

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2769 HB	<b>Title:</b> Derelict vessel prevention
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## Estimated Cash Receipts

NONE

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
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 Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Licensing	Fiscal note not available								
Department of Natural Resources	.1	280,500	280,500	.2	348,600	348,600	.2	348,600	348,600
<b>Total \$</b>	<b>0.1</b>	<b>280,500</b>	<b>280,500</b>	<b>0.2</b>	<b>348,600</b>	<b>348,600</b>	<b>0.2</b>	<b>348,600</b>	<b>348,600</b>

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
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 Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Licensing	Fiscal note not available								
Department of Natural Resources	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

NONE

<b>Prepared by:</b> Leslie Connelly, OFM	<b>Phone:</b> (360) 902-0543	<b>Date Published:</b> Preliminary 2/ 4/2020
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# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 2769 HB	<b>Title:</b> Derelict vessel prevention	<b>Agency:</b> 490-Department of Natural Resources
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	0.2	0.1	0.2	0.2
<b>Account</b>					
General Fund-State 001-1	0	280,500	280,500	348,600	348,600
<b>Total \$</b>	0	280,500	280,500	348,600	348,600

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Robert Hatfield	Phone: 360-786-7117	Date: 01/21/2020
Agency Preparation: Robert Brauer	Phone: 360-902-1244	Date: 02/04/2020
Agency Approval: Katrina Lassiter	Phone: 360-902-1081	Date: 02/04/2020
OFM Review: Leslie Connelly	Phone: (360) 902-0543	Date: 02/04/2020

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

This bill aims to increase the effectiveness of the derelict vessel removal program by enacting a suite of prevention and enforcement measures intended to decrease the number of vessels that become derelict and to provide the Derelict Vessel Removal Program (DVRP) with more tools to manage those that are currently derelict.

Section 2 removes the spending cap from the vessel turn-in program. By removing this cap, the DVRP has the flexibility to spend more on this program, if funds are available. It is much less expensive to remove a vessel through the vessel turn-in program than to retrieve a derelict vessel. Therefore, by removing the spending cap, the DVRP can be more cost effective in the long-term by removing vessels at a lower cost rather than waiting for them to become derelict. This is not expected to substantially increase workload for DVRP staff, as any additional work in this arena would be offset by a reduction in the overall number of derelict vessels.

Section 3 changes the requirements for vessel inspection. The original statute states that vessels more than sixty-five feet in length and more than forty years old must be inspected before transferring ownership. The amended language changes these requirements to thirty-five feet in length. This change would not require any additional work from DVRP staff, as the additional inspections would be the burden of the vessel owner. The intent of this change is to reduce the instances of vessel owners transferring ownership of vessels that are becoming unseaworthy or are at the end of their useful life, a situation that commonly results in the vessel becoming derelict. The DVRP has identified 19 vessels on its vessels of concern list that would meet these new requirements.

Section 4 changes the requirements for secondary liability insurance. The original statute states that any individual or company that purchases a used vessel greater than sixty-five feet in length or more than forty years old must secure a marine insurance policy prior to the transfer of ownership. The amended language changes these requirements to thirty-five feet in length. This change would not require any additional work from DVRP staff, as the secondary liability insurance would be the burden of the vessel owner. The intent of this change is to provide DVRP staff more recourse to pursue responsible parties regarding a derelict vessel. Often, the current owner of a derelict vessel either cannot be found or is unable to pay the removal costs. This change would increase the requirements for secondary liability insurance, so that if a qualifying boat becomes derelict, there is a marine insurance policy in place to help defray some of the costs of removal.

Section 5 authorizes the DVRP staff to have ticketing and enforcement authority for the purpose of enforcing aquatic laws related to derelict or abandoned vessels, registration of vessels, or trespass of vessels. Enacting this section will require additional training of DVRP staff. Training would be done by a DNR Law Enforcement Officer, and would involve training DVRP staff on ticketing procedures. Training would be 20 hours initially, and 10 hours annually to maintain. This section would allow DVRP staff to write a ticket for a registration violation, instead of having to report registration violations to law enforcement. Violations of registration carries a fine of \$257 per ticket in accordance with RCW 88.02.550.

Section 6 authorizes the DVRP to issue grants to local law enforcement agencies to compensate them for time and equipment needed to enforce vessel registration and aquatic laws, and to issue civil penalties. Individual grants may not exceed fifty thousand dollars. Grant solicitations would be run once a year, with DVRP issuing from one to five grants depending on available funds and grant amount. All state, county, city and port districts

with jurisdiction over marine traffic would be eligible for grants. Grants would be awarded by criteria developed with stakeholders and in the best interest/benefit to the DVRP. Some staff time would be required to administer and manage the grants.

Section 7 creates a pilot project for the creation of a derelict vessel recycling waste stream. The purpose of the pilot is to discover environmentally responsible methods of waste disposal by testing possible recycling streams for wood and fiberglass recovered from derelict vessels. The intent of the program is to build a demand for used wood and fiberglass boats as a fuel source or raw materials for new products, so that it will be cost effective enough to justify the recycling costs over disposing of derelict boats in a landfill. DNR would implement the program in partnership with non-profits and county governments to best utilize their contacts and expertise in waste/recycling solid materials. The pilot program is intended to last one year. While the bulk of the work is intended to be performed by contractors, some staff time would be required to coordinate and manage this program.

## **II. B - Cash receipts Impact**

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

## **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.*

DNR assumes that the fiscal impact of this bill would be 100% GF-S. The ALEA account currently does not have sufficient available fund balance to support this request.

Section 5 - This bill gives the DVRP program the authority to issue a ticket for failure to register a vessel if this violation is observed in the course of normal operations. Only the DVRP program manager will have authority to write a ticket, and this staff person will receive training from a DNR Law Enforcement Officer (LEO). While this will require the staff person to get the training, this approach will save staff time and resources by not requirement DVRP staff and a LEO to go back in the field to verify and issue the ticket. In response to feedback from DNR's Law Enforcement Division, DVRP staff will mail the ticket and not deliver it in person. Costs will be associated with the training (20 hours initially, and 10 hours annually to maintain), filing the tickets with the appropriate county court houses, and going to court if the ticket is contested. One staff sending the tickets will probably take 10 hours a year with an expected court requirement of 20 to 40 hours a year. Money collected from the ticket goes to pay for the ticketing agencies investment first in accordance with RCW 88.02.380.3. In three months a similar project collected ~\$40,000 in unpaid vessel registration fees.

FY21 - .5 SM (.04FTE) Environmental Specialist 5, ongoing .25 SM (.02 FTE)

FY21 - .5 SM (.04 FTE) Law Enforcement Officer, ongoing .25 SM (.02 FTE)

Salaries - FY21 \$6,600; Ongoing - \$3,200

Benefits - FY21 \$2,400; Ongoing - \$1,200.

Goods & Services Program Staff Average - FY21 - \$200; Ongoing - \$100

Travel Program Staff Average - FY21 - \$500; Ongoing - \$300.

Administrative Cost - calculated at 27% of staff related salary, benefits, goods and services, and travel = FY21 \$2,600; Ongoing - \$1,300.

Section 5 Total = FY21 - \$12,300; Ongoing - \$6,100 per year.

Section 6 – Authorizes the DVRP to issue grants to local law enforcement agencies to compensate them for time

and equipment needed to enforce vessel registration and aquatics laws, and to issue civil penalties. Currently local law enforcement seldom have time or resources to target enforcement time toward derelict vessels. These grants would allow local law enforcement to dedicate a discrete amount of time by an officer within a period of time to be defined by the grant (likely 6 to 12 months) to target problem areas identified by DVRP and by local marinas. The grants could also cover time for local law enforcement to assist with addressing derelict vessels where the owners are on site but unwilling to cooperate. The plan is to seek input from multiple law enforcement agencies on the best way to get the result we are looking for. The grants may also cover nominal costs associated with additional officer aquatic law training, minor special equipment like PFDs, and paying for an officer's time in court after issuing tickets. One Natural Resources Specialist 2 will administer the grant program with an estimated 40 hours a year.

FY21 - 1 SM (.08FTE) Natural Resource Specialist 2, ongoing .1 SM (.08 FTE)

Salaries - FY21 \$5,100; Ongoing - \$5,100

Benefits - FY21 \$2,100; Ongoing - \$2,100.

Grants – Local grants would allow law enforcement entities to dedicate a discrete amount of time by an officer defined by the grant (likely 6 to 12 months) to target problem areas identified by DVRP and by local marinas. The grants could also cover time for local law enforcement to assist with addressing derelict vessels where the owners are on site but unwilling to cooperate. The plan is to seek input from multiple law enforcement agencies on the best way to get the result we are looking for. The grants may also cover nominal costs associated with additional officer aquatic law training, minor special equipment like PFDs, and paying for an officer's time in court after issuing tickets. Estimated cost – \$150,000 per year starting in FY21 and ongoing thereafter.

Administrative Cost - calculated at 27% of staff related salary, benefits, goods and services, and travel = FY21 \$1,900; Ongoing - \$1,900.

Section 6 Total = FY21 - \$159,100 per year, ongoing.

Section 7 creates a pilot project for the creation of a derelict vessel recycling waste stream. The purpose of the pilot is to discover environmentally responsible methods of waste disposal by testing possible recycling streams for wood and fiberglass recovered from derelict vessels. The pilot program is intended to last one year. While the bulk of the work is intended to be performed by contractors, some staff time would be required to coordinate and manage this program. One Natural Resources Specialist 2 will administer the pilot program with an estimated 40 hours a year.

FY21 - 1 SM (.08FTE) Natural Resource Specialist 2, ongoing .1 SM (.08 FTE)

Salaries - FY21 \$5,100; Ongoing - \$5,100

Benefits - FY21 \$2,100; Ongoing - \$2,100.

Purchased Services - DNR will hire a contractor to perform the pilot program, cost will be associated with hazardous material removal and treatment, labor for the stripping of hardware, labor and equipment rental to reduce the vessels in size, the project's physical site rental, and the final transport of the material to its consumption location. Estimated cost - \$100,000 one-time in FY21.

Administrative Cost - calculated at 27% of staff related salary, benefits, goods and services, and travel = FY21 \$1,900; Ongoing - \$1,900.

Section 7 Total = FY21 = \$109,100; and \$9,100 per year thereafter.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	0	280,500	280,500	348,600	348,600
<b>Total \$</b>			0	280,500	280,500	348,600	348,600

### III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		0.2	0.1	0.2	0.2
A-Salaries and Wages		16,800	16,800	26,800	26,800
B-Employee Benefits		6,600	6,600	10,800	10,800
C-Professional Service Contracts					
E-Goods and Other Services		100,200	100,200	200	200
G-Travel		500	500	600	600
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		150,000	150,000	300,000	300,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-Administrative Costs		6,400	6,400	10,200	10,200
<b>Total \$</b>	0	280,500	280,500	348,600	348,600

### III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
Environmental Specialist 5	76,128		0.0	0.0	0.0	0.0
Law Enforcement Officer	76,128		0.0	0.0	0.0	0.0
NR Specialist 2	59,436		0.2	0.1	0.2	0.2
<b>Total FTEs</b>			0.2	0.1	0.2	0.2

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

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

NONE

## Part V: New Rule Making Required

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

<b>Bill Number:</b> 2769 HB	<b>Title:</b> Derelict vessel prevention
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## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- ☒ Cities: Indeterminate revenues for grants to law enforcement agencies to enforce the Derelict Vessel Program, and equivalent expenditures
- ☒ Counties: Same as above
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

## Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☒ Key variables cannot be estimated with certainty at this time: Appropriated funding for grants to enforce the Derelict Vessel Program; grant amounts; distribution of grants between city and county law enforcement agencies

### Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

## Part III: Preparation and Approval

Fiscal Note Analyst: Kyle Siefering	Phone: 360-725-3042	Date: 01/28/2020
Leg. Committee Contact: Robert Hatfield	Phone: 360-786-7117	Date: 01/21/2020
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/28/2020
OFM Review: Leslie Connelly	Phone: (360) 902-0543	Date: 01/28/2020



## **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 6 of this legislation would amend RCW 79.10.130 to give the Department of Natural Resources (DNR) the authority to issue grants to local law enforcement agencies to compensate them for time and equipment needed to enforce vessel registration and aquatic laws as related to the Derelict Vessel Program, and to issue civil penalties. Individual grants may not exceed \$50,000.

Section 7 would create within DNR a Derelict Vessel Recycling Waste Stream pilot program, with the purpose of discovering environmentally responsible methods of waste disposal by testing possible recycling streams for wood and fiberglass recovered from derelict vessels. DNR would collaborate with state and federal agencies, local governments, and tribes in order to safely and effectively remove, transport, and recycle derelict vessel waste. This pilot project would begin July 1, 2020, and end July 1, 2023.

Section 8 would specify \$150,000 for the grants under Section 6.

### **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.*

Expenditures by local law enforcement agencies under this legislation would be equivalent to funds received under the established grants to enforce the Derelict Vessel Program. These funds would be used to compensate for time and equipment to enforce the Derelict Vessel Program; this would include ticketing of derelict vessels and the enforcement of any other relevant aquatic laws. However, it is unknown how much funding would be made available for these grants in the biennial budget (though Section 8 specifies \$150,000 for fiscal year 2020), how much funding would be specified for each individual grant, nor how many grants would go to city law enforcement agencies and how many would go to county law enforcement agencies.

For the purpose of this fiscal note, costs for local governments to collaborate with DNR for its pilot program under Section 7 are expected to be covered by DNR.

### **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.*

This legislation would result in indeterminate revenues for local law enforcement agencies, as they would receive funds as grants from DNR under the legislation. Section 8 specifies \$150,000 for fiscal year 2020 for the purpose of these grants, however the total amount of funding available would be according to what is appropriated in the biennial budget. For the purposes of this fiscal note, it is unknown how much total funding would be made available, nor how much funding would be specified for each individual grant.

Funds made available under these grants would be issued to local law enforcement agencies, however it is unknown how much would go to city law enforcement agencies and how much would go to county law enforcement agencies. There are a total of 168 municipal police departments in Washington, as well as 39 county sheriffs' offices. It is assumed that only law enforcement agencies with jurisdictions containing waters of the state would be eligible to receive grants.

#### **SOURCES:**

Department of Natural Resources

Washington Association of Sheriffs and Police Chiefs