Multiple Agency Fiscal Note Summary

Bill Number: 5254 2S SB	**Title:** Buildable lands & zoning

Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Commerce	0	(528,666)	0	28,817,282	0	28,889,282
Total $	**0**	**(528,666)**	**0**	**28,817,282**	**0**	**28,889,282**

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Joint Legislative Audit and Review Committee	.2	40,200	40,200	.1	32,200	32,200	1.3	328,100	328,100
Department of Commerce	1.1	560,472	31,806	7.4	253,722	29,071,004	7.4	253,722	29,071,004
Office of Financial Management	.3	74,066	74,066	.3	72,816	72,816	.3	72,816	72,816
Department of Revenue	.1	11,700	11,700	.0	0	0	.0	0	0
The Evergreen State College	.1	35,490	35,490	.0	0	0	.0	0	0
Department of Ecology	.7	152,147	152,147	.0	0	0	.0	0	0
Total	**2.5**	**$874,075**	**$345,409**	**7.8**	**$358,738**	**$29,176,020**	**9.0**	**$654,638**	**$29,471,920**

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Impact

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

http://www.ofm.wa.gov/tax/default.asp

Prepared by: Shane Hamlin, OFM	**Phone:** (360) 902-0547	**Date Published:** Final 4/ 3/2017

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

** See local government fiscal note

FNPID: 48555

Individual State Agency Fiscal Note

Bill Number: 5254 2S SB	Title: Buildable lands & zoning	Agency: 014-Joint Legislative Audit and Review Committee

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.2	0.1	0.2	0.1	1.3
Account					
General Fund-State 001-1	24,100	16,100	40,200	32,200	328,100
Total $	24,100	16,100	40,200	32,200	328,100

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

http://www.ofm.wa.gov/tax/default.asp

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:	Daniel Masterson	Phone: 360-786-7454	Date: 03/21/2017
Agency Preparation:	Valerie Whitener	Phone: 360 786-5191	Date: 03/22/2017
Agency Approval:	Keenan Konopaski	Phone: 360-786-5187	Date: 03/22/2017
OFM Review:	Derek Rutter	Phone: (360) 902-0409	Date: 03/22/2017

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.

BILL SUMMARY
The bill makes changes to growth management regulations, regional transportation planning, population trend reporting, state environmental policy, and assistance and funding for homeless programs.

Specific to homelessness programs and JLARC, the Department of Commerce is directed to develop performance measures that address limitations of the annual point-in-time count on measuring the effectiveness of the document recording fee surcharge funds supporting homeless programs. The bill also includes a directive to JLARC to review document recording surcharge fees for homelessness programs and Commerce's performance measures.

JLARC STUDY
JLARC is to review how the surcharge fees for homeless programs are expended to address homelessness, including reviewing the related program performance measures and targets. JLARC is to provide its findings by December 1, 2022 and update the review every five years thereafter.

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.

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.

On passage, JLARC staff will coordinate with the Department of Commerce and others to learn about the development of the measures, the flow of funds, and the supporting data collection system(s) the Department of Commerce and others will use to collect and monitor performance metrics. From FY 18 to FY 21 JLARC staff will monitor Department of Commerce data collection and biennial reports.

Review of how the surcharge fees are expended and the relationship of those expenditures to identified performance targets will begin in FY 22 and continue into FY 23.

This audit will require an estimated 25 audit months for the first audit completed in FY 23. Costs associated with reviews in 2027 and beyond are not included in this fiscal note.

JLARC ASSUMES THAT THE ASSIGNMENT IN THIS PROPOSED BILL MAY REQUIRE ADDITIONAL RESOURCES. JLARC WILL ASSESS ALL OF THE ASSIGNMENTS MANDATED IN THE 2017 LEGISLATIVE SESSION. BASED ON ALL LEGISLATION THAT IS PASSED, JLARC MAY SUBSEQUENTLY DETERMINE THAT IT CAN ABSORB THE COSTS FOR THIS PROPOSED BILL IN ITS BASE BUDGET, IF THE WORKLOAD OF OTHER ENACTED LEGISLATION DOES NOT EXCEED CURRENT STAFFING LEVELS.

JLARC Audit Months: JLARC calculates its staff resources in "Audit Months" to estimate the time and effort to undertake and complete its studies. An "Audit Month" reflects a JLARC analyst's time for a month, together with related administrative, support, and goods/services costs. JLARC's anticipated 2017-19 costs are calculated at approximately $16,000 per audit month.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.2	0.1	0.2	0.1	1.3
A-Salaries and Wages	16,000	10,700	26,700	21,400	218,300
B-Employee Benefits	5,100	3,400	8,500	6,800	69,200
C-Professional Service Contracts					
E-Goods and Other Services	2,700	1,800	4,500	3,600	36,700
G-Travel	300	200	500	400	3,900
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:	$24,100	$16,100	$40,200	$32,200	$328,100

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 2018	FY 2019	2017-19	2019-21	2021-23
Research Analyst	95,283	0.1	0.1	0.1	0.1	0.9
Support staff	65,053	0.1		0.1		0.5
Total FTE's	160,336	0.2	0.1	0.2	0.1	1.3

Part IV: Capital Budget 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.

Individual State Agency Fiscal Note

Revised

Bill Number: 5254 2S SB	Title: Buildable lands & zoning	Agency: 103-Department of Commerce

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
Home Security Fund Account-State 10B-1	(264,333)	(264,333)	(528,666)	28,817,282	28,889,282
Total $	(264,333)	(264,333)	(528,666)	28,817,282	28,889,282

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	1.1	1.1	1.1	7.4	7.4
Account					
General Fund-State 001-1	283,236	277,236	560,472	253,722	253,722
Home Security Fund Account-State 10B-1	(264,333)	(264,333)	(528,666)	28,817,282	28,817,282
Total $	18,903	12,903	31,806	29,071,004	29,071,004

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

http://www.ofm.wa.gov/tax/default.asp

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.

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☐ Capital budget impact, complete Part IV.

☒ Requires new rule making, complete Part V.

Legislative Contact:	Daniel Masterson	Phone: 360-786-7454	Date: 03/21/2017
Agency Preparation:	Don Whiting	Phone: 360-725-2708	Date: 03/30/2017
Agency Approval:	Mark Barkley	Phone: 360-725-3022	Date: 03/30/2017
OFM Review:	Shane Hamlin	Phone: (360) 902-0547	Date: 03/30/2017

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.

Differences between the second substitute bill and the proposed second substitute bill:

In subsection 2(2)(b), a provision is added that requires counties with update dates prior to 2024 to complete their evaluation of the data on actions necessary to reconcile the differences between growth and development assumptions, targets, and objectives in no more than two years prior to the review and update of comprehensive plans required by RCW 36.70A.130.

In subsection 2(5), the provision that RCW 36.70A.215 applies to counties with a population of greater than 150,000 in 2010 is replaced by one applying the section to counties with a population of greater than 150,000 in 1995 and the deletion of the application of the section to counties west of the crest of the Cascade mountains is restored.

A new section 3 is added that requires the Department of Commerce to contract with a land use and economics entity to develop guidance for local governments planning under the Growth Management Act (GMA) to use in ensuring a reasonable land market supply factor for projecting new development. This guidance must be completed by December 1, 2018.

In section 8, the additional thirty dollar surcharge on document recording fees is extended from June 30, 2027, to June 30, 2029.

Summary of the second substitute bill:

Section 2(3) requires counties planning under the Growth Management Act (GMA) to use a reasonable land market supply factor for projecting new development.

Section 2(4) requires the Department of Commerce to provide grants to counties, cities, and regional planning organizations to update their review and evaluation process under RCW 36.70A.215 (Buildable Lands Program).

Section 2(6) provides that the implementation of section 2 is subject to the availability of funds appropriated specifically for the purposes of that section. If funds are not appropriated, counties and cities are subject to the schedule and deadlines in subsection (2)(b) of this section prior to the effective date of this act.

Section 3 requires the department to contract with a land use and economics entity to develop guidance for local governments planning under the Growth Management Act (GMA) to use in ensuring a reasonable land market supply factor for projecting new development. This guidance must be completed by December 1, 2018.

Sections 4 through 7 amend the GMA regarding the buildable lands program, the housing element requirements, and establishment of urban growth areas to conform to the new requirements of section 2.

Section 8 extends the thirty dollar surcharge for housing programs on the fee for recording documents with the county auditor until July 1, 2029, and exempts liens recorded by water-sewer districts from the surcharge.

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 8

This section exempts liens recorded by water-sewer districts from the surcharge on recorded documents. Data from Clark, King, and Snohomish counties for the month of October 2015 reflected 16,858 liens and releases of liens were recorded by special purpose districts related to delinquent utility service charges. Exemption of these liens is estimated to reduce revenue to the State Home Security Fund (10-B) by $264,333 each fiscal year from 2018-2023.

Current law requires the document recording surcharge to only continue the permanent $10 fee beyond FY19. This means the additional $30 fee ends in FY19. This bill amends the law to continue the additional $30 document recording surcharge beyond FY19. As such, the cash receipts depicted in this fiscal note shows the difference in revenue (that would have not been in place absent this bill) with continuing the $30 fee beyond FY19, together with the adjustment for the number of documents exempted as discussed above.

Home Security Fund – 10B: FY18 – FY19: minus $264,333 each fiscal year
Home Security Fund – 10B: FY20 – FY23: $14,408,641 each fiscal year

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 2(4) -- Local Government Grants

ASSUMPTIONS: Because this bill does not indicate the amount of funding that would be provided for distribution under section 2 and no appropriation is included in the operating budget request for the 2015-17 biennium for this purpose, grant amounts are not included as impacts in this fiscal note. However, the department can provide the following estimate of startup and administrative costs of the program, for illustrative purposes only.

In 1997, the Legislature appropriated $2,000,000 to implement buildable lands programs in Clark, King, Kitsap, Pierce, Snohomish, and Thurston counties (with a population of 3,547,000 in 1996). This bill adds Whatcom county to the program. Based on the population increase of the original six counties since 1996 and the additional population in the new county, and adjusting the original cost by the CPI increase from 1996 to 2015 based on Bureau of Labor statistics (approximately 51 percent), the department estimates $4,113,000 in grants to implement this bill -- $2,056,500 each in FY20 and in FY21.

Section 3 -- Land Use and Economics Entity Study

Professional Services Contracts:

Based on recent contracts for rule development of similar scope, the department estimates $300,000 in FY18-19 to develop the technical guidance for local governments about the changes to growth management plans needed to implement this act.

FY18-19: $150,000 each fiscal year

Sections 4 through 7 -- Administrative Rules and Agency Guidance.

FTE Salaries and Benefits

The department estimates 1.0 FTE Commerce Specialist 3 in FY18-23. In FY18, this staff person will implement a contract with a land use and economics entity to develop guidance for local governments and ensure appropriate public participation in the development of the mandated guidance. In FY19-23, the staff person will develop and manage the grant contracts with the counties, provide professional planning guidance to local staff in implementing the guidance developed by the contractor for buildable lands communities, update the advisory rules affected by this guidance, and assist local governments to incorporate the findings of their individual buildable land reports into their comprehensive plans. Professional planning guidance will not begin until December 1, 2018, since the guidance developed by the contractor will not be available until then.

FY18-23: $94,875 each fiscal year

Goods and Other Services (G&S):

FY18: $30,542
-- Standard G&S $23,304
-- Space and utilities $7,238

FY19: $29,542
-- Standard G&S $22,304
-- Space and utilities $7,238

FY20-23: $29,167 each fiscal year
-- Standard G&S $21,929
-- Space and utilities $7,238

Travel:

The department estimates $461 for motor pool vehicle use, $1,518 for per diem, and $840 for lodging in FY18-23 for stakeholder outreach and public hearings regarding the update to the GMA advisory rules, to ensure appropriate public participation in the development of technical guidance, and to assist local governments with professional planning guidance in the implementation of the buildable lands program.

FY18-23: $2,819 each fiscal year

Capital Outlays and Equipment:

The department estimates one standard workstation in FY18.

FY18: $5,000

Sections 8:

Section 8 – Document Recording Fees

ASSUMPTIONS: The department assumes that, if the document-recording fee were extended at the current level of $40 through 2029 and an exemption added for water-sewer district liens, the net change to the current level funding of the program would be $264,333 less each fiscal year in FY18-19 in the Home Security fund. This change would reduce dollars passed through to contractors to provide services through the department's Consolidated Homeless Grant Program. There would be a net increase of $14,408,641 in FY20-23. The bill does not reduce any of the statutory requirements for these programs. The department would still be required to continue all current legal obligations for program execution and current staffing levels would continue.

Based on the current expenditures for the administration of homeless housing grants, the department estimates the following costs beginning in FY20-23.

Program Administration:

The department estimates 0.1 FTE EMS2, 0.1 FTE WMS2, 2.0 FTE Commerce Specialist 2, 3.0 FTE Commerce Specialist 2, and 0.5 FTE Administrative Assistant 3 in FY 20-23 to originate and monitor contracts for the additional $14.4 million in grant funding for homeless housing programs.

FY20-23: $499,277 each fiscal year

The department estimates the following expenditures for goods and services in FY20-23, travel for monitoring contracts and coordinating with local agencies in FY20-23, and six standard workstations in FY20.

FY20: $233,481
FY21-23: $197,570

Grants, Loans, and Client Services:

FY18-19: minus $264,333 each fiscal year
FY20: $13,675,883
FY21-23: $13,711,794 each fiscal year

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	1.1	1.1	1.1	7.4	7.4
A-Salaries and Wages	69,106	69,106	138,212	856,158	856,158
B-Employee Benefits	25,769	25,769	51,538	332,146	332,146
C-Professional Service Contracts	150,000	150,000	300,000		
E-Goods and Other Services	29,883	28,883	58,766	444,985	439,074
G-Travel	2,819	2,819	5,638	20,038	20,038
J-Capital Outlays	5,000		5,000	30,000	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(263,674)	(263,674)	(527,348)	27,387,677	27,423,588
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	$18,903	$12,903	$31,806	$29,071,004	$29,071,004

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 2018	FY 2019	2017-19	2019-21	2021-23
Administrative Assistant 3	43,252				0.5	0.5
Administrative Services - Indirect	69,552	0.1	0.1	0.1	0.7	0.7
Commerce Specialist 2	59,605				3.0	3.0
Commerce Specialist 3	69,106	1.0	1.0	1.0	3.0	3.0
EMS Band 2	101,600				0.1	0.1
WMS Band 2	101,600				0.1	0.1
Total FTE's	444,715	1.1	1.1	1.1	7.4	7.4

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.

The department will update the existing advisory rules that provide technical guidance to assist local governments with the implementation of the growth management act.

Individual State Agency Fiscal Note

Bill Number: 5254 2S SB	Title: Buildable lands & zoning	Agency: 105-Office of Financial Management

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

		FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		0.3	0.3	0.3	0.3	0.3
Account						
General Fund-State	001-1	37,658	36,408	74,066	72,816	72,816
	Total $	37,658	36,408	74,066	72,816	72,816

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

http://www.ofm.wa.gov/tax/default.asp

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.

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☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Daniel Masterson	Phone: 360-786-7454	Date: 03/21/2017
Agency Preparation:	Jim Jenkins	Phone: 360-902-0403	Date: 03/30/2017
Agency Approval:	Aaron Butcher	Phone: 360-902-0406	Date: 03/30/2017
OFM Review:	Regan Hesse	Phone: (360) 902-0650	Date: 03/30/2017

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.

Sec.7 (4) requires OFM to add additional county level information to its current population trends report on population growth, job growth, housing growth by structure type, housing affordability index, and monthly residential housing inventory data. OFM is required to conduct comparisons on population growth and the growth targets established by all counties under GMA planning using information from the Runstad Center for real estate studies at the University of Washington on an annual basis. Information on individual cities need not be included, but may be included if such information is readily available.

Additional information OFM must provide to local jurisdictions:

(a) The actual population growth within each county;
(b) A comparison of job growth and housing growth;
(c) Comparison of population growth and estimates used by counties in their comprehensive plans;
(d) Data on housing supply, including new single-family and multifamily construction, permitted but not yet constructed housing units;
(e) The housing affordability index for each county;
(f) The residential housing inventory for each county expressed in months of inventory.

The bill directs OFM to use the Runstad Center for real estate studies at the University of Washington as its data source. However, only (e) the housing affordability index data for each county is currently available. For the rest of the requirements, OFM needs to construct, calculate, or contract to Runstad Center to compile and create.

The OFM's interpretation of "individual city information is readily available" means that OFM will report data items from (a) through (f) at the city level only if OFM or the Runstad Center have them in a readily published format. OFM is not required to collect any of the data items from each individual city.

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.

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 7 (4) requires OFM to add additional county level information to its current population trends report on population growth, job growth, housing growth by structure type, housing affordability index, and monthly residential housing inventory data.

The bill directs OFM to use the Runstad Center for Real Estate Studies at University of Washington as its data source. However, only data item (e) is available. For the rest of the items, OFM needs to construct, calculate or contract to Runstad Center to compile and create the data and would require additional resources.

- This increased workload would require one ongoing Forecast Analyst .25 FTE at a $7,500 monthly salary and benefits.

Data acquisition costs are indeterminate.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.3	0.3	0.3	0.3	0.3
A-Salaries and Wages	22,500	22,500	45,000	45,000	45,000
B-Employee Benefits	7,308	7,308	14,616	14,616	14,616
C-Professional Service Contracts					
E-Goods and Other Services	6,000	6,000	12,000	12,000	12,000
G-Travel	600	600	1,200	1,200	1,200
J-Capital Outlays	1,250		1,250		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	$37,658	$36,408	$74,066	$72,816	$72,816

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 2018	FY 2019	2017-19	2019-21	2021-23
Sr Forecast Analyst	90,000	0.3	0.3	0.3	0.3	0.3
Total FTE's	90,000	0.3	0.3	0.3	0.3	0.3

Part IV: Capital Budget 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.

Department of Revenue Fiscal Note

Bill Number: 5254 2S SB	Title: Buildable lands & zoning	Agency: 140-Department of Revenue

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.1		0.1		
Account					
GF-STATE-State 001-1	11,700		11,700		
Total $	11,700		11,700		

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

http://www.ofm.wa.gov/tax/default.asp

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.

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☐ 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:	Daniel Masterson	Phone: 360-786-7454	Date: 03/21/2017
Agency Preparation:	Beth Leech	Phone: 360-534-1513	Date: 03/22/2017
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 03/22/2017
OFM Review:	Kathy Cody	Phone: (360) 902-9822	Date: 03/23/2017

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 language in 2SSB 5254, 2017 Legislative Session.

Sections 1 through 9 of this bill deal with how cities and counties establish and enact planning policies and review and evaluation programs.

Sections 10 through 28:

These sections give cities or counties the option to adopt a local property tax exemption program for affordable housing for very low-income households. The exemption does not apply to the state levy, nor does it apply to any county property tax levy unless the legislative authority of the county adopts a resolution and notifies the governing authority of the city within the county that has established a tax exempt program of the county's intent to allow the property to be exempt. The city or county must notify other local taxing districts when establishing a tax exemption program.

Cities and counties that adopt this property tax exemption program must establish standards for very low-income household rental housing. This includes rent limits and income guidelines consistent with local housing needs. Affordable housing units must be below market rent levels and affordable to households with an income of fifty percent or less of the county median family income.

High-cost area is defined as a county where the third quarter median house price for the previous year as reported by the Runstad center for real estate studies at the University of Washington is equal to or greater than 130 percent of the statewide median house price published during the same time period. In a high-cost area the city or county may establish higher income levels, but such higher income levels may not exceed 60 percent of the county area median family income.

Residential housing and land can be eligible for the local exemption for 15 years. The city or county may extend the duration of the exemption by another 3 years for properties meeting energy and water efficiency standards. To be exempt, the property must meet the following requirements:
- A minimum of 25 percent of units in a multiple-unit property must be affordable housing. Cities and counties may require more than 25 percent of the units be affordable housing.
- At least 90 percent of the units must be occupied.
- The property must be part of a residential or mixed-use project.
- The property must meet guidelines as adopted by the city or county.
- The property owner must enter into a contract with the city or county agreeing to the terms and conditions set forth by the city or county.
- The property must comply with applicable land use regulations, zoning and building codes, safety standards, and other additional standards established by the city or county.

The city or county may establish additional requirements for tax exemption eligibility or program rules. The city or county must adopt and implement standards and guidelines for the program. A fee may be required when applying for the program that covers the cost incurred for administering the program. Applications must be received by August 1st and approved by December 1st to be considered for exemption in the following calendar year.

The exemption is cancelled if the owner intends to convert to property to another use, fails to file annual reports, fails to maintain the property, or fails to meet affordable housing requirements. If the property tax exemption is cancelled, property tax will be imposed plus a penalty of 20 percent and interest. The property owner may appeal the cancellation determination.

Tenant identifying information and income data obtained by the governing authority and the assessor may only be used to administer the affordable housing exemption. Written consent of the tenant is required to disclose this information.

Sections 29 through 38 deal with a homeless census and housing strategic planning.

Section 39 changes the time frame for cities to impose a sales tax for housing and related services.

Under current law, if a county with a population of 1.5 million or less has not imposed the full 0.01 percent tax rate authorized within two years of October 9, 2015 then a city may submit a proposal to the voters to impose the whole or remainder of the tax rate. If a county with a population of 1.5 million or more has not imposed the full tax rate authorized within three years of October 9, 2015 then a city may submit a proposal to the voters to impose the whole or remainder of the tax rate. This section changes this time frame from within three years of October 9, 2015 to within two years of October 9, 2015.

This bill applies to property taxes due in 2018 and thereafter and takes effect 90 days after final adjournment of the session in which it is enacted.

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.

This legislation results in no revenue impact to the state property tax levy.

The revenue impact for local property tax levies is indeterminate. It is unknown which cities or counties would adopt a property tax exemption program to preserve affordable housing.

The revenue impact for local sales taxes is indeterminate. It is unknown which cities would submit a proposal to voters to enact a local sales and used tax for housing and related services.

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.

FIRST YEAR COSTS:
The Department of Revenue (Department) will incur total costs of $11,700 in Fiscal Year 2018. These costs include:

Labor Costs – Time and effort equates to 0.14 FTE.
- To create a new rule.

ONGOING COSTS:
There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.1		0.1		
A-Salaries and Wages	7,500		7,500		
B-Employee Benefits	2,200		2,200		
E-Goods and Other Services	1,300		1,300		
J-Capital Outlays	700		700		
Total $	$11,700		$11,700		

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 2018	FY 2019	2017-19	2019-21	2021-23
ADM ASST 5	49,308	0.0		0.0		
EMS BAND 4	108,926	0.0		0.0		
EMS BAND 5	127,250	0.0		0.0		
HEARINGS SCHEDULER	34,284	0.0		0.0		
TAX POLICY SP 2	64,620	0.0		0.0		
TAX POLICY SP 3	73,140	0.1		0.0		
TAX POLICY SP 4	78,732	0.0		0.0		
Total FTE's	536,260	0.1		0.1		

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.

Should this legislation become law, the Department will use the standard process to adopt WAC 458-20-new rule. Persons affected by this rule-making would include county assessors and auditors.

Individual State Agency Fiscal Note

Bill Number: 5254 2S SB	Title: Buildable lands & zoning	Agency: 376-The Evergreen State College

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.1	0.2	0.1	0.0	0.0
Account					
General Fund-State 001-1	14,470	21,020	35,490	0	0
Total $	14,470	21,020	35,490	0	0

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

http://www.ofm.wa.gov/tax/default.asp

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:	Daniel Masterson	Phone: 360-786-7454	Date: 03/21/2017
Agency Preparation:	Catherine Nicolai	Phone: (360) 664-9087	Date: 03/22/2017
Agency Approval:	Lisa Dawn-Fisher	Phone: 360-867-6185	Date: 03/22/2017
OFM Review:	Breann Boggs	Phone: (360) 902-0563	Date: 03/29/2017

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.

Sec. 30(7) of 2SSB 5254 directs WSIPP to collaborate with Department of Commerce (Commerce) to conduct a statewide homeless study every ten years. The purpose of the study is to: supplement the current point-in-time census and homeless client management information system by conducting face-to-face interviews with people who are homeless or have recently received homelessness assistance to gather an in-depth assessment of why the individual is among the chronically homeless, unaccompanied homeless youth, and unsheltered populations; review the efficacy of current programs and services; and provide recommendations on the type and timing of health and human service interventions needed for these populations to gain housing stability."

Commerce and WSIPP must "develop a study proposal defining the study scope, methodology, and costs." The study proposal is due to the legislature by January 1, 2019.

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.

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.

In order to fulfill WSIPP's assignment in Sec. 30(7) of 2SSB 5254, WSIPP estimates 0.1 FTE Researcher in FY18 and FY19 to develop the study proposal and a 0.05 FTE Office Support in FY19 to publish the study proposal due January 2019.

Costs to conduct the ten-year study will depend on the estimate made by the Department of Commerce and WSIPP.

*Goods and other services includes 13% for office expenses and 12% indirect rate for The Evergreen State College.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.1	0.2	0.1		
A-Salaries and Wages	8,932	12,856	21,788		
B-Employee Benefits	2,501	3,753	6,254		
C-Professional Service Contracts					
E-Goods and Other Services	3,037	4,411	7,448		
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:	$14,470	$21,020	$35,490	$0	$0

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 2018	FY 2019	2017-19	2019-21	2021-23
Office Support			0.1	0.0		
Researcher		0.1	0.1	0.1		
Total FTE's		0.1	0.2	0.1		0.0

Part IV: Capital Budget 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.

Individual State Agency Fiscal Note

Bill Number: 5254 2S SB	Title: Buildable lands & zoning	Agency: 461-Department of Ecology

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	1.4	0.0	0.7	0.0	0.0
Account					
General Fund-State 001-1	152,147	0	152,147	0	0
Total $	152,147	0	152,147	0	0

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

http://www.ofm.wa.gov/tax/default.asp

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:	Daniel Masterson	Phone: 360-786-7454	Date: 03/21/2017
Agency Preparation:	Garret Ward	Phone: 360-407-7544	Date: 03/24/2017
Agency Approval:	Erik Fairchild	Phone: 360-407-7005	Date: 03/24/2017
OFM Review:	Linda Steinmann	Phone: 360-902-0573	Date: 03/29/2017

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.

Under current law, the State Environmental Policy Act (SEPA), RCW 43.21C, requires agencies to identify potential environmental impacts that may result from governmental decisions. Ecology has a responsibility under SEPA to maintain rules, provide guidelines, and provide technical training regarding applying SEPA.
This bill would amend two sections of the State Environmental Policy Act (43.21C RCW) and would have a fiscal impact on the Department of Ecology (Ecology).

Section 37 would amend SEPA in RCW 43.21C.440 to allow planned actions without an environmental impact statement (EIS) in "areas that contain or will contain a major transit stop as defined in RCW 43.21C.420 (3)." A planned action exempts subsequent development from additional review under SEPA.

Section 38 of the bill would modify SEPA in RCW 43.21C.229 to allow infill development exemptions without an environmental impact statement (EIS) in areas that contain or will contain a "major transit stop." An infill exemption exempts subsequent development from additional review under SEPA. Under the controlling statute, RCW43.21C.229, infill exemptions are adopted by cities or counties through their ordinances, not by Ecology through the SEPA rule. Section 38 would not require Ecology rulemaking.

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.

Ecology assumes amendment of the SEPA Rules (Chapter 197-11 WAC) would be required to be consistent with section 37 of the bill to revise the procedures for planned actions.

This rulemaking would require drafting rule language, engaging with stakeholders for feedback and revisions as necessary, and conducting an economic analysis. New management time would be required to manage this effort. Based on previous rulemaking efforts for SEPA, Ecology estimates this would require 0.50 FTE Environmental Planner 3, 0.25 FTE Environmental Planner 2, 0.25 FTE Washington Management Service 2, and 0.25 FTE Economic Analyst 3 for 12 months in Fiscal Year 2018.

Under the current law budget, Ecology does not have any rulemaking capacity for SEPA rule changes. Therefore, these costs are reflected in this fiscal note.

Ecology estimates that this rulemaking effort would last about 12 months and would not be complicated or contentious. Therefore, no AAG consultation is expected to be required for this rulemaking effort.

Notes on costs by object:

Salary estimates are current actual rates at step I, the agency average for new hires.
Benefits are the agency average of 36% of salaries.
Goods and Services are the agency average of $3,784 per direct program FTE.
Travel is the agency average of $2,368 per direct program FTE.
Equipment is the agency average of $868 per direct program FTE.
Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 28.6% of direct program salaries and benefits, and is shown as object 9. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT Specialist 2.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	1.4		0.7		
A-Salaries and Wages	81,976		81,976		
B-Employee Benefits	29,512		29,512		
E-Goods and Other Services	4,730		4,730		
G-Travel	2,960		2,960		
J-Capital Outlays	1,085		1,085		
9-Agency Administrative Overhead	31,884		31,884		
Total:	$152,147	$0	$152,147	$0	$0

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 2018	FY 2019	2017-19	2019-21	2021-23
Economic Analyst 3	67,884	0.3		0.1		
Environmental Planner 2	51,756	0.3		0.1		
Environmental Planner 3	58,548	0.5		0.3		
FISCAL ANALYST 2		0.1		0.1		
IT SPECIALIST 2		0.1		0.0		
WMS BAND 2	91,169	0.3		0.1		
Total FTE's	269,357	1.4		0.7		0.0

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.

Ecology assumes amendment of the SEPA Rules (Chapter 197-11 WAC) would be required to be consistent with section 37 of the bill.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5254 2S SB	**Title:** Buildable lands & zoning

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

Legislation Impacts:

[X] Cities: Cities planning under the provisions of the Growth Management Act; cities receiving funds to address homelessness; cities choosing to adopt affordable housing property tax exemption, cities enacting Housing and Essential Needs sales and use tax

[X] Counties: Same as above

[X] Special Districts: Possible property tax loss and shift in locations where affordable housing property tax exemptions are enacted

[X] Specific jurisdictions only: Jurisdictions preparing buildable lands analysis; jurisdictions adopting homeless plans or strategies; jurisdictions establishing higher income levels for affordable housing rents, cities in King County choosing to put Housing and Essential Needs sales and use tax option to voters if the county does not adopt such provisions by October 2017

[ ] Variance occurs due to:

Part II: Estimates

[ ] No fiscal impacts.

[X] Expenditures represent one-time costs: Adoption and implementation costs for affordable housing tax exemptions; start-up costs for Whatcom County to begin buildable lands analysis

[X] Legislation provides local option: Cities and counties could adopt the affordable housing tax exemption, cities in King County choosing to propose Housing and Essential Needs sales and use tax to voters if the county does not adopt such provisions by October 2017

[X] Key variables cannot be estimated with certainty at this time: Costs to expand buildable lands analysis; which jurisdictions would adopt tax exemptions, which cities in King County would choose to propose Housing and Essential Needs sales and use tax

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Allan Johnson	Phone: 360-725-5033	Date: 03/30/2017
Leg. Committee Contact: Daniel Masterson	Phone: 360-786-7454	Date: 03/21/2017
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 03/30/2017
OFM Review: Shane Hamlin	Phone: (360) 902-0547	Date: 04/03/2017

Part IV: Analysis

A. SUMMARY OF BILL

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

DIFFERENCES FROM PREVIOUS BILL VERSION (P2SSB):
-- Revises the buildable lands review and evaluation program measures
-- Changes the threshold for buildable lands analysis to apply to counties over 150,000 in population in 2010 resulting in the addition of Whatcom County
-- Requires full funding buildable lands funding before new requirements are effective
-- Changes “reasonable meaures” provisions to reduce instead of reconcile discrepancies between growth assumptions and land development patterns
-- Removes the economic analysis requirement for communities failing to meet annualized growth targets
-- The buildable lands evaluation process led by an undefined land use and economic entity instead of the Urban Land Institute
-- Extends the document recording fee established by RCW 36.22.179 to 2029 instead of 2027 and would expand the fee exemption to include documents recording satisfaction of a lien for delinquent utility payments
-- Cities in King County could impose the Housing and Essential needs local option sales tax after October 2017 if King County does not impose the tax

SUMMARY OF CURRENT BILL VERSION:
BUILDABLE LANDS ANALYSIS
This legislation would add one county (Whatcom) to the six that currently are required to complete buildable lands analyses every five years (Clark, King, Kitsap, Pierce, Snohomish, and Thurston). Cities within these counties would also be required to prepare this analysis.

If adequate funding were provided by the legislature, buildable lands analyses would need to be completed by 2021. This funding need is estimated at $4.71 million.

This bill would establish criteria to calculate buildable land estimates including:
-- Environmental regulations impacting development;
-- Cost of development;
-- Timeline to permit and develop land;
-- Market availability of land;
-- Nexus between proposed densities, economic condition and impact to housing affordability;
-- Infrastructure costs; and
-- Market demand.

The Department of Commerce (Commerce) would contract with a land use and economic entity and work with stakeholders, including local jurisdictions, to provide guidance on factors needed to complete the buildable land analysis. These factors would include those listed above such as market factors and housing affordability. In addition, the study would evaluate the impact of new criteria on timelines and recommend changes to statutes and regulations. This guidance would be provided by December 1, 2018.

GROWTH TARGETS
Cities and counties would be allowed to establish growth targets and buildable land capacity without the restriction of maximum limits established through regional plans or countywide planning policies. RTPOs would not be allowed to establish maximum populations, household, employment, and/or job growth targets. RTPOs would have no authority to reject, condition, or limit the approval of a local government growth management comprehensive plan or element. Similarly, countywide planning policies could not be used to establish maximum population, household, employment, and/or job growth targets.

AMENDMENTS TO COUNTYWIDE PLANNING POLICIES
Counties would be required to consider annual amendments to their countywide planning policies and a city or the governor to the Growth Management Hearings Board could appeal any denials.

STATE ENVIRONMENTAL POLICY ACT (SEPA)
Completion of an EIS would no longer be required in order for a jurisdiction to authorize categorical exemptions from SEPA for an infill development area implementing a comprehensive plan, subarea plan, fully contained community, master planned resort, or phased project containing a major transit stop. Major transit stops are defined as a stop on a high-capacity transportation service; commuter rail stops; stops on rail or fixed guideway systems, including transit ways; stops on bus rapid transit routes; stop on routes that run on high-occupancy vehicle lanes; or stops for a bus or other transit mode providing fixed-route service at intervals of at least 30 minutes during the peak hours of operation.

In these circumstances, State Environmental Policy Act impact analysis could be accomplished through a threshold determination of the planned action for the infill development area.

AFFORDABLE HOUSING TAX EXEMPTIONS
Starting in 2018, cities (or by counties for unincorporated areas) would be able to adopt a property tax exemption to preserve affordable housing for very low-income households. These housing units would be affordable to households with an income of 50 percent or less of the county median family income, adjusted for family size. Rent levels would not exceed 30 percent of the household income limit and would be inclusive of tenant-paid utilities other than telephone and any mandatory fees. Rent levels could be adjusted after the governing authority holds a public meeting.

Under the program, qualifying residential real property would be exempt from ad valorem property taxation, except for taxes levied by the state, for 15 successive years. The exemption could be for 18 years for properties meeting energy and water efficiency standards. Unless adopted by resolution, the exemption would not apply to county property tax.

The legislation stipulates a range of requirements needed to qualify for the exemption including:
-- A minimum of 25 percent of units in a multiple-unit property must be affordable;
-- Tenants must occupy at least 90 percent of the units of multiple-unit property at the time of application;
-- The property must be part of a residential or mixed-use project;
-- The property must provide for a minimum of 50 percent of the space for permanent residential occupancy;
-- The property must meet guidelines as adopted by the governing authority;
-- The property owner must enter into a contract with the city or county; and
-- The property must comply with applicable land-use regulations, zoning and building codes, safety standards, and other additional standards established by the city or county.

Minimum health and quality standards would need to be established by the jurisdiction and properties must be inspected at the time of application and every three years thereafter to ensure compliance. Eligibility could be denied or revoked for failure to comply with health and quality standards.

Jurisdictions could adopt additional requirements for eligibility, including a limit on the total number of affordable housing units subject to exemption and a designation of targeted residential areas for property to align with community needs.

Jurisdictions would receive annual certifications of family size and tenant income from the property owner. Owners would also submit information each year regarding occupancy, rents charged, and a certification that the property has not changed use. Jurisdictions would send a report each year to Commerce on the number of tax exemptions granted, number and type of participating units, rents charged versus market-rate units, and value of tax exemptions granted.

An application fee could be charged to property owners applying for the exemption. Administrative costs could be recovered by the jurisdiction from these fees. Any fee remainder would be transferred to the assessor for deposit into the county current expense fund, if the application is approved, or refund the balance to the applicant, if denied.

Cities or counties adopting these provisions would establish standards and guidelines to implement the program, including application and inspection procedures. An administrative official (or commission) could be designated to review applications and approval or denial must occur within 120 days of receipt of an application. An applicant could appeal a denial, within 30 days of receipt of notice, to the governing authority but would bear the burden of proof to show there was no substantial evidence to support the decision.

Upon approval, a certificate of tax exemption would be filed with the county assessor by December 1. Certificates filed after December 1 but before January 1 would be deemed filed in the next calendar year. Exemptions would continue upon sale or transfer of the property if the new owner signs a notice of exemption continuance. If the new owner does not sign, then all additional tax, penalty, and interest would become due at the time of sale.

The property tax exemption could be cancelled if the property is converted to a use that is not residential or the owner intends to discontinue compliance with affordable housing requirements; fails to file annual reports; or fails to maintain the property in substantial compliance with all applicable local building, safety, and health code requirements. A cancellation notice would be sent within 30 days of the cancellation and the owner would have 30 days to appeal this decision. Following a hearing, the aggrieved party could appeal further as provided in the Administrative Procedures Act.

Any property that no longer qualifies for the exemption would incur additional real property tax in the amount that would have been imposed absent the exemption, and a 20 percent penalty, calculated from January 1 of the year the certification first became effective. The county treasurer would collect this additional tax. The county auditor would not accept an instrument of conveyance unless and until the additional tax is paid.

RECORDING FEES
Provisions governing three document-recording fees would be changed through this legislation.

The provisions guiding allocation of the "affordable housing for all" document recording fee under RCW 36.22.178 would be adjusted to eliminate the 5 percent allocation initially retained by counties for collection, administration, and local distribution. Of the 60 percent of remaining funds allocated to counties, 6 percent could be used for collection, administration, and local distribution costs.

The document-recording fee established under RCW 36.22.179 would be amended so that the current $40 surcharge, scheduled to revert to a $10 on June 30, 2019, would be extended until June 30, 2029. Documents recording a water-sewer district lien for nonpayment for water-sewer service or satisfaction of a lien for delinquent utility payments would be exempt from this surcharge. Counties would be authorized to pay for collection costs with the 6 percent portion of fees retained locally for administration.

The document-recording fee established under RCW 36.22.1791 would be amended to allow 6 percent of the counties portion of this fee to cover collection and local distribution costs.

HOMELESS STRATEGIC PLANNING AND REPORTING
By December 1, 2018, and every five years thereafter (as opposed to the 10 currently required), local governments, under the guidance of Commerce, would be required to establish local homeless housing plans with an emphasis in reducing youth homelessness. Any local government receiving state funds for homelessness programs would be required to prepare an annual report assessing the current condition of homelessness, funding information, shelter and housing information, and expenditure information.

HOMELESS HOUSING CAPITAL FUNDS
This legislation would authorize use of second quarter Real Estate Excise Tax revenues collected between July 1, 2017 to June 30, 2019 for the acquisition, construction, improvement, or rehabilitation of facilities to provide housing for the homeless. The effective date of this provision would be 90 days after the effective date of the bill.

SALES AND USE TAX
Current provisions under RCW 82.14.530 would change through this legislation to potentially allow cities within King County to pursue an increase in sales and use tax one year earlier than allowed under existing statute. These funds would be used primarily for affordable housing construction if approved by voters during a general or special election.

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.

EXPENDITURE DIFFERENCES FROM PREVIOUS BILL VERSION (P2SSB):
-- Expenditures to conduct buildable land analysis for Whatcom County would increase costs by approximately $216,000. This is a reduction compared to estimates identified for P2SSB 5254 due to the removal of Benton, Spokane, and Yakima counties from these requirements.
-- Revised provisions for measures including buildable lands analysis would likely result in lower local government expenditures than identified for P2SSB 5254. However, the magnitude of these reductions cannot be calculated with precision and are indeterminate.
-- New provisions for Housing and Essential Needs sales and use tax could result in indeterminate election and administration costs in cities that choose to pursue this provision.

EXPENDITURE IMPACTS OF CURRENT BILL VERSION:
This legislation would result in various expenditure impacts for local jurisdictions. Many of these impacts could be significant (over $1 million) but specific estimates cannot be predicted.

Buildable lands analysis would be expanded to one counties and cumulative expenditures to conduct this analysis under current methodology within these jurisdictions and the six already covered by these provisions are estimated at $4.71 million. This figure is approximately $.6 million more than grant revenue identified in the Commerce fiscal note. This discrepancy is consistent with previous grants that did not fully cover local jurisdiction costs. Indeterminate impacts would be incurred by local governments to comply with new criteria used to calculate buildable lands analysis.

Expenditures to administer the affordable housing property tax exemptions are indeterminate and it is likely that application fees will significantly offset these costs. Expenditures to comply with new housing planning requirements and expand homeless housing facilities and services will likely be offset by increases in revenue from document recording fees.

Indeterminate costs would be associated with elections in cities that are provided the opportunity and choose to pursue an increase in sales and use tax.

Expenditure impacts for this bill would be primarily related to:
BUILDABLE LANDS ANALYSIS
-- Addition of one new county required to conduct buildable lands analysis;
-- Indeterminate cost increase to support the development of guidance and data for new buildable land analysis criteria;
-- Indeterminate costs increase to comply new buildable lands and reasonable measures criteria; and
-- Indeterminate costs to conduct elections in cities that are provided the opportunity to pursue an increase in sales and use tax.

LAND USE PLANNING AND GROWTH MANAGEMENT
-- Possible increased but indeterminate expenditures associated with revisions to growth targets and countywide planning policies; and
-- Indeterminate cost reductions for environmental analysis in locations where jurisdictions have adopted categorical exemptions.

AFFORDABLE HOUSING AND HOMELESS PLANNING
-- Changes in revenue from document recording fees to support collection, distribution, planning and services with a net reduction of $304,000 during FY 2018 and a net increase of $22.5 million starting in FY 2019.
-- Indeterminate one-time costs associated with enacting property tax exemptions for affordable housing in jurisdictions choosing to adopt these measures;
-- Indeterminate cost increase of establishing and/or operating a local affordable housing program to administer the property tax exemption;
-- Additional indeterminate expenditures need to update homeless housing plans every five years instead of 10;
-- Indeterminate cost increase to incorporate supplemental criteria within homeless housing plans and comply with new reporting requirements; and
-- Higher costs to provide additional services, facilities, and resources to address homelessness.

SALES AND USE TAX
-- Cities in King County that choose to pursue a .1 of one percent increase in sales and use tax would incur indeterminate expenditures conducting a special or general election.

DISCUSSION:
BUILDABLE LANDS ANALYSIS RELATED EXPENDITURE DETAILS
Expenditures to conduct buildable land analysis under current methodology would result in expenses of approximately $216,000 to expand analysis to Whatcom County. Costs to conduct buildable lands analysis under current methodologies in the counties required to conduct the analysis under the existing statute are estimated at $4.5 million. Total expenditures to conduct buildable lands analysis are estimated at $4.7 million (Whatcom County costs $216,000 + existing buildable lands counties $4.5 million). This figure is approximately $.6 million more than grant revenue identified in the Commerce fiscal note. This discrepancy is consistent with previous grants that did not fully cover local jurisdiction costs.

Expenditures using supplemental criteria established by this legislation would result in indeterminate increased costs for all seven counties conducting buildable lands analysis. Factors affecting these impacts will be determined, in part, through work conducted by Commerce and a land use and economic entity.

Total costs to conduct buildable lands analysis under existing methodologies is estimated to range from $1.77 per existing dwelling unit to $2.82 per unit in 2016 dollars based upon previous experiences in King, Pierce, and Snohomish counties. The cost to conduct buildable land analysis in the existing six counties covered by these requirements is estimated at $4,495,999 (Existing Buildable Lands Counties; 1,959,041 housing units units x $1.77 = $3,467,503; 1,959,041 housing units x $2.82 = $5,524,496; $3.47 million + $5.52 million / 2 = $4.5 million).

This legislation would expand buildable land analysis requirements to include Whatcom County. Based upon the most recent estimate of housing units by the Office of Financial Management (OFM), these additional expenditures are anticipated to be $215,888 million using current methodologies (Whatcom County; 94,069 housing units x $1.77 = $166,502; 94,069 housing units x $2.82 = $265,275; $.166 million + $.265 million / 2 = $.215,888).

A land use and economic entity and Commerce will prepare guidance on buildable land assumptions and methodology for new criteria anticipate that jurisdictions will participate as stakeholders. This would involve travel and staff time costs and could result in per diem expenses for meals and lodging for some participants. These costs cannot be predicted in advance and are indeterminate but likely minor.

Results from the work by Commerce and the land use and economic entity are anticipated to result in adjustments to buildable lands methodology. Based upon discussions by jurisdictions participating in the Buildable Lands Advisory Committee (BLAC), local jurisdictions would likely expend staff time or hire consultants to help refine the guidance on new criteria based upon local conditions. In particular, local work is anticipated to document existing and needed infrastructure and it could be costly to integrate site-specific water and sewer system information with parcel data. Existing databases and information systems may need to be revised or replaced in order to incorporate new criteria, such as the presence of non-critical area natural constraints, on a parcel-by-parcel basis. The fiscal impact of these efforts cannot be predicted and their fiscal impact is indeterminate.

GROWTH TARGET RELATED EXPENDITURE DETAILS
Cities, counties, special districts, and regional planning organizations are anticipated to incur indeterminate expenses when growth targets are increased within their own boundaries or when an increase is made by a neighboring jurisdiction. For adjustments within their own boundaries, costs will be similar to the adjustments to buildable land capacity listed above. When neighboring jurisdictions initiate a change in targets, a local government may need to adjustment local plans, modeling, impact analysis, and capital facility plans depending upon the scope of the change.

Regional planning organizations would likely experience an indeterminate reduction in costs associated with review and approval of local plans.

AMENDMENTS TO COUNTYWIDE PLANNING POLICY RELATED EXPENDITURE DETAILS
Counties may need to adjust their countywide planning policies as well as associated amendment and appeals processes. The number of counties that already comply with these provisions is not known and therefore an estimate of fiscal impact related to the adoption of the provisions contained in the bill is not possible.

STATE ENVIRONMENTAL POLICY ACT (SEPA) RELATED EXPENDITURE DETAILS
The expense of Environmental Impact Statement (EIS) preparation could be reduced for cities, counties, or special districts in locations where the local jurisdiction adopts categorical exemptions from SEPA for an infill development area that implements a comprehensive plan, subarea plan, fully contained community, master planned resort or phased project containing a major transit stop. In these circumstances, State Environmental Policy Act impact analysis could be accomplished through a threshold determination that is assumed less expensive as the preparation of a full EIS on projects such as planned actions appears to range between $10,000 and $1 million (Bellevue, Seattle, and General Accounting Office). The number of potential instances where this change would apply will depend upon local actions and cannot be predicted.

AFFORDABLE HOUSING TAX EXEMPTION RELATED EXPENDITURE DETAILS
Cities and counties that choose to adopt a property tax exemption program for affordable housing would incur indeterminate expenditures related to:
-- One-time ordinance or resolution costs adopting the property tax exemption and associated affordable housing program(s)
-- Costs associated with establishing the affordable housing program(s)
-- Ongoing program administration costs.

These costs are indeterminate, but would be a local option and would begin concurrent with the process of developing and adopting the exemption and associated affordable housing program(s). It is likely that a significant portion of these expenditures will be offset by revenue from application fees. The number of jurisdictions electing to utilize these provisions cannot be predicted.

Tax exemption ordinance costs:
In order to enact the property tax exemption, the jurisdiction could incur costs developing the ordinance and associated housing program(s). These costs would vary by jurisdiction based upon factors including the exemption parameters and the extent of public involvement and hearings used in development of the program.

The Local Government Fiscal Note Program estimates that the cost of adopting an ordinance and holding a hearing on an issue of moderate complexity averages $2,800 per jurisdiction while a complex ordinance and hearing is estimated at $5,000 per jurisdiction. These costs do not reflect staff time needed to develop the parameters of the program.

Tax exemption program establishment and administration costs:
The costs incurred by a city or county to establish and administer these provisions would vary based upon the extent of the program as well as the existence of similar existing affordable housing programs that could be used to administer the new program. These costs cannot be estimated in advance and are indeterminate.

RECORDING FEES AND HOMELESS STRATEGIC PLANNING AND REPORTING RELATED EXPENDITURE DETAILS
Expenditures would vary based upon factors such as the number of documents recorded, the breakdown of costs by tasks, and the amount of funds received from the state to supplement local efforts. As a result, the exact cost impacts cannot be precisely identified and are indeterminate. These expenditures are anticipated to generally match increases in revenue.

Increases in expenditures would be used to:
-- Update homeless housing plans every five years instead of 10;
-- Incorporate supplemental criteria within homeless housing plans;
-- Comply with expanded and more frequent reporting requirements; and
-- Provide additional services, facilities and resources to address homelessness.

It is assumed that the increase in revenue designated for administrative purposes would be sufficient to meet the new planning and reporting requirements (King County).

HOMELESS HOUSING CAPITAL FUND RELATED EXPENDITURE DETAILS
An indeterminate increase in expenditures would occur in jurisdictions that choose to designate Real Estate Excise Taxes collected for the second quarter between July 1, 2017 to June 30, 2019 for the acquisition, construction, improvement, or rehabilitation of facilities to provide housing for the homeless.

SALES AND USE TAX
Current provisions under RCW 82.14.530 would change through this legislation to allow cities within King County to pursue an increase in sales and use tax one year earlier than allowed under existing statute. These funds would be used primarily for affordable housing construction if approved by voters during a general or special election.

Total local government costs will depend upon whether cities within King County will have the opportunity to pursue the .1 of one percent sales and use tax, how many cities would choose to pursue this revenue and when these elections are held. These variables are unknown and therefore the expenditure impact is indeterminate.

Individual cities that choose to exercise this option would incur indeterminate costs to hold an election. These costs will vary depending upon whether the election occurs during a regularly scheduled general election or during a special election and greatly depend on factors such as: how many other jurisdictions share the specific election date; if the vote occurs as part of a general election and how many voters turnout for the election.

If the vote occurs during a general election, each jurisdiction's cost per voter is generally lower as they share proportionate costs amongst all other jurisdictions conducting elections on that ballot. Conducting a one-issue election on a special election date usually leads to much higher costs per voter. According to the Local Government Fiscal Note Program unit cost data, the overall cost for an election is between $0.20 and $4 per registered voter, with higher impacts for special elections

Voter turnout also affects fiscal impact. Special elections, which typically have lower turnout. Between 2014 and 2016, special elections had an average turnout of 33 percent. General election turnout has ranged from 38 percent in 2015 to 79 percent in 2016. Turnout was 54 percent in 2014.

All of these variables can results in wide ranging impacts. For example, a county with 100,000 registered voters could incur costs of $15,800 during a presidential election (100,000 voters x .79 turnout x $0.20 cost per voter). If that same county conducted a special election, costs could reach $132,000 (100,000 voters x .33 turnout x $5 per voter).

In locations where the sales and use tax proposal is approved by voters, it is anticipated that expenditures by local jurisdictions will match revenue.

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.

REVENUE DIFFERENCES FROM PREVIOUS BILL VERSION (P2SSB):
-- This version of the legislation adds provisions regarding buildable lands funding.
-- Document recording fees under RCW 36.22.179 would be extended to 2029 instead of 2027.
-- This version would allow cities in King County to pursue a .1 of one percent increase in sales and use tax revenue if the county does not adopt a similar measure by October 2017.

REVENUE IMPACTS OF CURRENT BILL VERSION:
This legislation would result in changes to document recording fees that would result in a decrease in funding of $304,000 during FY 2018 and an increase of $22.5 million per year between July 1, 2019 and July 1, 2029. Property tax and application fee revenue impacts in jurisdictions enacting property tax exemptions for affordable housing are indeterminate. Impacts to local governments resulting from tax shifts related to property tax exemptions are indeterminate.

Revenue impacts to local governments will primarily occur through:
-- Indeterminate property tax impacts to cities, counties, and special districts in any county where exemptions to support affordable housing development are adopted;
-- A net decrease in funding from document recording fees of $304,000 in FY 2018 and a net increase of $22.5 million per year from July 1, 2019 until 2029; and
-- Revenue increases for document recording fees will occur for counties with an indeterminate allocation of this revenue to cities.
-- Possible adoption of a .1 of one percent sales and use tax by cities within King County if the county does not adopt a similar measure by October 2017 resulting in indeterminate increases in local revenue.

AFFORDABLE HOUSING TAX EXEMPTIONS
This bill would result in indeterminate revenue impacts to jurisdictions. Jurisdictions electing to adopt the exemption may experience a loss of property tax revenue and an increase in revenue from application fees. Special districts may experience an indeterminate loss of property tax revenue due to tax shift.

According to the Department of Revenue, revenue loss to local government property tax revenue is indeterminate because it is unknown which cities or counties would adopt a property tax exemption program to preserve affordable housing. In addition, the number of properties applying for the exemption cannot be estimated. These figures will affect the magnitude of revenue impact experienced by special districts.

Revenue from fees charged to administer the program would be established by the jurisdiction at the time of adoption and cannot be predicted.

These impacts would occur for property tax revenue due in 2018 and thereafter.

Jurisdictions that would be authorized to adopt the property tax exemption under the provisions of this bill may experience fiscal impacts that significantly differ between jurisdictions. These impacts will vary because of differences in factors such as average assessed value of development; local market demand for affordable housing units; capacity and interest of local developers; and the prevalence of existing affordable housing program that would facilitate development and reduce costs for these projects.

Property Tax Revenue Impacts from Affordable Housing Tax Exemptions:
This bill would affect property tax revenue for cities and counties that choose to adopt this program and the local taxing districts within those jurisdictions. County legislative authorities would need to approve the exemption in order for their property tax revenue to be exempted. The revenue impacts are indeterminate because it is unknown which cities or counties would adopt this property tax exemption program. In addition, the number of properties that will pursue the exemption cannot be predicted (Seattle Office of Housing).

Tax Shift and Revenue Loss:
Tax exemptions lower the taxable value against which taxing districts levy their taxes. When exemptions are enacted, taxing districts may compensate for the loss in taxable value by increasing the tax rate for taxpayers who are not eligible for the exemptions. Consequently, taxpayers who do not benefit from the exemption would pay a higher tax. This higher tax results in a tax shift from the exempt taxpayers to the non-exempt taxpayers. However, when a taxing district is restricted from increasing the tax rate due to a levy limit, the taxing district incurs a revenue loss.

Application Fees from Affordable Housing Tax Exemptions:

Jurisdictions will receive an indeterminate amount of revenue through fees charged at the time of application by a property owner for the exemption. These fees may be set up to an amount needed to cover the cost of administering the program.

RECORDING FEES
This legislation is estimated to result in a net loss in local government revenue of $304,000 per year until June 30, 2019 and result in a net increase of $22.5 million after that date (losses of $304,000 offset by an additional $22.8 million per year after that date).

The number of documents recorded by each county is not known. As a result, a proportionate breakdown of revenue impact by jurisdiction is not possible. However, it is estimated that changes in county revenue would be proportionate to that county's statewide percentage of documents subject to the recording fee. In addition, the portion of fees that are provided to municipal governments is not known.

RCW 36.22.178 fees:
The distribution formula for the "affordable housing for all" document recording fee under RCW 36.22.178 would be adjusted. Currently, the county auditor retains $0.05 of every $1 in fees collected with 60 percent of the remaining $0.95 or $0.57 ($0.60 x.6 = $0.57) allocated to the county and 40 percent allocated to the state. Total county revenue under the existing provisions of RCW 36.22.178 is $0.62 ($0.05 + $0.57) of every dollar in fee revenue collected.

This legislation would eliminate the initial portion retained by the county auditor. The county would receive $0.60 percent of each dollar in document recording fee revenue collected ($1 x.6 = $0.60). As a result, total revenue retained by the county will decrease by 2 percent or $0.02 for every dollar in fee revenue collected ($0.62 - $0.60 = $0.02).

Approximately 1.52 million documents recorded each year are subject to this recording fee with net revenue of $15.2 million (1.52 million x $10). Net loss to county revenue is estimated at $304,000 per year ($15.2 million x.02).

RCW 36.22.179 fees:
The distribution formula for the document-recording fee under RCW 36.22.179 would not be adjusted. Currently, the county auditor retains $0.02 of every $1 in fees collected with 60 percent of the remaining $0.98 or $0.588 ($0.98 x.6 = $0.588) allocated to the county and 40 percent allocated to the state. Total county revenue under the existing provisions of RCW 36.22.179 is $0.608 ($0.02 + $0.588) of every dollar in fee revenue collected.

The current $40 surcharge, which is scheduled to revert to $10 on June 30, 2019, would be extended until June 30, 2029. Currently about 1.25 million documents recorded each year are subject to the recording fee established under RCW 36.22.179. By extending the expiration date of this fee, a $30 net increase in revenue after June 30 , 2019 would provide a $22.8 million annual increase in local revenue (1.25 million documents x $30 = $37.5 million x.608) after that date.

This legislation would exempt the recording of water or sewer liens or satisfaction of a lien for delinquent utility payments from the recording fee. The impact of this exemption on the volume of documents subject to the recording fee could reduce related revenue by up to 35 percent although this figure cannot be calculated with accuracy. Data provided by Clark, King, and Snohomish counties for the month of October 2015 reflected 16 ,858 liens and releases of liens were recorded by special purpose districts related to delinquent utility service charges which would reduce statewide recording by 16 percent (16,858 liens x 12 = 202,296 liens / 1.25 million documents). These counties represented 46 percent of all housing units statewide during 2015. If the recording volume of liens in these counties were representative statewide, then the proportionate reduction would be 35 percent (16 percent / 46 percent). However, the Washington State Association of Counties indicates that not all special districts follow uniform procedures on recording liens for delinquent utility bills. In addition, it is not known if the volume of liens in Clark, King, and Snohomish is representative of statewide figures. As a result, the fiscal impact of this waiver cannot be determined.

RCW 36.22.1791 fees:
The document-recording fee established under RCW 36.22.1791 would be amended to allow 6 percent of the counties portion of this fee to cover collection and local distribution costs. The amount of fee revenue to counties would not change. It is not known if counties would choose to provide a portion of retained fees to auditors to cover collection costs.

HOMELESS HOUSING CAPITAL FUNDS
This legislation would not increase or decrease the amount of Real Estate Excise Tax revenue but would alter the allowable use of those funds.

SALES AND USE TAX
Current provisions under RCW 82.14.530 would change through this legislation to allow cities within King County to pursue an increase in sales and use tax one year earlier than allowed under existing statute. These funds would be used primarily for affordable housing construction if approved by voters during a general or special election. The number of cities that would choose to pursue this option is not known. In addition, the number of measures that would be adopted by voters cannot be predicted. Therefore, local government revenue associated with this provision cannot be predicted.

SOURCES:
Buildable Land Advisory Committee
City of Bellevue
City of Bremerton
City of Seattle
City of Walla Walla
Clark County
Department of Commerce
Department of Revenue
Department of Revenue Property Tax Statistics
King County
Local Government Fiscal Note on HB 1570 (2017)
Local Government Fiscal Note on SB 5182 (2017)
Local Government Fiscal Note on SB 6239 (2016)
Local Government Fiscal Note on SB 6671 (2016)
Local Government Fiscal Note Unit Cost Data 2017
Municipal Research Services Center
Office of Financial Management
Office of the State Treasurer
Pierce County
Runstad Center
Snohomish County
Spokane County
U.S. General Accounting Office
Washington Association of County Officials