

Multiple Agency Fiscal Note Summary

Bill Number: 3102 HB	Title: Geoduck harvesting
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Estimated Cash Receipts

Agency Name	2005-07		2007-09		2009-11	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Natural Resources	0	(686,000)	0	(2,158,000)	0	(3,130,000)
Total \$	0	(686,000)	0	(2,158,000)	0	(3,130,000)

Local Gov. Courts *						
Local Gov. Other **						
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 Fish and Wildlife	Fiscal note not available								
Department of Natural Resources	.0	0	0	.0	0	0	.0	0	0
Total	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

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

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

** See local government fiscal note

FNPID: 13633

Individual State Agency Fiscal Note

Bill Number: 3102 HB	Title: Geoduck harvesting	Agency: 490-Department of Natural Resources
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2006	FY 2007	2005-07	2007-09	2009-11
Aquatic Lands Enhancement Account-State 02R-1		(343,000)	(343,000)	(1,079,000)	(1,565,000)
Resources Management Cost Account-State 041-1		(343,000)	(343,000)	(1,079,000)	(1,565,000)
Total \$		(686,000)	(686,000)	(2,158,000)	(3,130,000)

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
Fund					
Total \$					

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: Jeff Olsen	Phone: 360-786-7157	Date: 01/26/2006
Agency Preparation: Pouth Ing	Phone: (360) 902-1021	Date: 01/27/2006
Agency Approval: Fran McNair	Phone: (360) 902-1000	Date: 02/03/2006
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 02/06/2006

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 1 (1) requires licensed geoduck harvesters to bear the responsibility for providing the labor and equipment to plant geoduck seed provided by a state hatchery onto state commercial beds.

Section 1 (3) states that after July 1, 2006, the director may not issue new geoduck diver licenses. An existing geoduck diver license may be renewed if the person held the license in 2004 and:

- held the license for a minimum of five of the ten years from 1994 through 2003; or
- the licensed was aquired by a transfer from another person who held it during the previous year, and the person did not subsequently transfer the license to a third party.

Section 1 (4) allows the director to revoke geoduck diver license issued after January 1, 2006 if the above criteria was not meet.

Section 1 (5) geoduck diver licenses are not transferable.

Section 1 (6) allows the director to revoke geoduck licenses that are not renewed by December 31st of each year.

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.

For the purposes of this fiscal note, the revenue impacts shown are based on the following set of assumptions:

- Average state share of the Total Allowable Catch (TAC): 2,000,000 pounds
- The wholesale geoduck price is \$8 per pound
- Purchaser costs of shipping, overhead, and profit is \$3 per pound
- Harvest costs are \$1 per pound

Based on the bill language, it appears the end result would reduce the Department of Natural Resources (DNR) revenue for geoduck sales by approximately \$600,000 in the first year, with losses reaching \$1,800,000 by FY12. This estimate assumes that the reseedling program does not result in an increase of harvestable geoduck since studies have shown reseedling to be ineffective.

Harvest agreement:

The Purchaser would have up to \$4 per pound to pay to DNR for the state harvest agreement. If harvest costs increase because of the limited number of harvest licenses available, the purchaser would have to decrease profits, or pay less to DNR for the harvest agreement. The purchaser, instead of taking the loss, would more than likely, pass the loss along to DNR in the form of decreased bids for harvest agreements. For the purposes of this fiscal note, it is assumed that bid prices paid to DNR by the purchasers will decrease by \$0.20 in the first year, \$0.10 in the second year and \$0.05 each year after that (decreases are cumulative). Assuming the state's annual share to be 2 million pounds per year yields the annual losses from harvest agreements shown above.

Harvest reduction:

Loss of revenue would also result from the decreased harvest ability from the shrinking harvest diver pool. With fewer divers available to harvest geoduck and a limited number harvest days per year, DNR may not be able to harvest the state's entire share of the annual Total Allowable Catch (TAC). This fiscal note assumes a reduction in the harvest diver pool of one diver every two years. The average harvest by each diver in pounds of geoduck is assumed to be 71,500. At an average price of \$4 per pound, the annual loss in revenue attributed to each diver leaving the pool is \$286,000. This

loss is cumulative as divers leave the pool and there is no mechanism for replacing them.

Revenue Impact:

Fund	Source Code	FY2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
ALEA	Harvest agreement	(\$200,000)	(\$300,000)	(\$350,000)	(\$400,000)	(\$450,000)	(\$500,000)
	Reduced harvest	(\$143,000)	(\$143,000)	(\$286,000)	(\$286,000)	(\$429,000)	(\$429,000)
	Total ALEA	(\$343,000)	(\$443,000)	(\$636,000)	(\$686,000)	(\$879,000)	(\$929,000)
RMCA	Harvest agreement	(\$200,000)	(\$300,000)	(\$350,000)	(\$400,000)	(\$450,000)	(\$500,000)
	Reduced harvest	(\$143,000)	(\$143,000)	(\$286,000)	(\$286,000)	(\$429,000)	(\$429,000)
	Total RMCA	(\$343,000)	(\$443,000)	(\$636,000)	(\$686,000)	(\$879,000)	(\$929,000)
TOTAL		(\$686,000)	(\$886,000)	(\$1,272,000)	(\$1,372,000)	(\$1,758,000)	(\$1,858,000)

The reduction in revenue from geoduck sales would decrease contributions in both the Aquatic Lands Enhancement Account (ALEA) 50% and the Resource Management Cost Account (RMCA) 50%.

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.

Section 1 (1) of bill: the Department of Natural Resources (DNR) assumes the labor and equipment costs to plant geoduck seeds would be provided by the state hatchery and the department would incur no operating costs.

If the department were to provide the geoduck seeds, the cost of the seeds would total \$500,000 (avg cost \$0.50/seed at a minimum of 1 million seeds) per year.

Legal costs could be incurred. At this time, the extent of those costs are unknown.

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					
Total:	\$0	\$0	\$0	\$0	\$0

Part IV: Capital Budget Impact

No fiscal 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.