

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5254 SB	<b>Title:</b> Leasing of state lands	<b>Agency:</b> 490-Department of Natural Resources
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Resource Management Cost Account-State 041-1	(69,400)	(69,400)	(138,800)	(277,600)	(416,400)
Common School Construction Account-State 113-1	(154,600)	(154,600)	(309,200)	(618,400)	(927,600)
<b>Total \$</b>	(224,000)	(224,000)	(448,000)	(896,000)	(1,344,000)

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.3	1.3	1.3	1.3	1.3
<b>Account</b>					
General Fund-State 001-1	219,800	149,500	369,300	299,000	299,000
<b>Total \$</b>	219,800	149,500	369,300	299,000	299,000

### Estimated Capital Budget Impact:

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

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

Check applicable boxes and follow corresponding instructions:

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

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## Part II: Narrative Explanation

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

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

Section 1(7): Except for agricultural or grazing leases, the Department of Natural Resources (DNR) is required to receive approval from the Board of Natural Resources for any lease involving 250 acres or more of state lands or state forestlands.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

Impacts to revenue could vary based on the value between the low-value lease and a potentially higher-value lease. Some prospective lessees may choose to exclude DNR parcels from a project because of the perceived risk of denial. DNR is authorized to enter into direct negotiation for complex leases and that ability will be hampered if lessees feel the board may ultimately reject the lease terms. Programs with high-likelihood of being affected are Clean Energy, Mining and Minerals, and Special Use Leasing. The potential increase between a low-value grazing lease at \$2 per acre to a clean energy lease at \$300 to \$1100 per acre is between \$144,000 and \$614,000 per year. This calculation uses a lower range of \$400 per acre for a 560-acre lease and anticipates the loss of one lease, of the same value, every other year. Calculated revenue loss for one Liaison/Approver Final Recommendation contract is \$224,000 per year for fiscal years (FY) 2024 and 2025. DNR retains 31 percent of the revenue from federally granted trust land activities for management and places it into the Resource Management Cost Account (RMCA).

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

DNR assumes the need for 1.0 FTE Natural Resource Specialist 4 (NRS4) to accomplish the work in this bill. The NRS4 will help develop new lease language, negotiate with potential lessees on leases with additional and increased complexity, prepare additional information for board presentations and other board inquiries, and rulemaking. This will result in additional staff time for preparations to present to the board. DNR assumes grazing permits would fall under the grazing lease exemption, and assumes land use licenses, like rights-of-way, are not included under leases.

Costs include:

Natural Resource Specialist 4: 1.0 FTE beginning in FY 2024 and on-going

Computer, workstation, radios, and vehicle: \$70,300 in FY 2024 (one time)

Total costs in FY 2024 are \$219,800 and \$149,500 beginning in FY 2025 and on-going

ATG support is indeterminate as the program does not know if additional support for lease or risk review is necessary. There is a potential for litigation from potential lessees if the board denies the lease after entering into negotiations with DNR.

Goods and services and travel are calculated on actual program averages per person.

Administrative costs are calculated at 31% of staff salary and benefits and staff-related goods and services and travel. For fiscal note purposes, this cost is represented as a Fiscal Analyst 2 position.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	219,800	149,500	369,300	299,000	299,000
<b>Total \$</b>			219,800	149,500	369,300	299,000	299,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.3	1.3	1.3	1.3	1.3
A-Salaries and Wages	77,000	77,000	154,000	154,000	154,000
B-Employee Benefits	28,900	28,900	57,800	57,800	57,800
C-Professional Service Contracts					
E-Goods and Other Services	16,100	9,100	25,200	18,200	18,200
G-Travel	900	900	1,800	1,800	1,800
J-Capital Outlays	63,300		63,300		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	33,600	33,600	67,200	67,200	67,200
9-					
<b>Total \$</b>	219,800	149,500	369,300	299,000	299,000

### 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 2024	FY 2025	2023-25	2025-27	2027-29
Fiscal Analyst 2	55,872	0.3	0.3	0.3	0.3	0.3
Natural Resource Specialist 4	77,028	1.0	1.0	1.0	1.0	1.0
<b>Total FTEs</b>		1.3	1.3	1.3	1.3	1.3

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

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

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

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

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

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

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

### IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Unkown at this time.

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

At a minimum, chapters 12, 14, and 22 of WAC 332.