

Multiple Agency Fiscal Note Summary

Bill Number: 5286 SB	Title: Forest fires/benefit charge
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Estimated Cash Receipts

Agency Name	2013-15		2015-17		2017-19	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Natural Resources	0	27,460,750	0	27,460,750	0	27,460,750
Total \$	0	27,460,750	0	27,460,750	0	27,460,750

Local Gov. Courts *						
Local Gov. Other **		3,024,250		3,024,250		3,024,250
Local Gov. Total		3,024,250		3,024,250		3,024,250

Estimated Expenditures

Agency Name	2013-15			2015-17			2017-19		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Natural Resources	.0	6,800	112,800	.0	6,800	112,800	.0	6,800	112,800
Total	0.0	\$6,800	\$112,800	0.0	\$6,800	\$112,800	0.0	\$6,800	\$112,800

Local Gov. Courts *									
Local Gov. Other **			3,810,625			1,524,250			1,524,250
Local Gov. Total			3,810,625			1,524,250			1,524,250

Estimated Capital Budget Impact

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

Prepared by: Chris Stanley, OFM	Phone: (360) 902-9810	Date Published: Final 1/31/2013
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 33127

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 5286 SB	Title: Forest fires/benefit charge	Agency: 490-Department of Natural Resources
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Part I: Estimates



No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2014	FY 2015	2013-15	2015-17	2017-19
Forest Fire Protection Assessment Account-Non-Appropriated 190-6	13,730,375	13,730,375	27,460,750	27,460,750	27,460,750
Total \$	13,730,375	13,730,375	27,460,750	27,460,750	27,460,750

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
Account					
General Fund-State 001-1	3,400	3,400	6,800	6,800	6,800
Forest Development Account-State 014-1	15,200	15,200	30,400	30,400	30,400
Resources Management Cost Account-State 041-1	36,700	36,700	73,400	73,400	73,400
Agricultural College Trust Management Account-State 830 -1	1,100	1,100	2,200	2,200	2,200
Total \$	56,400	56,400	112,800	112,800	112,800

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

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: 01/24/2013
Agency Preparation: Daniel Howard	Phone: (360)902-1730	Date: 01/28/2013
Agency Approval: Randy Acker	Phone: (360) 902-1000	Date: 01/28/2013
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 01/28/2013

Request # 13-11-1

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: Requires the Department of Natural Resources (DNR), beginning January 1, 2013, impose a special benefit charge of five dollars on each taxable parcel of land in the state of Washington, except parcels exempt in whole or part from property tax under RCW 84.36.381. This revenue will be used to ensure there is sufficient local firefighters who are equipped and trained to respond quickly to forest wildfires in order to keep fires small and manage those large fires that do occur, and to increase and stabilize funding for the forest protection program to protect the public's interest in maintaining healthy forests and eliminating sources of fuel for forest wildfires.

The county treasurer will collect the benefit charge and deposit twenty-five cents to the county expense fund. They will also transmit another twenty-five cents to the local fire protection or municipality, or transmit to the department when DNR is providing the fire protection. The remaining balance from the five dollar charge will be transmitted to DNR.

All nonfederal public bodies owning or administering forest land must pay the special benefit charge.

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.

Section 1: Revenue will be received for the time period starting January 1, 2013. The revenue estimate is based on 3,048,500 taxable parcels (2011 County Comparison publication from Department of Revenue, page 4.) Total DNR revenue is based on \$4.50 times 3,048,500 parcels (\$13,718,250); plus 48,500 (estimated parcels that do not have fire district or municipal fire responders) times \$0.25 (\$12,125) resulting in a total of \$13,730,375 (\$13,718,250 plus \$12,125) each fiscal year starting in FY14.

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: Establishes a new statewide special benefit charge of \$5/parcel for all landowners. DNR currently owns 11,288 parcels, including Natural Area Preserves and Natural Resource Conservation Areas, that will be subject to this new forest wildfire benefit charge. $11,288 \text{ parcels} \times \$5 = \$56,400$ per fiscal year. This additional charge would be added to the current Forest Land annual assessment of \$718,000, resulting in a new Forest Land assessment of an estimated \$774,400 per year.

This new funding will be used to ensure that there would be sufficient local firefighters who are equipped and trained to respond quickly to forest wildfires in order to keep fires small and manage those large fires that do occur, and to increase and stabilize funding for the forest protection program to protect the public's interest in maintaining healthy forests and eliminating sources of fuel for forest wildfires. The collection of charges would be applied against expenses incurred in carrying out this bill.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services	56,400	56,400	112,800	112,800	112,800
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					
9-					
Total:	\$56,400	\$56,400	\$112,800	\$112,800	\$112,800

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 5286 SB	Title: Forest fires/benefit charge
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Fire protection districts and municipalities providing fire protection services would receive a 25 cent revenue increase for each taxable land parcel in their district, totaling \$750,000 in revenue statewide.
- ☒ Counties: Counties would receive a 25 cent revenue increase for each taxable land parcel in their county, totaling \$762,125 in revenue statewide. Fire protection districts and municipalities providing fire protection services would receive a 25 cent revenue increase for each taxable land parcel in their district, totaling \$750,000 in revenue statewide.
- ☒ Special Districts: Fire protection districts and municipalities providing fire protection services would receive a 25 cent revenue increase for each taxable land parcel in their district, totaling \$750,000 in revenue statewide.
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☒ Expenditures represent one-time costs: Counties would incur initial costs of \$1 per charge for county treasurers to recertify, re-prepare and bill 2013 property tax statements; process already completed by most counties. Ongoing costs estimated to be 25 cents per charge.
- ☐ Legislation provides local option:
- ☐ Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

Jurisdiction	FY 2014	FY 2015	2013-15	2015-17	2017-19
County	762,125	762,125	1,524,250	1,524,250	1,524,250
Special District	750,000	750,000	1,500,000	1,500,000	1,500,000
TOTAL \$	1,512,125	1,512,125	3,024,250	3,024,250	3,024,250
GRAND TOTAL \$	9,072,750				

Estimated expenditure impacts to:

Jurisdiction	FY 2014	FY 2015	2013-15	2015-17	2017-19
County	3,048,500	762,125	3,810,625	1,524,250	1,524,250
TOTAL \$	3,048,500	762,125	3,810,625	1,524,250	1,524,250
GRAND TOTAL \$	6,859,125				

Part III: Preparation and Approval

Fiscal Note Analyst: Alicia LeDuc	Phone: 360/725-5040	Date: 01/31/2013
Leg. Committee Contact:	Phone:	Date: 01/24/2013
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 01/31/2013
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 01/31/2013

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 adds a new section to chapter 76.04 RCW stating the Department of Natural Resources (DNR) shall annually impose a \$5 special benefit charge on each taxable parcel of land in Washington beginning in calendar year 2013. The bill requires county treasurers to deposit 25 cents of each \$5 charge into the county current expense fund to defray the costs of billing, and to transmit 25 cents of each \$5 charge to the local fire protection district or municipality providing fire protection service to the parcel. County treasurers should remit the remaining balance to DNR. All nonfederal public bodies owning or administering forest land must pay the special benefit charge.

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 bill requires 25 cents of each \$5 special benefits charge to be deposited in county current expense accounts to defray the cost to counties to bill and collect the charge. Following implementation in calendar year 2013, the 25 cent deposit would likely cover the ongoing cost to counties to bill and collect the special benefits charge in continuing years, making county revenue and expenditure impact amounts the same in FY 2015 and beyond.

The initial cost to implement the proposed legislation would require the majority of county treasurers to recertify and prepare 2013 property tax statements, a process which for most counties has already been completed. County treasurers estimate an initial cost of approximately \$1 per charge to bill and collect the special benefit charge outlined in the bill in calendar 2013, resulting in a \$3 million increase in statewide expenditures. Ongoing costs to counties would be lower because treasurers could include the special benefits charge in the annual property tax statement.

There are no expenditure impacts to local fire protection districts or municipalities providing fire protection service as a result of the proposed legislation.

DISCUSSION:

County treasurer's offices would incur administrative costs as a result of listing, billing and collecting the special benefit charge on all taxable land parcels as outlined in the bill. The bill states that DNR shall collect the \$5 special benefits charge each year, beginning in calendar year 2013. While taxpayers are allowed the option to pay property taxes in two installments (April and October of each year), the majority of county treasurers certify and prepare only one property tax statement per year per taxable parcel, of which half may be paid in April and half paid in October. A survey of county treasurer's offices by county officials found that for most counties, property tax billings have already been certified and tax statements have already been printed for 2013. The proposed legislation would require county treasurers to recalculate, recertify, reprint, and re-mail tax statements in order to collect the special benefits charge in calendar year 2013.

County treasurer officials estimate an initial cost of approximately \$1 per charge to recertify, bill and collect the special benefit charge in 2013. The \$1 per charge figure is calculated estimating postage and statement print costs of about 84 cents per statement plus the additional staff time needed to calculate and certify parcel tax assessments. DNR assumes there are 3,048,500 taxable parcels for which the special benefits charge would be collected, resulting in a total expenditure increase of \$3,048,500 to prepare, bill and collect the charge in 2013. Officials advised there may also be an increase in staff time needed to field phone calls or taxpayer questions regarding a new special benefits charge, but that treasurer's offices routinely receive such calls and that the calls would be less frequent after the initial implementation of the charge. Additional staff time needed to field calls is likely, but dependent upon the number of future calls and cannot be determined in advance.

Treasurer officials advised that if the charge is processed in a similar manner to current charges, integrating the charge into the treasurer's billing system would require approximately 50 hours of staff time. After the initial set up, the additional costs of billing and collecting the charges would likely be covered by the 25 cent per charge deposit to county expense funds as provided by the proposed legislation, although some counties have stated the particular charge outlined in the bill could require more resources because it required calculating and distributing funds to a variety of jurisdictions and agencies. Counties are currently allocated 50 cents per charge to bill and collect similar special benefits charges. Treasurer officials noted that deposits made to the county current expense funds are not guaranteed to be reimbursed to counties through the budget process, but would remain revenue for the county.

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.

Counties would receive a total of \$762,125 in revenue, and local fire districts and municipalities would receive a combined total of \$750,000 in

increased cash receipts as a result of the proposed legislation. These estimates are based on DNR assumptions for taxable land parcels and parcels with local fire districts or municipalities providing fire protection services.

DISCUSSION:

The proposed legislation would provide that of the \$5 special benefit charge, 25 cents per charge be deposited in county current expense funds and 25 cents per charge be remitted to local fire districts or municipalities providing fire protection services. The total county revenue of 25 cents per \$5 fee assessed (totaling \$762,125 per year based on the DNR assumption of 3,048,500 taxable parcels) would be transmitted to county current expense funds based upon the number of parcels with this fee being assessed under the proposed legislation in their respective county. Treasurer officials stated that the 25 cent deposits for charge collection would not necessarily be reimbursed to the treasurer's offices from the county current expense fund, depending upon the budget decisions of each county.

DNR assumes that of the 3,048,500 taxable land parcels, all but 48,500 would be subject to the special benefits fee outlined in the bill receive fire protection services from a fire district or municipality. According to Municipal Research and Services Center data, there are 396 active fire districts, with other parcels being served by local municipalities. Fire districts and municipalities providing fire protection services would together receive a total of \$750,000 in annual revenue from the 25 cents per \$5 fee assessed, with the 25 cent increments being transmitted to fire districts and municipalities based upon the number of taxable parcels in their district paying the assessed fee.

SOURCES:

Clark County Treasurer's Office

Department of Natural Resources (DNR)

Municipal Research and Services Center (MRSC)

Snohomish County Treasurer

Spokane County Treasurer's Office