

Multiple Agency Fiscal Note Summary

Bill Number: 1402 HB	Title: Urban growth boundaries
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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
Department of Commerce	.6	183,356	183,356	183,356	.0	0	0	0	.0	0	0	0
Environmental and Land Use Hearings Office	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.6	183,356	183,356	183,356	0.0	0	0	0	0.0	0	0	0

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			3,700,000			2,770,000			
Local Gov. Other	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Local Gov. Total			3,700,000			2,770,000			

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

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

Prepared by: Gwen Stamey, OFM	Phone: (360) 790-1166	Date Published: Final
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Individual State Agency Fiscal Note

Bill Number: 1402 HB	Title: Urban growth boundaries	Agency: 103-Department of Commerce
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.6	0.6	0.6	0.0	0.0
Account					
General Fund-State 001-1	90,397	92,959	183,356	0	0
Total \$	90,397	92,959	183,356	0	0

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: 01/18/2023
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 01/24/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 01/24/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/25/2023

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 2 amends RCW 36.70A.110 removing requirements that urban growth areas (UGA) may include areas located outside of a city only if already characterized by urban growth. It also allows cities and counties to assume that lands within floodplains or land within the UGA that has not developed in the last 20 years are not developable, allowing for expansion of the UGA to satisfy projected needs.

Section 3 amends RCW 36.70A.130 allowing the expansion of UGA boundaries to compensate for areas that are undeveloped or underdeveloped within the last 20 years or are located in the floodplain.

Section 4 amends RCW 36.70A.280 denies authority of the growth management hearings board to hear petitions for adjustments of UGAs that are made based on floodplains or lands that have not been developed in the last 20 year

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 department assumes it will need to update guidance, administrative rules and provide technical assistance on Growth Management Act implementation under the new statutory provisions. Sections 2-4 would require updates to agency guidance on capital facilities, urban growth areas, rural planning, and buildable lands.

0.3 FTE Commerce Specialist 3 (626 hours) in FY24-FY25, to provide guidance updates on capital facilities, urban growth areas, rural planning, and buildable lands.

0.2 FTE Management Analyst 4 (418 hours) in FY24-FY25, for rulemaking updates to Chapter 365-196 WAC, coordination with the assistant attorney general, and interagency coordination.

Salaries and Benefits:

FY24: \$56,512

FY25: \$58,437

Goods and Services:

Attorney General costs: \$10,500 in FY24-FY25 per fiscal year for approximately 50 hours at \$210 per hour each fiscal year, for legal review of draft administrative rules and review of concise explanatory statement.

FY24: \$15,293

FY25: \$15,296

Intra-Agency Reimbursements:

FY24: \$18,592

FY25: \$19,226

Note: Standard goods and services costs include supplies and materials, employee development and training ,Attorney General costs, central services charges and agency administration. Intra-agency-agency administration costs (e.g. payroll, HR, IT) are funded under a federally approved cost allocation plan.

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 Total Cost:
 FY24: \$90,397
 FY25: \$92,959

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	90,397	92,959	183,356	0	0
Total \$			90,397	92,959	183,356	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.6	0.6	0.6		
A-Salaries and Wages	41,859	43,115	84,974		
B-Employee Benefits	14,653	15,322	29,975		
C-Professional Service Contracts					
E-Goods and Other Services	15,293	15,296	30,589		
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	18,592	19,226	37,818		
9-					
Total \$	90,397	92,959	183,356	0	0

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
Administrative Services - Indirect	111,168	0.1	0.1	0.1		
Commerce Specialist 3	82,056	0.3	0.3	0.3		
Management Analyst 4	86,212	0.2	0.2	0.2		
Total FTEs		0.6	0.6	0.6		0.0

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.

Sections 2-4 would require significant revisions to existing administrative rules in Chapter 365-196 WAC.

Individual State Agency Fiscal Note

Bill Number: 1402 HB	Title: Urban growth boundaries	Agency: 468-Environmental and Land Use Hearings Office
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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: 01/18/2023
Agency Preparation: Dominga Soliz	Phone: 3606649173	Date: 01/20/2023
Agency Approval: Dominga Soliz	Phone: 3606649173	Date: 01/20/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 01/22/2023

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 2. Amends RCW 36.70A.110 in a number of ways.

(1) Removes the requirement that an urban growth area (UGA) may include territory that is located outside of a city “only if such territory already is characterized by urban growth.” This has been an item of appeal in various cases before the Growth Management Hearings Board (GMHB) and may actually decrease the opportunity for petitions before the GMHB.

Initial timelines and requirements in establishing UGAs are removed.

(4) For areas within UGA boundaries of cities that include flood plains or remain undeveloped or under-developed after 20 years, a city or county may assume those properties will not be developed and expand their UGA correspondingly to include more buildable land to satisfy projected need.

(5) Initial UGA adoption requirements and timelines are removed.

Section 3 (3)(b) supports the ability to expand UGA to meet 20-year populations projections consistent with Section 2(4) of this bill.

Section 4 (2) Makes Section 2 (4) above not appealable to the GMHB.

Any impacts to the GMHB are anticipated as minimal and ELUHO assumes they can be absorbed by the GMHB.

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.

None

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.

None

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

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1402 HB

Title: Urban growth boundaries

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

Legislation Impacts:

- Cities: Increased costs for ordinance adoption, updated zoning maps and zoning documents, potentially amended comprehensive plan elements if population density within urban growth area boundaries need to be increased.
- Counties: Same as above and analysis of urban growth areas by development patterns and flood plains.
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to: Whether some jurisdiction's new urban growth area boundaries would require increased density to meet urban growth projections over a 20-year period.

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs: Ordinance adoption.
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: Which jurisdictions would be required to increase allowable densities to accommodate urban growth over a 20 year period.

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
City	1,640,000	940,000	2,580,000	1,740,000	
County	350,000	770,000	1,120,000	1,030,000	
TOTAL \$	1,990,000	1,710,000	3,700,000	2,770,000	
GRAND TOTAL \$					6,470,000

In addition to the estimates above, there are additional indeterminate costs 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: 01/18/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/27/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/31/2023

Part IV: Analysis

A. SUMMARY OF BILL

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

This legislation would amend provisions of the Growth Management Act (GMA) relating to urban growth areas. Cities and counties would be authorized to expand urban growth areas to include more buildable lands in order to satisfy projected development need if the existing urban growth area includes areas in flood plains, or properties that have been undeveloped or underdeveloped for 20 years.

Sec. 2 would amend 36.70A.110 RCW

(4) Authorizes counties and cities to expand urban growth areas to include more buildable lands to satisfy projected development need if the existing urban growth area includes properties that are in flood plains, or remain undeveloped or underdeveloped for 20 years.

Removes provision for that an urban growth area may include territory that is located outside of a city only if such territory is characterized by urban growth.

Sec. 3 would amend 36.70A.130 RCW

(3)(b) Counties must revise their comprehensive plans designating urban growth areas to accommodate urban growth every 20 years and make adjustments for properties or areas that are undeveloped, underdeveloped, or in a flood plain.

Sec. 4 would amend 36.70A.280 RCW

(2) The Growth Management Hearings Board would not be able to hear petitions alleging non-compliance with the Growth Management Act regarding adjustments of urban growth area boundaries made using the amendments to Sec. 1 of this act.

The bill takes effect 90 days after adjournment of the session in which the bill is passed.

BACKGROUND:

“A market factor represents the estimated percentage of net developable acres contained within a UGA that, due to fluctuating market forces, is likely to remain undeveloped over the course of the 20-year planning period. The market factor recognizes that not all developable land will be put to its maximum use because of such things as owner preference, cost, stability, quality, and location and, therefore, the GMA permits jurisdictions to include within a UGA not only the area necessary to accommodate projected growth but allows as a – safety factor – the market factor – expressed as a percentage related to total acreage”. – Western Washington Growth Management Hearing Board, Panesko, et al v. Lewis County

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 bill would require counties that designate urban growth areas (UGAs) under the Growth Management Act (GMA) use a market factor adjustment and account for lands in a flood plain, when revising UGAs to accommodate growth over a 20 year period. These amendments would inform the allowable densities within UGAs as stipulated by city and county comprehensive plans. For expenses that can be estimated at this time, there may be costs exceeding \$6.4 million (\$1,310,000 in UGA analysis + \$3,940,000 in ordinance adoption + \$1,220,000 in zoning maps and document updates) which would occur between FY24 to FY27.

There would be additional indeterminate costs to amend comprehensive plans of jurisdictions with increased density in the urban growth area after analysis for the UGA boundaries were complete. These amendments would include updates to the Housing and Capital Facilities Plan elements. However, the number of jurisdictions that would be required amend their comprehensive plans to account for higher densities cannot be known in advance.

DISCUSSION:

All jurisdictions expanding their UGA would be required to account for this change through updated zoning ordinances. Additionally, counties, and certain cities within those counties, would also need to amend existing comprehensive plans, capital facility plans and development regulations, and would incur indeterminate costs to amend such plans and regulations. The magnitude of these expenses will depend to a large extent upon how much action the jurisdiction takes which differs from the existing framework.

The determination to expand the UGA would be based on analysis of development patterns and the presence flood plains. The number of underdeveloped and undeveloped properties and the extent of flood plain within a UGA, would vary by jurisdiction.

Analysis of Urban Growth Areas by Development Patterns and Flood Plains:

\$1,310,000 – Costs may start at \$35,000 for 17 counties and \$65,000 for 11 counties with more UGAs than the statewide county average to conduct analysis. This analysis would determine where patterns of under and undeveloped properties and flood plains are located, and how to plan expanded UGA boundaries around these items.

The Washington State Association of Counties (WSAC) indicated in SB 5593 (2022) that the costs for this type of analysis would start at \$35,000 per county for rural counties, and estimates that this work could exceed \$65,000 for urban counties with more UGAs. The statewide average number of UGAs within counties is 7.75.

$\$35,000 \times 17 \text{ counties with less than 7 UGAs} = \$595,000$

$\$65,000 \times 11 \text{ counties with more than 7 UGAs} = \$715,000$

These costs would be incurred during the next boundary review, which is currently every ten years after the completion of the next periodic update cycle stipulated in RCW 36.70A.130(5).

Total estimated costs: $\$595,000 + \$715,000 = \$1,310,000$

Ordinance Adoption Costs for Counties and Cities

\$3,940,000 – Counties that adopt revised UGA boundaries based on patterns of development or the presence of flood plains, and the cities within those counties, would be required to adopt new UGA boundaries through zoning ordinances. This ordinance would require State Environmental Policy Act (SEPA) review, public notice, planning commission review and hearing, another public notice and a public hearing in front of the legislative body as well as the pre-work to decide upon the expansion.

Costs for cities to adopt new zoning ordinances may start at \$15,000 based on the estimates provided by the Local Government Fiscal Note Program Unit Cost Model for a complex ordinance with a hearing of the same complexity and the Association of Washington Cities' estimate for SEPA review costs of complex ordinances. Based on assessment by WSAC, the costs for counties to adopt new zoning ordinances would be between \$20,000 to \$30,000 per county (average: $\$25,000 (\$20,000 + \$30,000) / 2$)

$216 \text{ cities} \times \$15,000 = \$3,240,000$

$28 \text{ counties} \times \$25,000 = \$700,000$

These costs include draft ordinances, advisory commission meeting and recommendation, finalized ordinance, publication of ordinance, and general public information. This cost estimates is for only one meetings and staff reports, more complex ordinances would likely require more advisory committee meetings and potentially more staff reports. There would be

further costs associated with enforcing or executing the ordinance.

Updated Zoning Maps and Zoning Documents

\$1,220,00 – For counties that choose the local option to revise the UGA boundary based on patterns of development or the presence of flood plains, and the cities within those counties, there would be requirements to adopt new zoning maps and zoning documents reflecting the changes to the UGA boundaries.

Costs for cities and counties to adopt new zoning maps may start at \$5,000 per jurisdiction and would include changes to printed documents and digitally accessible maps.

216 cities x \$5,000 = \$1,080,000

28 counties x \$5,000 = \$140,000

Amended Comprehensive Plan Elements

Indeterminate – Amending comprehensive plan elements would have costs ranging from approximately \$16,000 to \$108,000 per element for cities, and \$65,000 to \$108,000 for counties. These costs depend on the complexity of the amendment, the population size of the jurisdiction, the prior planning work conducted, the scale and scope of the UGA expansion, the internal capacity to perform the element amendments within the planning department, and other factors. These costs would be experienced in some, but not all cities and counties, as the assessed density required to accommodate growth over the next 20 year period within the UGA may not have changed. The number of jurisdictions to which these provisions apply cannot be known in advance.

For some jurisdictions, the Housing elements of their comprehensive plans would need to be amended to account for the increased density permitted in the UGA to match projected population growth. Land capacity analysis is a requirement of Housing elements within the next periodic update cycle per HB 1220 (2021). Expanding UGAs under the provisions of this act would change the analysis planning jurisdictions undertake when updating these elements from 2024 to 2027 per RCW 36.70A.130. Housing elements generally require complex amendments, however the scope and scale of the updates required by this act would have varying complexities depending on the identified density increase to meet the population projection that are specific to a jurisdiction's UGA. These element amendments may have per city costs ranging from \$16,238 to \$108,250, and \$64,950 to \$108,250 for counties.

For some jurisdictions, the Capital facilities plan elements of their comprehensive plans would need to be amended to account for the increased density permitted in the UGA to match projected population growth over the 20-year period. Capital Facilities Plan elements are a critical component in the process of designated or expanding UGAs because the plans must demonstrate that UGAs can be supported with adequate facilities, services, and funding to sustain urban development. Capital facilities plans, in conjunction with six-year capital improvement plans, can help jurisdictions use limited funding effectively to maximize financing opportunities to support urban services in these areas. Some jurisdiction would have higher density requirements within the UGA, and planning jurisdictions would have to identify and plan for additional capital facilities' needs and funding in designated and expanded UGAs, including operations and maintenance. Capital facilities plan elements generally require complex amendments. However the scope and scale of the updates required by this act would have varying complexities depending on potentially increased residential density, which are specific to a jurisdiction's UGA. These element amendments may have per city costs ranging from \$16,238 to \$108,250, and \$64,950 to \$108,250 for counties.

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 is not anticipated to result in local government revenue impacts.

SOURCES:

Association of Washington Cities

Department of Commerce, A Guide to the Periodic Update Process under the GMA (2022)
Department of Commerce, Guidance for HB 1220 and Related Bills (2022)
Local Government Fiscal Note Program, FN ESSB 5593 (2022)
Local Government Fiscal Note Program, Unit Cost Model (2023)
Municipal Research Services Center, Urban Growth Areas
Municipal Research Services Center, Comprehensive Planning
Office of Financial Management, Small Area Estimate Program - Urban Growth Areas
Thurston Regional Planning Council
Washington State Association of Counties
Western Washington Growth Management Hearing Board, Panesko, et al v. Lewis County, Case No. 00-2-0031c