

Multiple Agency Fiscal Note Summary

Bill Number: 5667 SB	Title: Forestry riparian easements
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Attorney General	0	0	170,000	0	0	114,000	0	0	0
Total \$	0	0	170,000	0	0	114,000	0	0	0

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
Office of Attorney General	.6	0	0	170,000	.4	0	0	114,000	.0	0	0	0
Department of Natural Resources	.0	328,500	328,500	328,500	.0	114,000	114,000	114,000	.0	0	0	0
Total \$	0.6	328,500	328,500	498,500	0.4	114,000	114,000	228,000	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Natural Resources	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Department of Natural Resources	Non-zero but indeterminate cost and/or savings. Please see discussion.
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Prepared by: Lisa Borkowski, OFM	Phone: (360) 742-2239	Date Published: Final 2/14/2023
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Individual State Agency Fiscal Note

Bill Number: 5667 SB	Title: Forestry riparian easements	Agency: 100-Office of Attorney General
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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
Legal Services Revolving Account-State 405-1	85,000	85,000	170,000	114,000	
Total \$	85,000	85,000	170,000	114,000	

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.6	0.6	0.6	0.4	0.0
Account					
Legal Services Revolving Account-State 405-1	85,000	85,000	170,000	114,000	0
Total \$	85,000	85,000	170,000	114,000	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: Jeff Olsen	Phone: 360-786-7428	Date: 02/01/2023
Agency Preparation: Allyson Bazan	Phone: 360-586-3589	Date: 02/09/2023
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/09/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/10/2023

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 76.13.120 to require the Department of Natural Resources (DNR) to consult with the small forestland owner advisory committee semiannually. Funding limitations. Alternative programs if insufficient appropriations

Section 2: Amends RCW 76.13.130 to provide DNR program options if insufficient appropriations.

Section 3: Amends RCW 76.13.140 to expressly provide that DNR may use mill receipts for valuation but may not require them.

This bill is assumed effective 90 days after the end of the 2023 legislative 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.

Cash receipts are assumed to equal the Legal Services Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agency is the Department of Natural Resources (DNR). The Attorney General's Office (AGO) will bill all clients for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency's fiscal note. Appropriation authority is necessary in the AGO budget.

AGO AGENCY ASSUMPTIONS:

DNR will be billed for non-Seattle rates:

FY 2024 and FY 2025: \$85,000 for 0.33 Assistant Attorney General FTE (AAG) and 0.17 Legal Assistant FTE (LA).

FY 2026: \$79,000 for 0.31 AAG and 0.16 LA.

FY 2027: \$35,000 for 0.14 AAG and 0.07 LA.

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.

Attorney General's Office (AGO) Agency Assumptions:

This bill is assumed effective 90 days after the end of the 2023 legislative session.

Location of staffing is assumed to be in a non-Seattle office building.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables, for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 FTE for a Legal Assistant 3 (LA) and 0.25 FTE of a Management Analyst 5 (MA). The MA is used as a representative classification.

Assumptions for the AGO Public Lands Conservation Division’s (PLC) legal services for the Department of Natural Resources (DNR):

The AGO will bill DNR for legal services based on the enactment of this bill.

Section 1(12)(b) of the bill will require attorney time to implement, as detailed below:

PLC assumes they will be required to provide 50 AAG hours associated with rulemaking in FY 2024 and FY 2025.

Appeals of Forest Practices Permits: PLC assumes that two Pollution Control Hearings Board (PCHB) appeals per year challenging buffer requirements by landowners or interest groups at 150 hours per case.

FY 2024 - FY2026: 300 hours per year.

Endangered Species Act - Related Negotiations or Litigation: PLC assumes that the Forest Practices Habitat Conservation Plan - related negotiations with the United States Fish and Wildlife Service and National Marine Fisheries Service and or litigation work would take approximately 1,000 hours of attorney time spread across FY 2024 through to FY 2027.

FY 2024 – FY 2027: 250 hours per year (1000 / 4).

PLC: Total non-Seattle workload impact:

FY 2024 and FY 2025: \$85,000 for 0.33 AAG and 0.17 LA.

FY 2026: \$79,000 for 0.31 AAG and 0.16 LA.

FY 2027: \$35,000 for 0.14 AAG and 0.07 LA.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
405-1	Legal Services Revolving Account	State	85,000	85,000	170,000	114,000	0
Total \$			85,000	85,000	170,000	114,000	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	0.4	
A-Salaries and Wages	56,000	56,000	112,000	75,000	
B-Employee Benefits	18,000	18,000	36,000	25,000	
E-Goods and Other Services	10,000	10,000	20,000	13,000	
G-Travel	1,000	1,000	2,000	1,000	
Total \$	85,000	85,000	170,000	114,000	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
Assistant Attorney General	118,700	0.3	0.3	0.3	0.2	
Legal Assistant 3	55,872	0.2	0.2	0.2	0.1	
Management Analyst 5	91,524	0.1	0.1	0.1	0.1	
Total FTEs		0.6	0.6	0.6	0.4	0.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Public Lands & Commissions (PLC)	85,000	85,000	170,000	114,000	
Total \$	85,000	85,000	170,000	114,000	

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

Bill Number: 5667 SB	Title: Forestry riparian easements	Agency: 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 2024	FY 2025	2023-25	2025-27	2027-29
Account					
General Fund-State 001-1	164,250	164,250	328,500	114,000	0
Total \$	164,250	164,250	328,500	114,000	0

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.

Legislative Contact: Jeff Olsen	Phone: 360-786-7428	Date: 02/01/2023
Agency Preparation: Collin Ashley	Phone: 360-688-3128	Date: 02/09/2023
Agency Approval: Collin Ashley	Phone: 360-688-3128	Date: 02/09/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/14/2023

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 (5) reduces the length of time that the forestry riparian easements are effective from 50 years to 40 years.

Section 1 (9) (a) increases the compensation for qualifying timber to the qualifying small forest landowner to the amount of 90% of the value determined by the small forest landowner office up from 50% and increases the compensation for qualifying timber located on potentially unstable slopes or landforms from a maximum of \$50,000 to \$150,000.

This bill eliminates the High Impact Threshold calculations required by the RCW currently (76.13.120 Section 1 (9)).

Section 1 (10) (b) specifies that the department shall consult with the small forestland advisory committee at least semiannually to review landowner complaints, administrative processes, rule recommendations, and related issues.

Section 1(12) Sets deadlines for completing forestry riparian easement program applications transactions to within 2 years of the application receipt.

Section 1 (12) (b) States that if the amounts appropriated are insufficient to cover program reimbursement over the upcoming two-year period, the department shall make a declaration that will temporarily allow all small forestland owners to be eligible for small parcel alternative management plans under RCW 76.13.130, provided the parcel's harvests do not exceed 20 acres as described in RCW 76.13.130.

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.

Section 1 and Section 3 will require rule revision of WAC 222-21-030, 031, 040, 045, 048, 050. This rulemaking will require 0.5 FTE Environmental Planner 3.

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

Attorney General Office Identified costs from their fiscal note are included in Object E and are based on their fiscal note. DNR will be billed for non-Seattle rates: FY 2024 and FY 2025: \$85,000 for 0.33 Assistant Attorney General FTE (AAG) and 0.17 Legal Assistant FTE (LA).
FY 2026: \$79,000 for 0.31 AAG and 0.16 LA.
FY 2027: \$35,000 for 0.14 AAG and 0.07 LA.

Typical 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 (0.16 FTE).

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	164,250	164,250	328,500	114,000	0
Total \$			164,250	164,250	328,500	114,000	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages	40,500	40,500	81,000		
B-Employee Benefits	14,400	14,400	28,800		
C-Professional Service Contracts					
E-Goods and Other Services	90,350	90,350	180,700	114,000	
G-Travel	1,100	1,100	2,200		
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	17,900	17,900	35,800		
9-					
Total \$	164,250	164,250	328,500	114,000	0

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

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

Section 1 (5) reduces the length of time that the forestry riparian easements are effective from 50 years to 40 years. The reduction in length of time these agreements last are seen as an incentive that will entice more people to participate in the program. This will have a long term financial impact on the state since easements can be reapplied for 10 years earlier but this is beyond the scope of current capital budget impacts.

Section 1 (9) (a) increases the compensation for qualifying timber to the qualifying small forest landowner to the amount of 90% of the value determined by the small forest landowner office up from 50%.

Paying more for each easement will increase the funding needed to carry out this program at current levels.

- The average reimbursement % for easements over the last 5 years has been 62%.
- There are approximately 100 easements on the waiting list. With increase in outreach and the increase reimbursement amount we anticipate a 30% increase in applications per year (20 to 30).
- The average easement cost is approximately \$75,000 increasing to \$96,000/easement.
- With an increase of \$21,000 per easement x 100 on the waiting list and an additional 10 per year, we expect to see an increase of \$2,310,000 for the biennium.

Section 1 (9) (a) also increases the compensation for qualifying timber located on potentially unstable slopes or landforms from a maximum of \$50,000 to \$150,000 which we expect to drive further participation and demand. Expect a total of \$100,000 per fiscal year in increased unstable slope compensation.

This bill eliminates the High Impact Threshold calculations required by the RCW currently (76.13.120 Section 1 (9)). This is projected to save staff time and costs. These savings are projected to be more than offset by the increase in demand and higher compensation amounts for forest riparian easements.

Section 1 (10) (b) specifies that the department shall consult with the small forestland advisory committee at least semiannually to review landowner complaints, administrative processes, rule recommendations, and related issues. This is not expected to have any significant fiscal impact over what is currently in practice.

Section 1(12) Sets deadlines for completing forestry riparian easement program applications transactions to within 2 years of the application receipt.

This provision, with presumed increased demand and the potential of insufficient funding, could make compliance difficult. There may be biennia when a 2-year turn-around is not possible. Any efforts to mitigate risks of not meeting the 2-year turn around deadline will require increased investment in administrative and field operations supporting application processing. Even with these investments, there may arise circumstances beyond our control that makes meeting the 2-year turn around deadline impossible to meet.

Section 1 (12) (b) States that if the amounts appropriated are insufficient to cover program reimbursement over the upcoming two-year period, the department shall make a declaration that will temporarily allow all small forestland owners to be eligible for small parcel alternative management plans under RCW 76.13.130, provided the parcel's harvests do not exceed 20 acres as described in RCW 76.13.130.

The agency assumes potential increases in harvest under this provision in years when FREP is not fully funded. Potential widespread use of this option may increase the magnitude of 20-acre exempt impact on aquatic resources. The HCP currently considers the 20-acre exempt as minimally impactful because of its rare use and the potential of impacts being offset by other measures across the landscape.

The fiscal impact of this section is potentially significant, but is indeterminate at this time. There are too many unknown variables in terms of projected uptake and resulting direct impacts to the landscape, increased reporting burden to the federal services and navigation of these impacts to our Habitat Conservation Plan (HCP), as well as increased processing and approval of these small parcel alternative management plans.

Increased demand will necessitate additional timber cruises to evaluate timber. This is anticipated to cost \$300,000 in the 23-25 biennium and \$100,000 in out biennia.

Estimated fiscal impact would be approximately \$2,810,000 or greater in the 23-25 Biennium. This takes into account the increased costs of greater compensation levels to small forest landowners entering into forestry riparian easements, an increase in staff time to process additional applications and field increased interest and demand for the program. This does not include any estimates for the potentially significant but indeterminate costs of navigating the impacts to our Habitat

Conservation Plan with the federal services.

FREP is funded by capital funds so these changes would impact the Capital Budget. Our estimate is \$2,810,000 through the capital budget with an indeterminate greater impact.

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 1 and Section 3 will require rule revision of WAC 222-21-030, 031, 040, 045, 048, 050. This rulemaking will require 0.5 FTE Environmental Planner 3.