Multiple Agency Fiscal Note Summary

Bill Number: 5253 SB	Title: Landscape conservation

Estimated Cash Receipts

NONE

Estimated Expenditures

Agency Name	2011-13			2013-15			2015-17		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Commerce	.2	36,710	36,710	.1	24,034	24,034	.1	24,034	24,034
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Total	0.2	$36,710	$36,710	0.1	$24,034	$24,034	0.1	$24,034	$24,034

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

Estimated Capital Budget Impact

NONE

Prepared by: Diamatris Winston, OFM	Phone: (360) 902-7657	Date Published: Final

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

** See local government fiscal note

FNPID 28053

Individual State Agency Fiscal Note

Revised

Bill Number: 5253 SB	**Title:** Landscape conservation	**Agency:** 103-Department of Commerce

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	0.2	0.1	0.2	0.1	0.1
Account					
General Fund-State 001-1	24,693	12,017	36,710	24,034	24,034
Total $	24,693	12,017	36,710	24,034	24,034

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:	Karen Epps	Phone: 360-786-7424	Date: 01/29/2011
Agency Preparation:	Paul Johnson	Phone: 360-725-3048	Date: 02/03/2011
Agency Approval:	Karen Larkin	Phone: 360-725-3003	Date: 02/03/2011
OFM Review:	Diamatris Winston	Phone: (360) 902-7657	Date: 02/03/2011

Request # 040-6A0-3

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 501 requires the Puget Sound Regional Council (PSRC), in collaboration with eligible counties, to develop quantitative and qualitative performance measures for monitoring the landscape conservation and local infrastructure program created by this bill. Eligible counties and sponsoring cities must report on these measures biannually to the Department of Commerce. Commerce must compile the information reported, post it on its web site, and biannually report back to the sponsoring cities, the State Treasurer, and the Office of Financial Management (OFM) on the performance measure information, addressing the state financial benefit derived from local infrastructure project areas as reported by the counties and cities.

Section 801 allows cities that qualify as TDR receiving cities to adopt a comprehensive plan element and associated development regulations under the Growth Management Act (GMA) that apply within the receiving areas in those cities.

Section 901 authorizes Commerce to adopt rules for the administration of this new chapter.

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.

FTE Salary and Benefits

In FY12, Commerce estimates 0.2 FTE Commerce Specialist 3 to set-up a reporting system for the performance measures for landscape conservation and related local infrastructure projects.

In FY13-17, Commerce estimates 0.1 FTE Commerce Specialist 3 to compile the performance measure information, post the information on the agency web site, and report the performance information to the eligible cities, the State Treasurer, and OFM.

FY12: $16,799

FY13-17: $8,400 each fiscal year

Goods & Services

FY12: $7,234
-standard G&S: $6,284
-space and utilities: $950
-non-standard G&S: $0

FY13-FY17: $3,617 each fiscal year
-standard G&S: $3,142
-space and utilities: $475
-non-standard G&S: $0

Note: Standard goods and services costs include supplies and materials, employee development and training, mandatory state seat of government and Department of Personnel charges, and Commerce agency administration. Commerce 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, desktop and network support services; facilities management services; public affairs services; policy and risk management services; and other support services.

Capital Outlays

FY12: $660 for a standard office workstation

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	0.2	0.1	0.2	0.1	0.1
A-Salaries and Wages	12,948	6,474	19,422	12,948	12,948
B-Employee Benefits	3,851	1,926	5,777	3,852	3,852
E-Goods and Services	7,234	3,617	10,851	7,234	7,234
J-Capital Outlays	660		660		
Total:	$24,693	$12,017	$36,710	$24,034	$24,034

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 2012	FY 2013	2011-13	2013-15	2015-17
Commerce Specialist 3	64,740	0.2	0.1	0.2	0.1	0.1
Various Administrative Services	55,478	0.0	0.0	0.0	0.0	0.0
Total FTE's	120,218	0.2	0.1	0.2	0.1	0.1

III. C - Expenditures By Program (optional)

Program	FY 2012	FY 2013	2011-13	2013-15	2015-17
Agency Administration (100)	5,880	2,940	8,820	5,880	5,880
Local Government and Infrastructure (6A0)	18,813	9,077	27,890	18,154	18,154
Total $	24,693	12,017	36,710	24,034	24,034

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.

Commerce will amend existing rules to include the guidance for local governments regarding comprehensive plan elements for landscape conservation and related local infrastructure projects.

Department of Revenue Fiscal Note

Bill Number: 5253 SB	Title: Landscape conservation	Agency: 140-Department of Revenue

Part I: Estimates

☒ **No Fiscal Impact**

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:	Karen Epps	Phone: 360-786-7424	Date: 01/29/2011
Agency Preparation:	Diana Tibbetts	Phone: 360-534-1520	Date: 01/31/2011
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 01/31/2011
OFM Review:	Heather Matthews	Phone: (360) 902-0543	Date: 02/01/2011

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 legislation allows local governments to create infrastructure projects through developmental rights transfers from forest and agricultural lands to urban areas. Infrastructure projects can be financed by local infrastructure financing which is defined as the use of property taxes distributed to the sponsoring city to pay or finance public improvement costs within the local project area. This property tax allocation amount is added to each taxing district's levy limit and the entire amount is to be distributed to the sponsoring city to fund the local infrastructure project.

An eligible county must border Puget Sound and have a population of 600,000 or more and a program for transfer of development rights. A receiving city is an incorporated city with a population plus employment of 22,500 or more within an eligible county. Taxing districts are limited to cities, counties and ports.

Department of Commerce will administer this transfer of development rights program.

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

About 25 cities within King, Pierce and Snohomish counties are eligible to create infrastructure projects using this transfer of development rights program.

REVENUE ESTIMATES

There is no direct impact on state revenues.

The local impact of this bill cannot be accurately estimated due to the unknown size or location of local infrastructure projects that may form or how much the receiving cities choose to levy property taxes. The utilization of property tax allocation to fund local infrastructure is unknown. Although, it should be noted that junior taxing districts in King, Pierce and Snohomish counties could be subject to prorationing due to the increased taxing capacity of cities, counties and ports.

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

The Department of Revenue will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and dexcribe potential financing methods

NONE

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.

No rule-making required.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 5253 SB	**Title:** Landscape conservation

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

Legislation Impacts:

[X] Cities: About 30 cities could become Transfer of Development Rights "sponsoring cities" and establish one or more "local infrastructure project areas" (LIPAs). Cities doing so would gain a new revenue authority to finance infrastructure projects in those areas.

[X] Counties: King, Pierce and Snohomish counties would be required to calculate the number of development rights eligible for transfer and could have impacts to their property tax collections in LIPAs.

[X] Special Districts: Ports in King, Pierce and Snohomish counties could also have revenue impacts.

[X] Specific jurisdictions only: Cities with combined population and employment exceeding 22,500 within King, Pierce and Snohomish counties.

[ ] Variance occurs due to:

Part II: Estimates

[ ] No fiscal impacts.

[ ] Expenditures represent one-time costs:

[X] Legislation provides local option: Cities could choose whether or not to become "sponsoring cities."

[X] Key variables cannot be estimated with certainty at this time: Impacts would depend on the extent of participation by sponsoring cities. In addition, the proposed legislation does not include a methodology for implementing the property tax increment financing tool, so no revenue calculations can be made.

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Jaime Kaszynski	Phone: 360-725-2717	Date: 02/07/2011
Leg. Committee Contact: Karen Epps	Phone: 360-786-7424	Date: 01/29/2011
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 02/07/2011
OFM Review: Diamatris Winston	Phone: (360) 902-7657	Date: 02/07/2011

Part IV: Analysis

A. SUMMARY OF BILL

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

PART II -- DEFINITIONS
Certain terms would be defined, including:
-- "Eligible county" includes King, Pierce and Snohomish;
-- "Local infrastructure project financing" means the use of property taxes distributed to the sponsoring city to pay or finance public improvement costs within the local infrastructure project area;
-- "Receiving city" means any incorporated city with population plus employment equal to twenty-two thousand five hundred or greater within an eligible county.
-- "Sponsoring city" means a receiving city that accepts all or a portion of its receiving city allocated share, adopts a plan for development of infrastructure within one or more proposed local infrastructure project areas, and creates one or more local infrastructure project areas;
-- "Sponsoring city allocated share" means the total number of transferable development rights a sponsoring city agrees to accept; and
-- "Taxing district" means a city, a county, or a port district.

PART III -- SENDING AREAS
King, Pierce and Snohomish county would be required to designate all agricultural and forest land of long-term commercial significance as sending areas for conservation under the counties' programs for transfer of development rights (TDR programs). The counties could also designate transferrable rights from other rural-zoned land meeting specified conditions. The counties would report this information to the Puget Sound Regional Council (PSRC) by September 1, 2011, and PSRC would in turn allocate those development rights among the receiving cities by March 1, 2012. A receiving city would become a sponsoring city by accepting all or a portion of its receiving city allocated share and establishing one or more local infrastructure project areas (LIPAs) to pay or finance costs of public improvements.

PART IV -- RECEIVING AREAS
Sponsoring cities, in consultation with the county and any affected port districts, would be required to adopt a plan for development of public infrastructure within one or more proposed local infrastructure project areas (LIPAs) sufficient to utilize, on an aggregate basis, at least 20 percent of the amount of transferred development rights allocated by the PSRC. Cities would then adopt transfer of development rights policies (directly or through development regulations), and commit to either (i) receive its sponsoring city specified portion within one or more local infrastructure project areas; or if unable to do so (ii) purchase its sponsoring city specified portion such that the purchased development rights can be held in reserve by the sponsoring city and used in future development. Cities would establish a TDR exchange rate, provide other development incentives at their discretion, and could integrate the LIPA plan with a sub-area plan, planned action, streamlined SEPA review, or other planning initiatives.

PART V -- PERFORMANCE MEASURES
The PSRC in collaboration with the eligible counties would develop, monitor and report every two years on quantitative and qualitative performance measures that address conservation of agricultural and forest land of long-term commercial significance within the eligible counties, redevelopment of underutilized or blighted urban areas, job creation or other measures of increased business activity, creation of compact communities within the receiving cities, and state financial benefit derived from local infrastructure project areas and other measures.

PART VI -- ESTABLISHMENT OF LOCAL INFRASTRUCTURE PROJECT AREAS
Sponsoring cities would notify the county assessor, county treasurer and any taxing districts within the proposed local infrastructure project area of the sponsoring city's intent to create one or more local infrastructure project areas, and hold at least one public hearing. Cities would then adopt one or more ordinances to define the boundaries of the LIPAs and describe the proposed infrastructure projects. LIPAs could only be comprised of contiguous parcels, and could not comprise an area containing more than 25 percent of the total assessed value of taxable property within the sponsoring city. LIPAs created by a sponsoring city would need to be large enough to use all of the transferred development rights, unless the sponsoring city chooses to purchase excess rights.

Once a LIPA was established and one or more "property tax threshold" had been achieved as described in Part VII, each affected taxing district would be required to "set its [next calendar year] regular property tax levy to include the property tax allocation, to the extent that including such amount does not cause the taxing district to exceed the constitutional and statutory limitations that apply to its levy rate. This amount is to be distributed to the sponsoring city ... only for the purpose of local infrastructure project financing."

PART VII -- LOCAL INFRASTRUCTURE PROJECT FINANCING
Once one or more "property tax threshold level" had been achieved, the county treasurer would distribute the property tax allocation imposed by taxing districts located in the local infrastructure project to the sponsoring city, to the extent the taxing district has included this amount in its levy. Distributions would cease when either (i) local infrastructure project financing is no longer used for costs of the public

improvements as certified by the sponsoring city to the county treasurer, or (ii) the "final termination date" for the applicable threshold level had passed. The final termination date would correspond to the "property tax threshold level" in the LIPA - with threshold level one having a termination date of 10 years, level two of 15 years, level three of 20 years and level four of 25 years. Taxing districts would be authorized to increase property tax revenue to the extent it resulted from "any increase in assessed value within any [LIPA]..."

Threshold level one would be met within a LIPA when the sponsoring city had either (i) issued building permits for development within the LIPA that, on an aggregate basis, uses at least 25 percent of the sponsoring city specified portion; or (ii) acquired transferable development rights equal to at least 25 percent of the sponsoring city specified portion for use in the LIPA or for extinguishment. Threshold level two would be met when 50 percent of transferred rights were committed, level three would be met when 75 percent of rights were committed, and level four would be met when 100 percent of rights were committed.

PLEASE NOTE: The current version of the proposed legislation does not define the phrase "property tax allocation," and does not specify a methodology for calculating the amount to be distributed to the sponsoring city by the (other) taxing districts.

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.

PARTS III & V -- SENDING AREAS, PERFORMANCE MEASURES
Planning departments in King, Pierce and Snohomish counties would incur expenditures of staff time to calculate the number of development rights from agricultural, forest and qualified rural lands that are eligible for transfer to receiving areas, and transmit that information to the PSRC. Costs for each jurisdiction would range from negligible to minor (less than $50,000) depending on the extent to which transferable development rights had already been cataloged. The PRSC would then allocate the transferable development rights to receiving cities, which they anticipated would cost around $25,000 in staff time and other expenses.

The PSRC and participating counties would also experience ongoing costs to administer the TDR programs, including costs to develop, monitor and report every two years on quantitative and qualitative performance measures. The King County Transfer of Development Rights program, for example, anticipated low start-up costs and incrementally increased expenditures, the magnitude of which would depend on the program's popularity. Receiving cities that were interested in becoming sponsoring cities would likely participate in the process of calculating and allocating the rights and would have some degree of one-time cost (in addition to the costs noted below) depending on the extent of their participation.

PARTS IV & VI -- RECEIVING AREAS AND LIPAS
Each receiving city that chooses to accept its allotment of development rights and thereby become a sponsoring city would be required to enact ordinances designating one or more local infrastructure project areas (LIPAs), adopt an infrastructure development plan and implement a TDR program. This planning process would involve public notice and participation, and collaboration with neighboring jurisdictions. In many cases, the process of developing a LIPA could be one aspect of a jurisdiction's larger sub-area or redevelopment planning initiative. Planning costs for sponsoring cities could range from moderate (greater than $50,000) to substantial (greater than $500,000) or higher depending on the size of the LIPA(s), the degree of complexity associated with the planned infrastructure projects, whether an environmental impact statement were needed, etc.

Sponsoring cities would also experience ongoing costs to administer the TDR program within the LIPA(s). Costs would depend on the size and extent of participation in each jurisdiction. Assuming a program required one additional planning or building official to administer, ongoing costs would be approximately $95,000 per year. In addition, sponsoring cities would establish a TDR exchange rate, and if unable to receive their sponsoring city specified portions within one or more LIPA, would commit to purchasing the excess portion for use in future development. The expenditures required to purchase such unclaimed rights would vary widely and could potentially be substantial in some cases.

PART VII -- LOCAL INFRASTRUCTURE PROJECT FINANCING
Sponsoring cities that received dedicated property tax revenues as described below would expend those funds for infrastructure projects within LIPAs, either directly or by using the tax revenue as a financing source for general obligation bonds. As noted below, the phrase "property tax allocation" is not defined in the proposed legislation. Therefore, it is not possible to estimate the amount of revenue (or resulting infrastructure expenditures) that would result in the LIPA(s).

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.

PART VI & VII -- LOCAL INFRASTRUCTURE PROJECT FINANCING
The proposed legislation would expand revenue authority for sponsoring cities that enact TDR programs and designate one or more LIPAs. Property tax revenues would potentially increase for cities, and decrease for other taxing districts (counties and port districts only) with taxing authority over the LIPA(s).

PLEASE NOTE: The phrase "property tax allocation" is not defined and the proposed legislation does not specify the methodology by which any tax increment would be calculated. It is therefore not possible to estimate the magnitude of any potential tax impacts to sponsoring cities, counties or port districts that would result from the legislation in its current version

SOURCES:
Puget Sound Regional Council
King County Transfer of Development Rights Program
Pierce County
Department of Revenue fiscal note
Department of Commerce Growth Management Unit
Association of Washington Cities 2009 salary and benefit survey