

Multiple Agency Fiscal Note Summary

Bill Number: 1519 HB	Title: Local project review
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	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	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	.4	303,065	303,065	303,065	.0	0	0	0	.0	0	0	0
Total \$	0.4	303,065	303,065	303,065	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			3,068,104						
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			3,068,104						

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
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

NONE

Prepared by: Gwen Stamey, OFM	Phone: (360) 790-1166	Date Published: Final 2/ 6/2023
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Individual State Agency Fiscal Note

Bill Number: 1519 HB	Title: Local project review	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	0.7	0.0	0.4	0.0	0.0
Account					
General Fund-State 001-1	303,065	0	303,065	0	0
Total \$	303,065	0	303,065	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: 01/27/2023
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 02/04/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 02/04/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/06/2023

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.

This bill addresses delays in processing permits that increase the cost of housing, adding to the state housing crisis. The purpose of the bill is to ensure predictable and consistent permit processes by creating a system of accountability, metrics, and best practices for local governments to follow when reviewing a permit application.

Section 7 adds a new section to RCW 36.70B requiring the Department of Commerce (department) to develop and provide technical assistance and guidance to counties and cities in setting reasonable and sufficient fee structures in order to recover true costs. The guidance must include growth factors to reflect cost increases over time.

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.

Assumptions:

- The department assumes additional staff work for development of new technical assistance and coordinating with a consultant with expertise in permit fees and outreach with local governments to develop and deploy that technical assistance.
- The department assumes rulemaking would be needed for adopting guidance updates for local governments.

Section 7:

0.5 FTE Commerce Specialist 3 (1,044 hours) in FY24, to provide programs management for development of new technical assistance and coordination for a professional consultant, including local government outreach.

0.1 FTE Management Analyst 4 (209 hours) in FY24, for coordinating guidance development and assisting with rulemaking

Salaries and Benefits:

FY24: \$67,125

Professional Services Contract:

The department assumes a professional consultant for development of permit fee and guidance for local governments in FY24 at 1,000 hours in FY24 with a billable rate of \$200 per hour.

FY24: \$200,000

Goods and Services:

FY24: \$10,301

Travel:
 The department assume travel statewide to assist with technical assistance development and outreach with counties and cities in establishing the new fee structures and growth factors.

FY24: \$3,555

Intra-agency Reimbursements:

FY24: \$22,084

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

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Total Costs:

FY24: \$303,065

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	303,065	0	303,065	0	0
Total \$			303,065	0	303,065	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.7		0.4		
A-Salaries and Wages	49,649		49,649		
B-Employee Benefits	17,476		17,476		
C-Professional Service Contracts	200,000		200,000		
E-Goods and Other Services	10,301		10,301		
G-Travel	3,555		3,555		
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	22,084		22,084		
9-					
Total \$	303,065	0	303,065	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		
Commerce Specialist 3	82,056	0.5		0.3		
Management Analyst 4	86,212	0.1		0.1		
Total FTEs		0.7		0.4		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.

Section 2: Rulemaking to update Chapter 365-196 WAC, for local government guidance related to development regulations.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1519 HB

Title: Local project review

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

Legislation Impacts:

- Cities: Increased expenses related to new ordinances for permit processing and permitting timelines for project permit applications for all cities fully planning under the Growth Management Act
- Counties: Same as above.
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs: Ordinance adoption costs.
- Legislation provides local option: Adopting further project review and code provisions established by this act.
- Key variables cannot be estimated with certainty at this time: Number of jurisdictions that would not implement the permit processing and permitting timelines for project permit applications.

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
City	1,688,628	1,034,628	2,723,256		
County	213,248	131,600	344,848		
TOTAL \$	1,901,876	1,166,228	3,068,104		
GRAND TOTAL \$					3,068,104

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: 02/06/2023
Leg. Committee Contact: Kellen Wright	Phone: 360-786-7134	Date: 01/27/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/06/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/06/2023

Part IV: Analysis

A. SUMMARY OF BILL

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

This legislation would amend local project review statute which outlines requirements for reviewing project permits, providing public notice, clarifying open record hearing, public meeting, and closed record appeal, determining application completeness, and issuing a notice of decision.

For jurisdictions fully planning under the Growth Management Act (GMA), project permit applications would be procedurally complete if all of the information listed on a submission checklist is included with an application packet, however additional information or studies may still be requested by the local government.

Fully planning jurisdiction must revise final approval deadlines of project permit applications depending on the public notice and public hearing requirements. Unless provided for the consolidated review of more than one permit, a final decision on permit timelines may not exceed 120 days. These jurisdictions are encouraged to adopt policies into their local code that provide prompt and accountable project permit application review procedures.

Sec. 2 would amend 36.70B.020 RCW

The definition of project permit or project permit application is amended such that site-specific rezones which do not require a comprehensive plan amendment are included in this definition. Building permits are removed from the definition of project permit or project permit application.

Sec. 3 would amend 36.70B.070 RCW

(2) A jurisdiction fully planning under the GMA must provide a written determination within 20 business days that a project permit application is complete or incomplete. For incomplete applications, the determination must include an outline of what is necessary to make the application procedurally complete. Project permits are complete when it meets the procedural submission requirements and additional information or studies may be required subsequent to the procedural review of the application by the local government. A completeness determination by the local government does not necessary need additional information if the application meets the requirements of the project permit application.

(4) An application must be deemed procedurally complete on the 29th day after a local government receives a project permit application if the jurisdiction does not prove a written determination indicating the application is procedurally incomplete. The notice of application must be provided within 14 days after a determination of completeness.

Sec. 4 would amend 36.70B.080 RCW

(1) Development regulations adopted by fully planning jurisdictions must establish and implement time periods for local government actions for project permit applications that do not exceed those specified in this section. However, local governments may exempt certain permit types and timelines applications as provided by RCW 36.70B.140.

(1)(d) For project permits submitted after January 1, 2025 a local government decision on final actions must not exceed: 45 days for permits which do not require public notice, 70 days for permits which require public notice, and 120 days for permits which require public notice and a public hearing.

(1)(e) Jurisdictions may add permit types, change the permit names, and address how consolidate review time frames may be different than permits submitted individually. Unless provided for the consolidated review of more than one permit, a final decision on permit timelines may not exceed 120 days.

(1)(f) If a local government does not adopt an ordinance or resolution modifying the provision of subsection (1)(d), this subsection would take effect.

(1)(g) The total number of days of the application in review must be calculated using the number of business days from the date of a determinate of completion to the date a final decision is issued on the application. Certain time periods do not count toward an applications review time.

(1)(h) Only modified permit timelines that are adopted through ordinance or resolution that contain permit type provisions with final decisions exceeding 120 days may be appealed under the Growth Management Act.

(2) When the final decision of a permit timeline is not met by the local government, up to 20 percent of the permit fee must be refunded to the applicant. Alternatively, 80 percent of the fee may be paid up front by the applicant and the

remaining 20 percent may be paid if the permit time frames are met. These provisions do not apply to cities and counties that have implemented at least three of the encouraged actions related to project permit review in Sec. 5(1).

Sec. 5 would amend 36.70B.140 RCW

A local government may exclude project permits for approvals relating to the use of public areas or facilities, or other project permits, if the local government provides by ordinance or resolution the authorization for timelines for approval that are different than those provided in RCW 36.70B.060 through 36.70B.080 and 36.70B.110 through 36.70B.130.

Sec. 6 would amend 36.70B.160 RCW

(1) Each local government is encouraged to adopt further project review and code provisions to provide prompt, coordinated review for project permit applications.

(2)(a) After January 1, 2026, a county or city must adopt additional measures within Sec. 6(1) at the time of its next periodic comprehensive update if (i) the jurisdiction adopted three project review and code provisions from Sec. 6(1) in the prior five years, and (ii) the jurisdiction is not meeting its permitting deadlines at least half of the time since its most recent comprehensive plan update,

(2)(b) A jurisdiction is required to adopt new measures after January 1, 2026 but does not do so by its next periodic comprehensive update, would be subject to refunded applications provisions of Sec. 4(2)(a).

Sec. 8 would amend 36.70B.110

(1) Nothing in this section or chapter prevents a lead agency from conducting review under the State Environmental Policy Act (SEPA), or from allowing appeals of procedural determination prior to submitting a project permit.

(5) If an open record appeal hearing is allowed on a project permit decision, a notice of application must be required for project permits that are categorically exempt under the SEPA.

(6)(d) A local government is not required to provide for administrative appeals of its threshold determination. If provided, this appeal must be filed within 14 days after notice that the determination is appealable. The appeal hearing on a threshold determination must be consolidated with any open record hearing on the project permit.

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.

The proposed legislation would have both determinate and indeterminate impacts on cities, towns, and counties planning under the provisions of the Growth Management Act (GMA).

For expenses that can be estimated at this time, costs would be approximately \$3.0 million (\$735,648 to adopt new procedurally complete project permit requirements + \$2,332,456 to adopt ordinances for the new permitting timelines) for all GMA fully planning cities, towns, and counties and the timing of these costs would occur in FY24 and the first half of FY25.

There would be additional indeterminate aspects of this bill that include an unknown number of jurisdictions that do not implement the permit processing and permitting timelines for project permit applications ordinances by the effective date of this act.

Adopting additional project review and code provisions would be a local option for GMA fully planning cities, towns, and counties before January 1, 2026. If a local government takes no action before January 1, 2026, there would be no impact. After January 1, 2026 adopting project review code may become a requirement for planning jurisdictions that meet the thresholds of Sec. 6(2)(a) in its next periodic comprehensive update. The number of jurisdictions that would meet these thresholds cannot be known in advance.

ORDINANCE ADOPTION FOR PROCEDURALLY COMPLETE PROJECT PERMITS:

\$735,648 - It is a requirement of Sec. 3 of this act that all fully planning jurisdictions must amend development review policies such that a written determination for project permit applications are submitted to the applicant within 28 business days. For incomplete applications, the ordinance would detail that a determination must include an outline of what is

necessary to make the application procedurally complete. The Local Government Fiscal Note Program Unit Cost Model estimates the cost of adopting a simple ordinance with hearing of the same complexity to amend existing local code would be \$3,000 for cities and \$2,916 for counties. For the purposes of analysis, these impacts are assumed to occur during FY 2024.

218 cities x \$3,000 = \$654,000

28 counties x \$2,916 = \$81,648

Total: \$735,648

For jurisdictions that do not outline the completeness requirements on the project permit application itself, there would be further costs to amend these documents so that the new requirements were specified in the application. Costs to modify documents may be de minimis to more substantive depending on the work to add local project permit processes to the permit. The number of jurisdictions that would be required to amend documents is not currently known.

ORDINANCE ADOPTION FOR PROJECT PERMIT TIMELINES:

\$2,332,456 - It is a requirement of Sec. 4 of this act that all fully planning jurisdictions must adopt an ordinance to amend project permit application review timelines for permit project application decisions made after January 1, 2025. The Local Government Fiscal Note Program estimates the cost of adopting a complex ordinance with hearing of the same complexity at \$9,492 for cities and \$9,400 for counties. For the purposes of analysis, these impacts are assumed to occur during 2024 (the second half of FY and the first half of FY 2025) to comply with the implementation date of January 1, 2025, specified by Sec. 4(1)(d).

218 cities x \$9,492 = \$2,069,256

28 counties x \$9,400 = \$263,200

Total: \$2,332,456

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.

Other changes needed to implement this legislation could result in increases in staffing hours, retention of consulting services, providing training and altering permit software systems would need to occur separately and would result in additional expenditures. These impacts will vary from jurisdiction to jurisdiction and cannot be predicted in advance.

If a local government does not adopt an ordinance or resolution modifying their local code with the provision of Sec. 4(1)(d), this subsection would take effect. Some jurisdictions may elect not to bring their codes into conformity with the requirements of this legislation prior to the applicable deadline. In these jurisdictions, the provision of Sec. 4(1)(d) would automatically apply and take effect, per Sec. 4(1)(f) . It is unclear if these jurisdictions would incur any legal costs based upon codes that do not conform to the required code measures. Such costs cannot be anticipated in advance and are indeterminate.

If a jurisdiction were unable to update their code by the effective date and their code were superseded by state statute, there would be increased workload for local government staff to parse their code and differentiate which portions were still enforceable and which were superseded. This would increase the staff time needed to administer their code by an unknown amount, and impact cities and counties that did not implement the ordinance established by this act by the applicable deadline.

ADOPTING FURTHER PROJECT REVIEW AND CODE PROVISIONS:

Before January 1, 2026:

Local Option - Each local government is encouraged to adopt further project review and code provisions to provide prompt and coordinated review for project permit applications, as a local option. There would be no impact for local governments that take no action related to this section. The number of jurisdictions that would codify additional project review code revisions specified in Sec. 5(1) cannot be known in advance.

However, if permitting final decisions do not meet the required deadlines detailed by Sec. 4(1)(d) local governments would be required to reimburse up to 20 percent of application fees to applicants. There may be long-term cost savings for jurisdictions that do not habitually meet project permit application deadlines. The magnitude of these cost savings would depend on project permit volume and the number of applications that fail to meet the deadline, both of which would vary by jurisdiction and cannot be estimated at this time.

After January 1, 2026

Indeterminate – Jurisdictions that plan under the GMA with comprehensive plan due dates in June 2026 and June 2027 may have costs to adopt additional project review and code provisions. However, the number of jurisdictions that would have adopted at least of the code provisions in Sec. 6(1) within the prior five years, or the number of jurisdictions that do not meet the permitting deadlines established in Sec. 4(1)(d) at least half the time, cannot be known in advance.

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 may result in indeterminate revenue reductions for cities and counties planning under the Growth Management Act that are not able to process permit applications within the timeframes specified by Sec. 4(1)(d). The number of jurisdictions that would not meet these deadlines cannot be known in advance.

Revenue reductions for such jurisdictions would vary by the types of project permits, the fees associated with these permits, and the length of time before a final decision on an application was made by a local government as detailed and Sec. 4(2)(a)(i) and (ii). The maximum amount of refunded permit fee revenue would be 20 percent if the established time frame is exceeded by more than 20 percent.

For local governments that implement at least three provisions of Sec. 6(1)(a) through (i) these revenue reductions would not apply. However, the number of local governments that would adopt provisions of Sec. 6(1) into their local code cannot be known in advance.

SOURCES:

Association of Washington Cities

Bureau of Labor and Statistics, CPI Inflation Calculator

Department of Commerce, Local Government Project Permitting (2005)

Local Government Fiscal Note Program, FN SB 6461

Local Government Fiscal Note Program, Unit Cost Model (2023)

Municipal Research and Services Center, When is a Development Application Ready for Review

Senate Bill Analysis, SB 5473