from the lessees of the properties associated with the completed economic development project; and B) requires that any economic development project being financed in this manner be first reviewed by the Department of Community, Trade and Economic Development (CTED). CTED would be required to determine that the project meets the definition for a "local economic development project" under section 2 of this legislation. This section also provides that the collection of cleanup payments must cease when the payments are no longer necessary or obligated to pay the cleanup costs or the associated bonds.

II. B - Cash receipts Impact

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

None.

II. C - Expenditures

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

Assumptions:

The most difficult part of estimating expenses for this bill is coming up with an assumption of the number of likely projects that will emerge from this legislation--there is no track record for this. The CTED Brownfield's liaison estimates that there are over 500 properties owned by cities, counties, towns and ports in Washington that would qualify as "brownfields" under this bill's definitions. Many of those sites are small, too small to sensibly be developed for economic development purposes or financed using Washington Economic Development Finance Authority's bonding authority without being accumulated in a larger project; this is especially true of properties repossessed as a part of a legal enforcement action. Presuming there are no other legal barriers for city, county and port participation in these projects, the CTED staff's best estimate at this time is that three such projects will emerge in the first year of the program and that the number will grow to five in each of the subsequent years.

In the first year it is presumed that the typical staff time for full review of a financing project (as envisioned in sections 2 and 3 of the bill) will take two staff 1.5 weeks apiece. In subsequent years, with more experience in the process, it is presumed that the review process will take two staff only one week apiece. This amount of time for review is based on staff experience in reviewing CERB proposals and business loan packages. This results in .2 of an FTE per fiscal year at the Community, Trade and Economic Development Specialist 3 level.

About \$1000 per year is assumed as a travel cost for any necessary visiting of sites or meeting with local officials; this assumption is based 7 trips per year to physically meet with 1-3 of the projects, with only one of those sites being in eastern Washington. A cost of \$360 for goods and services is based on a typical per FTE cost of \$1800 per year. Estimated

expenditures for goods and services also include Department of Personnel charges of \$83, and Seat of Government charges of \$44.

#### Program 100, Agency Administration

CTED indirect administration costs are allocated to programs depending on the complexity and/or volume of work required for each program. The cost indicators used to determine complexity and volume of work are: the number of contracts administered the number of FTEs working on a program, and the number of separate budget reporting codes (i.e., separate cost centers or accounts). CTED administration provides general standard governmental services including, but not limited to: budgeting, accounting, payroll, and purchasing services; personnel and employee services; internal information technology systems, desk-top and network support services; facilities management services; legislative and public affairs services; policy and risk management services; and other support services.

## Part III: Expenditure Detail

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

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years		0.2	0.1	0.2	0.2
A-Salaries and Wages		11,818	11,818	23,636	23,636
B-Employee Benefits		2,955	2,955	5,910	5,910
C-Personal Service Contracts					
E-Goods and Services		4,946	4,946	9,892	9,892
G-Travel		1,005	1,005	2,010	2,010
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	\$20,724	\$20,724	\$41,448	\$41,448

### 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
Comm, Trade and Econ Dev	59,088		0.2	0.1	0.2	0.2
Specialist 3						
Various Administrative Services	40,512					
<b>Total FTE's</b>			0.2	0.1	0.2	0.2

### III. C - Expenditures By Program (optional)

Program	FY 2006	FY 2007	2005-07	2007-09	2009-11
Agency Administration (100)		4,459	4,459	8,918	8,918
Economic Development (700)		16,265	16,265	32,530	32,530
<b>Total \$</b>		20,724	20,724	41,448	41,448

## 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.*

None.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6327 SB	<b>Title:</b> Local economic dev projects	<b>Agency:</b> 106-Wa Econ Develop Finance Authority
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## Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

*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.*

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/11/2006
Agency Preparation: Jonathan Hayes	Phone: 206-587-5634	Date: 01/13/2006
Agency Approval: Jonathan Hayes	Phone: 206-587-5634	Date: 01/14/2006
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 01/16/2006

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 proposed legislation would require WEDFA to act as issuing authority for the issuance of bonds to fund environmental clean-up, infrastructure improvements and concomitant administrative regulatory and permitting costs associated with remediation of brownfields properties owned by public jurisdictions and leased to private or other sector users.

Principal and interest on the bonds would be expected to be paid through payments in lieu of leasehold exise tax that would otherwise be paid by the lessee. Since the Program is intended to apply to brownfields sites which are currently unutilized and hence not paying the subject exise taxes, it is anticipated that the payments in lieu of the taxes which would be due from the new operations would be sufficient to pay debt service and Program administrative costs. There would therefore be no diminution of revenues to local funds from what is currently received from those lessees.

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.*

Estimates based on \$50,000 per site per year and \$1,000,000 per site remediation costs. Five sites would be benefitted in FY2006 and an additional 5 in FY2008. This would result in a maximum of \$10 million in par value issued t. These amounts could easily be accommodated in the Authority's current authorization of bonds outstanding.

The administrative fee would be paid from bond proceeds at closing. This will increase the bond par over the remediation cost by these stated amounts, and therefore decrease the amount of payments in lieu of taxes which might be available for other purposes including flowing to locall funds.

At this point in time the number of potential users of the Program is pure guesswork. We do not know what the potential demand might be. The administrative fees are based on processing costs for the Authority's economic development revenue bond programs and may or may not be sufficient. Much depends on demand for the Program.

It is highly probable this Program will need to be "jump started" by an intra agency loan from the Authority's current operational reserves. The above figures include this \$30,000 pump-priming loan.

Receipts from the "Benefitting Lessee Payments in Lieu of Taxes" account is the estimated debt service on bonds issued through the Program, calculated on the basis of a 5% coupon and 10% of principal retired each year.

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.*

Estimated fiscal impact should be equal to the budgeted expenditures for each year. Since it is currently anticipated the Program could be accommodated with current Authority resources, no additions to the Authority's administrative reserves would be required

Additional staff wll only be added as the need is made evident. Since the Program will be financially self-supporting, it is essential staff only be added when (1) workload requires it, and (20) financial resources are available to support staff additions. All alternatives - outsourcing, temporary hires, etc. will be fully utilized prior to the hire of additional staff, either on a part or full-time basis.

It is highly probable this Program will have to be financially "jump-started" by an intra agency loan from the Authority's

current administrative reserves. The above estimates include repayment of that initial loan.

The expenditures from the "Benefitting Lessee Payments in Lieu of Taxes" account are for estimated debt service on bonds issued through the Program calculated on a basis of a 5% coupon and retirement of 10% of the outstanding principal each year.

**Part III: Expenditure Detail**

**Part IV: Capital Budget Impact**

None estimated to be required.

**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.*

None estimated to be required.