

MultipleAgencyFiscalNoteSummary

BillNumber: 1060SHB

Title: Forestboardtransferlands

EstimatedCashReceipts

AgencyName	2001-03		2003-05		2005-07	
	GF-State	Total	GF-State	Total	GF-State	Total
DepartmentofNaturalResources	0	(5,214,000)	0	(12,878,000)	0	(18,380,000)
Total:	0	(5,214,000)	0	(12,878,000)	0	(18,380,000)

LocalGov.Courts*						
LocalGov.Other**						
LocalGov.Total						

EstimatedExpenditures

AgencyName	2001-03			2003-05			2005-07		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
DepartmentofNaturalResources	(2.7)	0	(313,910)	(2.5)	0	(316,940)	(2.5)	0	(321,840)
Total:	(2.7)	\$0	(\$313,910)	(2.5)	\$0	(\$316,940)	(2.5)	\$0	(\$321,840)

LocalGov.Courts*									
LocalGov.Other**									
LocalGov.Total									

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Preparedby: Ann-MarieSweeten,OFM

Phone:

360-902-0538

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* SeeOfficeoftheAdministratorfortheCourtsjudicialfiscalnote

** Seelocalgovernmentfiscalnote

IndividualStateAgencyFiscalNote

BillNumber: 1060SHB	Title: Forestboardtransferlands	Agency: 490-DepartmentofNatural Resources
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PartI:Estimates

☐ NoFiscalImpact

EstimatedCashReceiptsto:

Fund	FY2002	FY2003	2001-03	2003-05	2005-07
ForestDevelopmentAccount-State 014-1	(452,000)	(844,000)	(1,296,000)	(3,214,000)	(4,600,000)
GeneralLongTermObligationAccount Group-Non-Appropriated 999-6	(1,398,000)	(2,520,000)	(3,918,000)	(9,664,000)	(13,780,000)
Total	\$(1,850,000)	\$(3,364,000)	\$(5,214,000)	\$(12,878,000)	\$(18,380,000)

EstimatedExpendituresfrom:

	FY2002	FY2003	2001-03	2003-05	2005-07
FTEStaffYears	(2.8)	(2.5)	(2.7)	(2.5)	(2.5)
Fund					
ForestDevelopmentAccount-State 014-1	(164,190)	(149,720)	(313,910)	(316,940)	(321,840)
Total	(164,190)	(149,720)	(313,910)	(316,940)	(321,840)

Thecashreceiptsandexpenditureestimatesonthispagerepresentthemostlikelyfiscalimpact.Factorsimpactingtheprecisionoftheseestimates,
andalternateranges(ifappropriate),areexplainedinPartII.

Checkapplicableboxesandfollowcorrespondinginstructions:

- ☒ Iffiscalimpactisgreaterthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completeentirefiscalnote
formPartsI-V.
- ☐ Iffiscalimpactislessthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completethispageonly(PartI).
- ☐ Capitalbudgetimpact,completePartIV.
- ☐ Requiresnewrulemaking,completePartV.

LegislativeContact:	Phone:	Date: 03/06/2001
AgencyPreparation: RandyNewman	Phone: (360)902-1277	Date: 03/08/2001
AgencyApproval: BruceMackey	Phone: (360)902-1000	Date: 03/30/2001
OFMReview: Ann-MarieSweeten	Phone: 360-902-0538	Date: 04/03/2001

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.

Substitute House Bill 11060 addresses the public interest to protect watersheds by allowing the conveyance of Forest Board transfer lands to the counties to protect watersheds that are within or adjacent to municipal watershed boundaries.

Section 2 of RCW 76.12.072 is amended to allow the counties to make an application to request the transfer of forest lands acquired from the county by the state pursuant to RCW 76.12.030 (Forest Board Transfer Lands) from the administration of the Department of Natural Resources to the county for the protection of municipal drinking water sources. Also, this section grants authority to the department to convey Forest Board transfer land back to the county if it will result in greater protection of municipal drinking water sources. The amendment allows the department to deny the application if it will not contribute to the protection of municipal drinking water and the applying county will have to pay the department a reasonable administrative cost associated with the conveyance.

Section 3 RCW 76.12.073 is amended to direct the department to not include land transferred under RCW 76.12.072 in the calculation of the sustainable harvest.

Section 5(1) is added to include representation by the department on a committee to develop watershed specific forest management plans to be approved by the Department of Health.

Section 5(2) establishes an advisory committee and designates the Commissioner of Public Lands or his designee as a member of the committee.

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 assumption translates into estimates. Distinguish between one time and ongoing functions.

Revenue from management activities on State Forest Board Transfer Lands will be permanently reduced, since the legislature has directed that these lands be managed on a sustainable harvest basis. The loss of harvest opportunity on some lands can only be artificially substituted on a short-term basis with reduced harvest in the future on the remaining lands. The Forest Resource plan directs that the department determine a separate sustainable harvest for each county's forest board transfer lands. The magnitude of the loss to each county will depend on the quantity and type of lands transferred to each county.

The department completed 4 impacts scenarios that are based on different conveyance options and yield reduction impacts. The department based its fiscal note on scenario 1 which assumes 100% conveyance of Forest Board Transfer Lands with a 100% yield reduction. The other impacts scenarios are detailed below. All the scenarios assume that 10% of all Forest Board Transfer Lands are located in municipal watersheds and are eligible for conveyance to the counties.

Scenario 1 (100% Forest Board Transfer Lands conveyed and 100% Yield Reduction) estimates that approximately 20% of the Forest Board Transfer Lands would be conveyed each year for five years starting in Fiscal Year 2002 (2% annually accumulating each year). This scenario is represented in part 1 of the fiscal note.

Scenario 2 (100% Forest Board Transfer Lands conveyed and 50% Yield Reduction) estimates that approximately 20% of the Forest Board Transfer Lands would be conveyed each year for five years starting in Fiscal Year 2002 (2% annually accumulating each year). The department assumes that the conveyance would have a 50% reduction in timber yields. The fiscal impact in the 2001-03 biennium would be \$2.6 million, 2003-05 biennium \$6.4 million and 2006-07 biennium \$9.2 million.

Scenario 3 (50% Forest Board Transfer Lands conveyed and 50% Yield Reduction) estimates that approximately 10% of the Forest Board Transfer Lands would be conveyed each year for five years starting in Fiscal Year 2002 (1%

annually accumulating each year). The department assumes that the reconveyance would have a 50% reduction in timber yields. The fiscal impact in the 2001-03 biennium would be \$1.3 million, 2003-05 biennium \$3.2 million and 2006-07 biennium \$4.6 million).

Scenario 4 (100% Forest Board Transfer Lands reconveyed and 25% Yield Reduction) estimates that approximately 20% of the Forest Board Transfer Lands would be reconveyed each year for five years starting in Fiscal Year 2002 (2% annually accumulating each year). The department assumes that the reconveyance would have a 25% reduction in timber yields. The fiscal impact in the 2001-03 biennium would be \$1.3 million, 2003-05 biennium \$3.2 million and 2006-07 biennium \$4.6 million).

This analysis assumes that the counties will not allow the department to manage these lands for timber harvest activities. Thus the impact on timber harvest and revenues from these lands will be immediate and permanent. The reductions are based on the November 2000 revenue forecast.

See Attachment I for calculations

II.C-Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provision of the legislation that results 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 assumption translates into cost estimates. Distinguish between one-time and ongoing functions.

The impact of the reconveyance of forest lands to the county would result in a net decrease in staffing due to the reduction in management activities on the transferred lands. The net decrease would be 2.8 FTE for the first year and 2.5 FTE per fiscal year thereafter.

The analysis assumes that all lands will be transferred within a five-year period (2% per year for 5 years).

The net position savings are based on the additional staff costs associated with reviewing the transfer applications, committee design time and staff time associated with the committee's development of watershed management plans offset by savings by not providing management activities on these lands. Goods and services and travel were calculated using program averages.

Part III: Expenditure Detail

III.A-Expenditures By Object Or Purpose

	FY2002	FY2003	2001-03	2003-05	2005-07
FTE Staff Years	(2.8)	(2.5)	(2.7)	(2.5)	(2.5)
A-Salaries and Wages	(92,100)	(83,900)	(176,000)	(180,300)	(184,000)
B-Employee Benefits	(26,400)	(23,700)	(50,100)	(49,100)	(49,400)
C-Personal Service Contracts					
E-Goods and Services	(3,570)	(3,360)	(6,930)	(6,720)	(6,720)
G-Travel	(11,220)	(10,560)	(21,780)	(21,120)	(21,120)
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-Agency Administration	(30,900)	(28,200)	(59,100)	(59,700)	(60,600)
Total:	\$(164,190)	\$(149,720)	\$(313,910)	\$(316,940)	\$(321,840)

III.B-FTEDetail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA.*

Job Classification	Salary	FY2002	FY2003	2001-03	2003-05	2005-07
Cartographer2	39,072		.1	.1	.1	.1
Environmental Planner2	39,072		.1	.1	.1	.1
Forest Cruiser	30,612	(.2)	(.2)	(.2)	(.2)	(.2)
Forester1	33,684	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)
Forester2	38,088	.3	.3	.3	.3	.3
Hydrologist2	43,128		.1	.1	.1	.1
Land Surveyor2	39,072	(.3)	(.3)	(.3)	(.3)	(.3)
Land Technician2	30,612	.3	.3	.3	.3	.3
Natural Resource Engineer1	35,400	(.5)	(.5)	(.5)	(.5)	(.5)
Natural Resource Project Administrator	46,440	.3	.3	.3	.3	.3
Natural Resource Scientist1	34,536	(.2)	(.2)	(.2)	(.2)	(.2)
Total		(2.8)	(2.5)	(2.5)	(2.5)	(2.5)

Part IV: Capital Budget Impact

Part V: New Rule Making Required

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

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 1060SHB

Title: Forest board transfer lands

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

Legislation Impacts:

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

Part II: Estimates

- ☒ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: Counties have option to apply for reconveyance.
- ☒ Key variables cannot be estimated with certainty at this time: Should a county apply for reconveyance, the amount of funds distributed would vary by jurisdiction.

Part III: Preparation and Approval

Fiscal Note Analyst: Chris Thomas	Phone: (360) 725-5030	Date: 03/07/2001
Leg. Committee Contact:	Phone:	Date: 03/06/2001
Agency Approval: Val Richey	Phone: 360-725-5036	Date: 04/22/2001
OFM Review: Linda Swanson	Phone: 360-902-0541	Date: 04/23/2001

Part IV: Analysis

A. SUMMARY OF BILL

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

Section 1. The bill would allow certain forest board transfer lands to be conveyed to a county if the county can demonstrate that such a reconveyance will result in enhanced protection of the source of municipal drinking water within the county.

Section 5(1) This bill requires that all lands reconveyed under RCW 76.12.072 for the protection of the municipal drinking water source shall be managed under watershed specific and approved by the department of health under chapter 246-290 WAC. (2) Establishes an advisory committee to develop standards for the development of watershed specific forest management plans that are redesigned to protect sources of municipal drinking water. (3) Requires the committee to report its recommendations to the appropriate legislative committees by January 1, 2002.

The substitute bill compared to the original bill:

The original bill allows forest board transfer lands adjacent to municipal watershed to be conveyed to the county. The substitute bill requires any lands reconveyed to be within the municipal watershed.

The substitute bill requires all reconveyed lands to be managed under a watershed specific forest management plan, and creates an advisory committee to make recommendations regarding the content of forest management plans.

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.

The language of this bill is permissive and local jurisdictions are not required to take any action. Therefore, this analysis has assumed that there is no expenditure impact from this bill.

Assumptions:

Based on consultation with Jefferson and Whatcom counties, as well as the Washington Association of County Officials and the Department of Natural Resources, this analysis has determined that this bill would have no expenditure impact on local governments. For counties that choose to exercise the reconveyance option, the expenditure impacts are indeterminate.

Expenditure impact to local governments regarding watershed-specific forest management plans to manage and protect the source of municipal drinking water areas are indeterminate because the standards and policies of this plan have not yet been formulated. The expenditure impact to local governments involving an advisory committee to develop standards for the development of watershed-specific forest management plans that are redesigned to protect source of municipal drinking water is also indeterminate but is expected to be negligible.

The cost of fire protection for counties for any reconveyed lands was estimated at approximately \$3,165.

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.

The language of this bill is permissive and local jurisdictions are not required to take any action. Therefore, this analysis has assumed that there is no revenue impact from this bill.

ASSUMPTIONS:

This bill provides a local option and any impact would depend on the exercise of that option and how much land would be reconveyed, if any. If the option is used, local jurisdictions would lose revenue from the value of the timber that would have been cut under authority of the Department of Natural Resources. Jurisdictions that apply to have forest lands reconveyed will lose potential revenue that comes to junior taxing districts within their jurisdiction from timber harvest. Such districts will then be more dependent upon levies for funding for projects, maintenance, etc.

The Department of Natural Resources (DNR) has provided four possible impacts scenarios for local government if counties choose to apply for the option of reconveyance.

Scenario 1. \$27,362,000 for FY02-FY07 if 100% is transferred with 100% yield reduction, 20% reconveyed each year for five years.
Scenario 2. \$13,681,000 for FY02-FY07 if 100% is transferred with 50% yield reduction, 20% reconveyed each year for five years.
Scenario 3. \$6,840,500 for FY02-FY07 if 50% is transferred with 50% yield reduction, 10% reconveyed each year for five years.
Scenario 4. \$6,840,500 for FY02-FY07 if 50% is transferred with 25% yield reduction, 20% reconveyed each year for five years.

Breakdown of scenario 1.

FY2002-\$1,398,000 (20% of 10%)
FY2003-\$2,520,000 (40% of 10%)
FY2004-\$4,152,000 (60% of 10%)
FY2005-\$5,512,000 (80% of 10%)
FY2006-\$6,890,000 (100% of 10%)
FY2007-\$6,890,000 (100% of 10%)
Total FY2002-2007 \$27,362,000

Since it is a local option for the county to apply and attempt to demonstrate that reconveyed land would result in better municipal water source protection, the exact percentage of land that would be reconveyed cannot be precisely determined. To generate the figures above, DNR has estimated that approximately ten percent of all forest board lands are eligible for reconveyance.

Based on discussions with assessors from Jefferson and Whatcom counties, and staff from the Washington Association of County Officials (WACO) and the Washington State Association of Counties (WSAC), this analysis assumes that if counties choose to exercise their option, the local revenue impact would vary from jurisdiction to jurisdiction, but mostly likely would be considerably less than the percentages (100% and 50%) assumed by DNR.