

Multiple Agency Fiscal Note Summary

Bill Number: 2502 HB	Title: Forest land classification
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Estimated Cash Receipts

Agency Name	2011-13		2013-15		2015-17	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	Non-zero but indeterminate cost. Please see discussion."					
Total \$	0	0	0	0	0	0

Estimated Expenditures

Agency Name	2011-13			2013-15			2015-17		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.1	10,700	10,700	.0	0	0	.0	0	0
Total	0.1	\$10,700	\$10,700	0.0	\$0	\$0	0.0	\$0	\$0

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

Estimated Capital Budget Impact

NONE

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

** See local government fiscal note

Department of Revenue Fiscal Note

Bill Number: 2502 HB	Title: Forest land classification	Agency: 140-Department of Revenue
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

Indeterminate Impact

Estimated Expenditures from:

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years		0.1	0.1		
Account					
GF-STATE-State 001-1		10,700	10,700		
Total \$		10,700	10,700		

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.

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Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 01/27/2012
OFM Review: Cherie Berthon	Phone: 360-902-0659	Date: 01/27/2012

Request # 2502-2-2

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 a revision to the revenue impacts, and supersedes fiscal note number 2502-1.

This legislation broadens the opportunity to not pay compensating taxes if the removal of designated forest land results from:

- 1) a natural disaster,
- 2) transfer to a church when the land use would qualify for another exemption, or
- 3) removal of land after enactment of a statutory exemption that qualifies the land for exemption and receipt of notice from the owner to remove the land from designation.

Specific transactions exempt from compensating taxes are also broadened to a more general acquisition of property interests.

Forest land is added to the list of open space land classifications that can be acquired by counties, municipalities, and nonprofits to conserve for public use or enjoyment, or for the purpose of conveying or leasing the property back to its original owner or other person under agreements that will limit the future use of the property.

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

According to OFM's April 1, 2011 population estimates, current law exempts the counties of King, Pierce, and Snohomish from compensating taxes for designated forest land (DFL) sold for conservancy purposes. This legislation would allow this exemption for all counties in Washington State.

This legislation is anticipated to at least affect a portion of 8,000 acres to be sold in Kitsap county. Most of the plans for the property at this point are only conceptual, though some information suggests that up to 7,000 acres would be used for conservancy purposes leaving 1,000 acres or more for development.

The county assessor estimates \$7 million dollars in compensating taxes would be due if the full 7,000 acres exited the DFL program, based on current law. The state portion of these compensating taxes would be an estimated \$1.6 million while local levies make up the remaining \$5.4 million.

Other effects of this legislation are expected to be minimal.

REVENUE ESTIMATES

Due to the conceptual nature of the project, that the actual number of acres to be sold is unknown and that the timeline of the project is uncertain, the revenue impact of this proposal is indeterminate.

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

SECOND YEAR COSTS:

The Department of Revenue will incur costs of \$10,700 in Fiscal Year 2013. These costs are for the amendment of one administrative rule.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years		0.1	0.1		
A-Salaries and Wages		6,500	6,500		
B-Employee Benefits		1,900	1,900		
E-Goods and Services		1,600	1,600		
J-Capital Outlays		700	700		
Total \$		\$10,700	\$10,700		

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
HEARINGS SCHEDULER	31,704		0.0	0.0		
TAX POLICY SP 2	59,784		0.0	0.0		
TAX POLICY SP 3	67,668		0.1	0.0		
WMS BAND 3	84,691		0.0	0.0		
Total FTE's	243,847		0.1	0.1		

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe 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.

Should this legislation become law, the Department of Revenue will use the standard process to amend WAC 458-30-700, titled: "Designated forest land - Removal - Change in status - Compensating tax". Persons affected by this rule-making would include taxpayers, assessors and county legislative authorities.