

# Multiple Agency Fiscal Note Summary

|                             |                                    |
|-----------------------------|------------------------------------|
| <b>Bill Number:</b> 1468 HB | <b>Title:</b> Impact fee deferrals |
|-----------------------------|------------------------------------|

## Estimated Cash Receipts

NONE

## Estimated Operating Expenditures

| Agency Name                                  | 2023-25    |          |             |          | 2025-27    |          |             |          | 2027-29    |          |             |          |
|--|------------|----------|-------------|----------|------------|----------|-------------|----------|------------|----------|-------------|----------|
|  | FTEs       | GF-State | NGF-Outlook | Total    | FTEs       | GF-State | NGF-Outlook | Total    | FTEs       | GF-State | NGF-Outlook | Total    |
| Joint Legislative Audit and Review Committee | .0         | 0        | 0           | 0        | .0         | 0        | 0           | 0        | .0         | 0        | 0           | 0        |
| Department of Commerce                       | .0         | 0        | 0           | 0        | .0         | 0        | 0           | 0        | .0         | 0        | 0           | 0        |
| Department of Revenue                        | .0         | 0        | 0           | 0        | .0         | 0        | 0           | 0        | .0         | 0        | 0           | 0        |
| <b>Total \$</b>                              | <b>0.0</b> | <b>0</b> | <b>0</b>    | <b>0</b> | <b>0.0</b> | <b>0</b> | <b>0</b>    | <b>0</b> | <b>0.0</b> | <b>0</b> | <b>0</b>    | <b>0</b> |

| Agency Name         | 2023-25  |          |       | 2025-27 |          |       | 2027-29 |          |       |
|---------------------|--|----------|-------|---------|----------|-------|---------|----------|-------|
|                     | 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                                  | 2023-25    |          |          | 2025-27    |          |          | 2027-29    |          |          |
|--|------------|----------|----------|------------|----------|----------|------------|----------|----------|
|  | FTEs       | Bonds    | Total    | FTEs       | Bonds    | Total    | FTEs       | Bonds    | Total    |
| Joint Legislative Audit and Review Committee | .0         | 0        | 0        | .0         | 0        | 0        | .0         | 0        | 0        |
| Department of Commerce                       | .0         | 0        | 0        | .0         | 0        | 0        | .0         | 0        | 0        |
| Department of Revenue                        | .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> |

| Agency Name         | 2023-25  |          |       | 2025-27 |          |       | 2027-29 |          |       |
|---------------------|--|----------|-------|---------|----------|-------|---------|----------|-------|
|                     | 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 Breakout

|                                      |                                 |                                 |
|--------------------------------------|---------------------------------|---------------------------------|
| <b>Prepared by:</b> Gwen Stamey, OFM | <b>Phone:</b><br>(360) 790-1166 | <b>Date Published:</b><br>Final |
|--------------------------------------|---------------------------------|---------------------------------|

# Individual State Agency Fiscal Note

|                             |                                    |   |
|-----------------------------|------------------------------------|---|
| <b>Bill Number:</b> 1468 HB | <b>Title:</b> Impact fee deferrals | <b>Agency:</b> 014-Joint Legislative Audit and Review Committee |
|-----------------------------|------------------------------------|---|

## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**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: Kellen Wright   | Phone: 360-786-7134   | Date: 01/20/2023 |
| Agency Preparation: Valerie Whitener | Phone: 360 786-5191   | Date: 01/23/2023 |
| Agency Approval: Eric Thomas         | Phone: 360 786-5182   | Date: 01/23/2023 |
| OFM Review: Gaius Horton             | Phone: (360) 819-3112 | Date: 01/24/2023 |

## 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.*

### 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.*

### 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.*

This bill removes the requirement for local governments to report to JLARC.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### 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

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

NONE

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

NONE

**Part V: New Rule Making Required**

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

# Individual State Agency Fiscal Note

Revised

|                             |                                    |   |
|-----------------------------|------------------------------------|---|
| <b>Bill Number:</b> 1468 HB | <b>Title:</b> Impact fee deferrals | <b>Agency:</b> 103-Department of Commerce |
|-----------------------------|------------------------------------|---|

## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### 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: Kellen Wright | Phone: 360-786-7134   | Date: 01/20/2023 |
| Agency Preparation: Buck Lucas     | Phone: 360-725-3180   | Date: 01/26/2023 |
| Agency Approval: Jason Davidson    | Phone: 360-725-5080   | Date: 01/26/2023 |
| OFM Review: Gwen Stamey            | Phone: (360) 790-1166 | Date: 01/27/2023 |

## 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 amends RCW 82.02.050 removing the requirement for local governments to provide program information to the Department of Commerce (department).

Section 2 repeals RCW 43.31.980 which requires the department to prepare and submit an annual legislative report on the program.

### 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.*

### 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.*

The proposed legislation eliminates the department's responsibility to prepare and submit an annual legislative report on the impact fee deferral program. There is no impact to the department and there are no reductions in staffing required. Any costs savings would be negligible.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### 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

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

NONE

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

NONE

## **Part V: New Rule Making Required**

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



# Department of Revenue Fiscal Note

|                             |                                    |  |
|-----------------------------|------------------------------------|--|
| <b>Bill Number:</b> 1468 HB | <b>Title:</b> Impact fee deferrals | <b>Agency:</b> 140-Department of Revenue |
|-----------------------------|------------------------------------|--|

## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Expenditures from:**

NONE

**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: Kellen Wright | Phone: 60-786-7134    | Date: 01/20/2023 |
| Agency Preparation: Diana Tibbetts | Phone: 60-534-1520    | Date: 01/26/2023 |
| Agency Approval: Marianne McIntosh | Phone: 60-534-1505    | Date: 01/26/2023 |
| OFM Review: Cheri Keller           | Phone: (360) 584-2207 | Date: 01/27/2023 |

Request # 1468-1-1

## 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.*

#### CURRENT LAW:

Local governments can impose local impact fees. Local governments may defer collection of impact fees for single-family detached and attached residential construction.

#### PROPOSAL:

This legislation removes some local impact fee deferral requirements and eliminates Department of Commerce's impact fee annual report.

#### EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session.

### 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.*

This legislation results in no revenue impact to taxes administered by the Department of Revenue (department).

### 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.*

The department will not incur any costs with the implementation of this legislation.

## Part III: Expenditure Detail

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

NONE

**III. B - Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

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

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

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

NONE

Request # 1468-1-1

**IV. C - Capital Budget Breakout**

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

NONE

**Part V: New Rule Making Required**

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

**Bill Number:** 1468 HB

**Title:** Impact fee deferrals

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

### Legislation Impacts:

- Cities:
- Counties: County Auditor's Offices would not be able to record liens against properties for impact deferral fees.
- 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: Number of counties that record liens against properties that receive impact deferral fees is unknown.

### Estimated revenue impacts to:

None

### Estimated expenditure impacts to:

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

## Part III: Preparation and Approval

|                                       |                       |                  |
|---------------------------------------|-----------------------|------------------|
| Fiscal Note Analyst: Jordan Laramie   | Phone: 360-725-5044   | Date: 01/27/2023 |
| Leg. Committee Contact: Kellen Wright | Phone: 360-786-7134   | Date: 01/20/2023 |
| Agency Approval: Allan Johnson        | Phone: 360-725-5033   | Date: 01/27/2023 |
| OFM Review: Gwen Stamey               | Phone: (360) 790-1166 | Date: 01/27/2023 |

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

This legislation would amend impact deferral fee options for jurisdictions that plan under the Growth Management Act, and choose to implement an impact fee deferral program.

The option to defer collection of an impact fee imposed on single-family residential construction until the time of closing of the first sale of the property is repealed. The requirement to impose a lien on the property subject to a deferred impact fee, and provisions related to the lien, are repealed.

Sec. 1 amends the deferral collection of an impact fee payment until the time for the final inspection or the time for the certificate of occupancy or equivalent certification. Local governments must withhold certification of final inspection, certification of occupancy, or their equivalents, until the impact fee is paid in full.

Would remove the option for local governments offering impact fee deferrals to defer collection until the closing of the first sale of the property.

Would remove Sec. 1(3)(c) from RCW 82.02.050, which prescribes that an applicant for an impact fee deferral must record a lien against the property in favor of the jurisdiction, in the amount of the deferred fee.

Would remove Sec. 1(3)(i) from RCW 82.02.050, which requires that jurisdictions must cooperate with and supply data, materials, and assistance to the Department of Commerce and the Joint Legislative Audit and Review Committee.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

This legislation may have indeterminate cost savings on local governments that have impact fee deferral programs. County auditors would no longer be required to record the lien, thereby saving time in the recording process for each instance of an impact fee deferral. However, the number of jurisdictions that record a lien against a property for the amount of the impact fee is unknown. The Department of Commerce (Commerce) indicate that there are 103 jurisdictions with impact fee deferral programs to which this legislation would apply.

#### **STATEWIDE IMPACT FEE DEFERRALS:**

According to the 2022 Commerce report on impact fee referrals, there were 1,394 reported impact fee deferrals issued in 2022 (1 fire protection impact fee deferrals, 463 park impact fee deferrals, 461 school impact fee deferrals, and 469 transportation impact fee deferrals).

At 54.5 percent of all impact fee deferrals reported to Commerce, Kitsap County issued the most impact fee deferrals in 2022. However, the county does not record liens on properties with impact deferral fees. Instead the Kitsap Community Development Department waits until the issuance of final permits to collect the deferred fees.

#### **IMPACT FEE DEFERRAL BACKGROUND:**

Local governments fully planning under the GMA can collect impact fees for fire protection facilities, parks, schools, and transportation facilities. Local governments may charge different rates for different classes of construction, such as residential, commerce and retail. Local governments may also collect impact fees on only a single type of construction. Except under specific circumstances, a local government must refund fees not expended or dedicated within 10 years of collection.

## **C. SUMMARY OF REVENUE IMPACTS**

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

This legislation would not impact local government revenues.

### **SOURCES:**

Department of Commerce

Department of Commerce, 2022 Impact Fee Deferral Program Annual Report

Kitsap County Auditor's Office

Kitsap County Community Development Department

Local Government Fiscal Note Program, FN S HB 1335 (2021)

Local Government Fiscal Note Program, FN HB 1714 (2022)