

Multiple Agency Fiscal Note Summary

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| Bill Number: 5457 SB | Title: Small cities/GMA |
|-----------------------------|--------------------------------|

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 | .0 | 0 | 0 | 0 | .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 \$ | 0.0 | 0 | 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 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

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|--------------------------------------|---------------------------------|---|
| Prepared by: Gwen Stamey, OFM | Phone: (360) 790-1166 | Date Published: Final 2/14/2023 |
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Individual State Agency Fiscal Note

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|-----------------------------|--------------------------------|---|
| Bill Number: 5457 SB | Title: Small cities/GMA | Agency: 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.

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|---------------------------------|-----------------------|------------------|
| Legislative Contact: Karen Epps | Phone: 360-786-7424 | Date: 02/07/2023 |
| Agency Preparation: Buck Lucas | Phone: 360-725-3180 | Date: 02/10/2023 |
| Agency Approval: Jason Davidson | Phone: 360-725-5080 | Date: 02/10/2023 |
| OFM Review: Gwen Stamey | Phone: (360) 790-1166 | 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 36.70A.130 requiring the Department of Commerce (department) to review population growth rates for eligible cities or towns at least three years before the periodic update and notify cities or towns of their eligibility to opt out of a full review of their plan and regulations.

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.

There is no fiscal impact to the department. Although this bill creates a new requirement, the department currently conducts a review of population growth rates and coordinates with cities and counties to determine eligibility for extensions for small and slow growing jurisdictions, as well as extensions for the review of critical areas ordinances. These extensions are authorized under RCW 36.70A.130(6) and RCW 36.70A.130(7). The department anticipates that it can incorporate the new requirements with the proposed bill into the existing workload without a fiscal impact.

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

| | | |
|-----------------------------|--------------------------------|---|
| Bill Number: 5457 SB | Title: Small cities/GMA | Agency: 468-Environmental and Land Use Hearings Office |
|-----------------------------|--------------------------------|---|

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: Karen Epps | Phone: 360-786-7424 | Date: 02/07/2023 |
| Agency Preparation: Dominga Soliz | Phone: 3606649173 | Date: 02/09/2023 |
| Agency Approval: Dominga Soliz | Phone: 3606649173 | 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. RCW 36.70A.130 is amended:

(b)(i) A city or town located within county planning under RCW 36.70A.040 may opt out of a full review and revisions of its comprehensive plan established in this section if the city or town meets the following criteria:

(A) Has a population fewer than 500;

(B) Is not located within 10 miles of a city with a population over 100,000;

(C) Experienced a population growth rate of fewer than 10 percent in the preceding 10 years; and

(D) Has provided the department with notice of its intent to participate in a partial review and revision of its comprehensive plan.

(ii) The department shall review the population growth rate for a city or town participating in the partial review and revision of its comprehensive plan process at least three years before the periodic update is due as outlined in subsection (4) of this section and notify cities of their eligibility.

(iii) A city or town that opts out of a full review and revision of its comprehensive plan must update its critical areas regulations and its capital facilities element and its transportation element.

These criteria are very narrowly defined and likely will not apply to more than one or two cities. There is minimal impact, if any, anticipated to the Growth Management Hearings Board (GMHB).

ELUHO assumes that any impact 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: 5457 SB

Title: Small cities/GMA

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

Legislation Impacts:

- Cities: Cities and towns within counties that fully plan under the Growth Management Act would be able to conduct partial updates of their comprehensive plans.
- Counties:
- Special Districts:
- Specific jurisdictions only: Applies to cities or towns that meet specific population, population growth, and a location criteria.
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: Opting out of full review and revision of a comprehensive plan.
- Key variables cannot be estimated with certainty at this time: Number of small cities and towns that would opt out of a full review and revision of their comprehensive plan; population and population growth estimates would not be known until they are calculated and released by the Office of Financial Management.

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

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|-------------------------------------|-----------------------|------------------|
| Fiscal Note Analyst: Jordan Laramie | Phone: 360-725-5044 | Date: 02/13/2023 |
| Leg. Committee Contact: Karen Epps | Phone: 360-786-7424 | Date: 02/07/2023 |
| Agency Approval: Allan Johnson | Phone: 360-725-5033 | Date: 02/13/2023 |
| OFM Review: Gwen Stamey | Phone: (360) 790-1166 | Date: 02/14/2023 |

Part IV: Analysis

A. SUMMARY OF BILL

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

This proposed legislation would authorize cities or towns located in a fully planning county to opt out of a full review and revision of its comprehensive plan update if the jurisdiction meets certain population, population growth, and location requirements. The bill would establish that the Department of Commerce must review the population growth rate for a city or town participating in the partial review for purposes of program eligibility.

Sec. 1 would amend RCW 36.70A.130

(1)(b) Authorizes that a city or town within a fully planning county planning under the Growth Management Act, may opt out of a full review of its comprehensive plan if it meets specific population thresholds: less than 500 in population, a population growth rate less than 10 percent within the prior 10 years, and are more than 10 miles from a city with a population over 100,000. Cities or towns must file their intent to perform a partial review with the Department of Commerce. This partial review would include updates to the capital facilities plan and transportation elements, as well as critical areas regulations.

The Department of Commerce is required to review population growth rates for a city or town participating in the partial update of the jurisdiction's comprehensive plan. The population growth rate review must be conducted three years prior to the submission due date of the city or town, as specified by RCW 36.70A.130(5).

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 proposed legislation would be a local option for cities and towns fully planning under the Growth Management Act (GMA) that meet certain population thresholds. In cities or towns that take the local option, there would be an indeterminate reduction in planning costs associated with their jurisdiction's periodic comprehensive plan update.

Number of Potentially Qualifying Jurisdictions:

Using Office of Financial Management (OFM) population estimates, there are 24 cities that this bill would impact. As of the 2022 population estimates, there may be only 17 cities/towns that may meet the population thresholds (less than 500 in population), population growth rate (less than 10 percent within the prior 10 years), and are more than 10 miles from a city with a population over 100,000. The total qualifying cities and towns with comprehensive plans would not be known until the 2023, and 2024, April 1st population estimates are published by OFM in their respective release year. The final number of cities and towns to which this act would apply would be determined by the Department of Commerce (Commerce) three years before the submission due date of a jurisdiction's comprehensive plan, per Sec. 1(1)(b)(ii).

Illustrative Example of Qualifying Cities and Towns:

Using 2011 to 2021 OFM population estimates, there may be 2 qualifying cities/towns with comprehensive plans due in 2024.

Using 2012 to 2022 OFM population estimates, there may be 2 qualifying towns with comprehensive plans due in 2025, 5 qualifying cities/towns with comprehensive plans due in 2026, and 8 qualifying towns with comprehensive plans due in 2027.

Impact on Periodic Comprehensive Planning Grants:

For cities or towns that opt out of the full review and revisions of its comprehensive plan, fully planning cities would still be required to conduct updates to Capital Facilities Plan and Transportation element planning. All GMA planning cities and towns would be required to conduct updates to critical areas regulations.

Commerce makes planning grants available for cities planning under the GMA for costs associated with periodic comprehensive updates. For cities under 3,000 in population, there is a maximum grant amount of \$100,000. The costs to

update GMA comprehensive plans would be reduced in cities or towns that choose to opt out of the periodic comprehensive update planning, with the exception of Capital Facilities Plan element, the Transportation element, and critical areas regulations. The amount of reduced spending on the periodic comprehensive update would vary by planning jurisdiction and 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 proposed legislation would be a local option for cities and towns fully planning under the Growth Management Act (GMA) that meet certain population thresholds. In cities or towns that fully plan under the GMA and take the local option, there would be an indeterminate reduction in planning grant revenue associated with their jurisdiction's periodic comprehensive update. The number of jurisdictions that would take the local option cannot be known in advance.

The amount of the planning grant reductions would depend on revised grant formulas determined by the Department of Commerce, to account for the partial periodic comprehensive update that includes only the Capital Facilities Plan element, Transportation element, and critical areas regulations.

SOURCES:

Department of Commerce

Municipal Research and Services Center, Growth Management Act

Municipal Research and Services Center, City and Town Profiles

Office of Financial Management

Senate Bill Report, SB 5457 (2023)