

Multiple Agency Fiscal Note Summary

Bill Number: 1735 S HB	Title: GMA/net ecological gain
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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
Office of the Governor	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Commerce	3.6	7,242,563	7,242,563	7,242,563	3.6	1,042,976	1,042,976	1,042,976	3.6	1,050,176	1,050,176	1,050,176
Office of Financial Management	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Transportation	.2	0	0	50,000	.2	0	0	50,000	.2	0	0	50,000
Department of Transportation	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Department of Ecology	1.0	315,787	315,787	315,787	.2	72,178	72,178	72,178	.2	72,178	72,178	72,178
Environmental and Land Use Hearings Office	.0	0	0	0	.0	0	0	0	.0	0	0	0
State Conservation Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Fish and Wildlife	10.0	4,247,000	4,247,000	4,247,000	14.5	4,958,000	4,958,000	4,958,000	14.5	4,958,000	4,958,000	4,958,000
Puget Sound Partnership	.4	162,000	162,000	162,000	.4	164,000	164,000	164,000	.4	164,000	164,000	164,000
Department of Natural Resources	.4	93,400	93,400	93,400	.4	93,400	93,400	93,400	.4	93,400	93,400	93,400
Department of Agriculture	.4	140,600	140,600	140,600	.4	140,600	140,600	140,600	.4	140,600	140,600	140,600
Total \$	16.0	12,201,350	12,201,350	12,251,350	19.7	6,471,154	6,471,154	6,521,154	19.7	6,478,354	6,478,354	6,528,354

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
Office of the Governor	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
State Conservation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Fish and Wildlife	.0	0	0	.0	0	0	.0	0	0
Puget Sound Partnership	.0	0	0	.0	0	0	.0	0	0
Department of Natural Resources	.0	0	0	.0	0	0	.0	0	0
Department of Agriculture	.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: Matthew Hunter, OFM	Phone: (360) 529-7078	Date Published: Final 2/21/2023
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Individual State Agency Fiscal Note

Bill Number: 1735 S HB	Title: GMA/net ecological gain	Agency: 075-Office of the Governor
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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: Robert Hatfield	Phone: 360-786-7117	Date: 02/14/2023
Agency Preparation: Tracy Sayre	Phone: 360-890-5279	Date: 02/15/2023
Agency Approval: Kathy Cody	Phone: (360) 480-7237	Date: 02/15/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/15/2023

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.

The substitute bill does not change the fiscal impacts as previously submitted:

Sec 5. A Joint Oversight Body on Net Ecological Gain is established for the purpose of identifying criteria for, and a system for implementing, net ecological gain on public projects. The oversight body must include the Governor's Senior Policy Advisor on Natural Resources. The Senior Policy Advisor on Natural Resources will also be a co-chair of the oversight body.

Sec 7. Requires the Governor to require the Department of Fish and Wildlife to submit a budget request equal to 10% of any revenues to the general fund accruing in amounts exceeding 2022 revenues, and at least 10% of any budget surpluses identified by the State Economic and Revenue Forecast Council, to be committed to fulfilling the responsibilities required by the Net Ecological Gain rules adopted by WDFW (Sections 4), the Joint Oversight Body on Net Ecological gain (Section 5), and the review of existing conservation programs (Section 8).

Department of Fish and Wildlife assumes monthly in-person/virtual meetings of three hours in duration starting in FY 2024 and ongoing (with corresponding preparation time between meetings) concurrent with rulemaking and monitoring. Cochairing this committee is something the Office of the Governor would do as part of existing duties.

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.

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: 1735 S HB	Title: GMA/net ecological gain	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	3.6	3.6	3.6	3.6	3.6
Account					
General Fund-State 001-1	3,621,075	3,621,488	7,242,563	1,042,976	1,050,176
Total \$	3,621,075	3,621,488	7,242,563	1,042,976	1,050,176

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: Robert Hatfield	Phone: 360-786-7117	Date: 02/14/2023
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 02/15/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 02/15/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/16/2023

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.

Differences between SHB 1735 and HB 1735:

No amendments in SHB 1735 will change the department's assumptions about the fiscal impacts of this bill.

Section 4 changes the oversight body established in the original bill to a working group that remains responsible for preparing recommendations to the department of fish and wildlife (WDFW) for net ecological gain (NEG) standards and criteria.

Section 5 of the original bill named the Department of Commerce (department) as a required participant in the oversight body, but Section 4 of the substitute bill provides only that the working group must include representatives from other state agencies, amongst others.

Summary of the substitute bill:

Section 2 amends RCW 36.70A.080 amending the Growth Management Act (GMA), to add net ecological gain (NEG) to the list of optional comprehensive plan elements.

Section 3 amends RCW 3670A.030 adding NEG to the definition section of the GMA.

Section 4 adds a new section to RCW 36.70A requiring the WDFW to adopt rules that establish criteria for NEG that counties and cities must meet if they choose to adopt the voluntary NEG element in their comprehensive plans and to monitor progress towards NEG and salmon recovery goals. These rules must be informed by recommendations from a working group with participation by state agencies, amongst others, and facilitated by an independent facilitator contracted by WDFW. The working group must advise WDFW on approaches that lead to measurable attributes on NEG and address criteria for, and a system for implementing, NEG on public projects.

Section 5 adds a new section to RCW 36.70A creating a planning grant program in the GMA for the department to award up to \$100,000, subject to state funding, to cities and counties that choose to incorporate the optional NEG element into their comprehensive plans to assist with its implementation consistent with the rules adopted by WDFW. Awards over \$100,000 may be granted to jurisdictions that demonstrate extraordinary potential to increase NEG.

Section 6 adds a new section to RCW 77.04 requiring WDFW, in collaboration with the working group, to compile examples of NEG through existing pollution reduction and habitat protection and recovery programs and summarize the results in a report to the legislature due no later than June 30, 2024.

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 that it will participate in the working group and that the fiscal impact associated with a Commerce Specialist 5 preparing for, attending, and conducting follow up tasks associated with membership will not change from the original bill's fiscal note.
- Based on WDFW assumptions and for the purposes of this fiscal note, the department assumes full participation by eligible jurisdictions. Therefore, the department assumes that all 246 eligible jurisdictions planning under the GMA will incorporate the optional NEG element into their comprehensive plans either at or before their periodic update deadline or the 5-year implementation progress report, if applicable.
- The level of funding that would be requested or appropriated is unknown. For illustrative purposes, the department assumes that 25% of participating jurisdictions would apply for the full planning grant, or 62 of the 246 jurisdictions, during the first biennium. Before development of criteria to exceed the maximum \$100,000 level, the award of 62 grants at the maximum amount would require an appropriation of \$6.2 million over FY24-FY25.
- The department assumes development of the grant criteria in consultation with WDFW will ensure appropriate grant ranges and careful consideration for grants that exceed \$100,000.
- Because section 4 requires WDFW to adopt rules establishing criteria and implementing regulations for the NEG element, the department assumes it will engage in minimal rulemaking that can be absorbed into existing rulemaking update workloads. Specifically, WAC 365-196-445 will only need to be amended to include NEG as an optional comprehensive plan element, potentially with a citation to WDFW's applicable rules.
- The department assumes it will provide technical assistance to participating local jurisdictions about the NEG element and in coordination with WDFW guidance and outcomes monitoring.

1.0 FTE Commerce Specialist 3 (2,088 hours) in FY24-FY29, to provide technical assistance to participating jurisdictions and collaborate with WDFW in assisting local governments to establish and implement their NEG elements.

2.0 FTE Commerce Specialist 3 (4,176 hours) in FY24-FY29, to work with WDFW to establish planning grant criteria, create a grant intake process, conduct outreach to and consultation with local governments, develop a reporting system, and provide general grant contract management and program operation.

0.05 FTE Commerce Specialist 5 (105 hours) in FY24-FY29, to prepare for, attend, and conduct follow up tasks associated with membership on the joint oversight body.

Salaries and Benefits:

FY24: \$339,498

FY25-FY29: \$351,081 each fiscal year

Goods and Services:

FY24: \$54,882

FY25-FY29: \$54,901 each fiscal year

Equipment:

The department assumes standard workstations in FY24 and replacement tablet in FY28.

FY24: \$15,000

FY28: \$7,200

Grants, Benefits, Client Services:

The department assumes that 25% of participating jurisdictions would apply for the full planning grant, or 62 of the 246 jurisdictions, during the first biennium. Before development of criteria to exceed the maximum \$100,000 level, the award of 62 grants at the maximum amount would require an appropriation of \$6.2 million (\$100,000 x 62) over FY24-FY25.

FY24-FY25: \$3,100,000 each fiscal year

Intra-agency Reimbursements:

FY24: \$111,695

FY25-FY29: \$115,506 each fiscal year

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 administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

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Total Costs:

FY24: \$3,621,075

FY25: \$3,621,488

FY26-FY27: \$521,488 each fiscal year

FY28: \$528,688

FY29: \$521,488

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	3,621,075	3,621,488	7,242,563	1,042,976	1,050,176
Total \$			3,621,075	3,621,488	7,242,563	1,042,976	1,050,176

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.6	3.6	3.6	3.6	3.6
A-Salaries and Wages	250,927	258,455	509,382	516,910	516,910
B-Employee Benefits	88,571	92,626	181,197	185,252	185,252
C-Professional Service Contracts					
E-Goods and Other Services	54,882	54,901	109,783	109,802	109,802
G-Travel					
J-Capital Outlays	15,000		15,000		7,200
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	3,100,000	3,100,000	6,200,000		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	111,695	115,506	227,201	231,012	231,012
9-					
Total \$	3,621,075	3,621,488	7,242,563	1,042,976	1,050,176

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	0.5	0.5	0.5	0.5	0.5
Commerce Specialist 3	82,056	3.0	3.0	3.0	3.0	3.0
Commerce Specialist 5	95,185	0.1	0.1	0.1	0.1	0.1
Total FTEs		3.6	3.6	3.6	3.6	3.6

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.

The department will need to amend WAC 365-196-445 to add "Net Ecological Gain" as an optional comprehensive plan element. However, this minimal rulemaking can be absorbed into existing rulemaking workloads.

Individual State Agency Fiscal Note

Bill Number: 1735 S HB	Title: GMA/net ecological gain	Agency: 105-Office of Financial Management
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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: Robert Hatfield	Phone: 360-786-7117	Date: 02/14/2023
Agency Preparation: Keith Thunstedt	Phone: 360-810-1271	Date: 02/16/2023
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 02/16/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/17/2023

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.

Changes in this substitute version compared to original bill: this substitute version removed Section 7 from the original bill, which required Washington Department of Fish and Wildlife (WDFW) to take specific steps actions to develop its proposed budget, and OFM to include the amount requested by WDFW without revision in the Governor's budget submittal. The tasks required to have completed those actions had no fiscal impact, so the removal of this section has no change on fiscal assumptions for OFM.

Substitute version:

The bill directs WDFW to adopt rules to establish criteria, monitor and report progress, create a planning grant, and study current programs for net ecological gain. Any involvement by OFM in these efforts can be accomplished within current resources and processes. There is no fiscal impact to OFM.

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.

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: 1735 S HB	Title: GMA/net ecological gain	Agency: 405-Department of Transportation
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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	0.2	0.2	0.2	0.2	0.2
Account					
Motor Vehicle Account-State 108 -1	25,000	25,000	50,000	50,000	50,000
Total \$	25,000	25,000	50,000	50,000	50,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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: Robert Hatfield	Phone: 360-786-7117	Date: 02/14/2023
Agency Preparation: Susan Kanzler	Phone: 360-705-7250	Date: 02/17/2023
Agency Approval: Eric Wolin	Phone: 360-705-7487	Date: 02/17/2023
OFM Review: Maria Thomas	Phone: (360) 229-4717	Date: 02/20/2023

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.

See attached WSDOT fiscal note.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
108-1	Motor Vehicle Account	State	25,000	25,000	50,000	50,000	50,000
Total \$			25,000	25,000	50,000	50,000	50,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2	0.2	0.2	0.2	0.2
A-Salaries and Wages	18,000	18,000	36,000	36,000	36,000
B-Employee Benefits	7,000	7,000	14,000	14,000	14,000
C-Professional Service Contracts					
E-Goods and Other Services					
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					
9-					
Total \$	25,000	25,000	50,000	50,000	50,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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
Transportation Planning Specialist 5	103,572	0.2	0.2	0.2	0.2	0.2
Total FTEs		0.2	0.2	0.2	0.2	0.2

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.

Substitute House Bill 1735

By House Environment & Energy (originally sponsored by Representatives Lekanoff, Fitzgibbon, Ramel, Pollet, and Macri)

Adding net ecological gain as a voluntary element of comprehensive plans under the growth management act.

1 AN ACT Relating to adding net ecological gain as a voluntary
2 element of comprehensive plans adopted under the growth management
3 act; amending RCW 36.70A.080 and 36.70A.030; adding new sections to
4 chapter 36.70A RCW; adding a new section to chapter 77.04 RCW; and
5 creating a new section.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** Washington state continues to face extreme
8 environmental degradation, increased population rates, and growth in
9 infrastructure while habitat and cool and clean water decrease, thus
10 leading to the loss of salmon populations. If we are going to make a
11 difference in salmon recovery, we need to restructure our political
12 and scientific approach to habitat restoration. Investment in net
13 ecological gain for local and state infrastructure projects in urban
14 and rural areas enhances the habitat needed to absorb unforeseen
15 carbon and restores a healthy ecosystem for salmon biomes. The
16 legislature also recognizes that investing throughout an entire biome
17 is an approach to addressing biodiversity to recover entire
18 environments and natural resources up and down rivers, throughout
19 watersheds, and across land areas. The legislature acknowledges that
20 the Washington state academy of sciences found that the principle of
21 no net loss has not been an effective approach for ecosystem or

1 habitat management and protection, nor for the maintenance of
2 ecosystem services, and that there have been net losses of species
3 and habitats in Washington. Net improvement is a common concept that
4 underpins pollution clean-up laws and habitat investments to recover
5 species. Net ecological gain is a common sense approach for
6 infrastructure and building projects that simply provides additional
7 habitat to a location and results in an environmentally healthy place
8 for natural resources and humans.

9 **Sec. 2.** RCW 36.70A.080 and 2011 c 318 s 801 are each amended to
10 read as follows:

11 (1) A comprehensive plan may include additional elements, items,
12 or studies dealing with other subjects relating to the physical
13 development within its jurisdiction, including, but not limited to:

- 14 (a) Conservation;
- 15 (b) Solar energy; (~~and~~)
- 16 (c) Recreation; and
- 17 (d) Net ecological gain.

18 (2) A comprehensive plan may include, where appropriate, subarea
19 plans, each of which is consistent with the comprehensive plan.

20 (3)(a) Cities that qualify as a receiving city may adopt a
21 comprehensive plan element and associated development regulations
22 that apply within receiving areas under chapter 39.108 RCW.

23 (b) For purposes of this subsection, the terms "receiving city"
24 and "receiving area" have the same meanings as provided in RCW
25 39.108.010.

26 **Sec. 3.** RCW 36.70A.030 and 2021 c 254 s 6 are each amended to
27 read as follows:

28 Unless the context clearly requires otherwise, the definitions in
29 this section apply throughout this chapter.

30 (1) "Adopt a comprehensive land use plan" means to enact a new
31 comprehensive land use plan or to update an existing comprehensive
32 land use plan.

33 (2) "Affordable housing" means, unless the context clearly
34 indicates otherwise, residential housing whose monthly costs,
35 including utilities other than telephone, do not exceed (~~(thirty)~~) 30
36 percent of the monthly income of a household whose income is:

37 (a) For rental housing, (~~(sixty)~~) 60 percent of the median
38 household income adjusted for household size, for the county where

1 the household is located, as reported by the United States department
2 of housing and urban development; or

3 (b) For owner-occupied housing, (~~eighty~~) 80 percent of the
4 median household income adjusted for household size, for the county
5 where the household is located, as reported by the United States
6 department of housing and urban development.

7 (3) "Agricultural land" means land primarily devoted to the
8 commercial production of horticultural, viticultural, floricultural,
9 dairy, apiary, vegetable, or animal products or of berries, grain,
10 hay, straw, turf, seed, Christmas trees not subject to the excise tax
11 imposed by RCW 84.33.100 through 84.33.140, finfish in upland
12 hatcheries, or livestock, and that has long-term commercial
13 significance for agricultural production.

14 (4) "City" means any city or town, including a code city.

15 (5) "Comprehensive land use plan," "comprehensive plan," or
16 "plan" means a generalized coordinated land use policy statement of
17 the governing body of a county or city that is adopted pursuant to
18 this chapter.

19 (6) "Critical areas" include the following areas and ecosystems:
20 (a) Wetlands; (b) areas with a critical recharging effect on aquifers
21 used for potable water; (c) fish and wildlife habitat conservation
22 areas; (d) frequently flooded areas; and (e) geologically hazardous
23 areas. "Fish and wildlife habitat conservation areas" does not
24 include such artificial features or constructs as irrigation delivery
25 systems, irrigation infrastructure, irrigation canals, or drainage
26 ditches that lie within the boundaries of and are maintained by a
27 port district or an irrigation district or company.

28 (7) "Department" means the department of commerce.

29 (8) "Development regulations" or "regulation" means the controls
30 placed on development or land use activities by a county or city,
31 including, but not limited to, zoning ordinances, critical areas
32 ordinances, shoreline master programs, official controls, planned
33 unit development ordinances, subdivision ordinances, and binding site
34 plan ordinances together with any amendments thereto. A development
35 regulation does not include a decision to approve a project permit
36 application, as defined in RCW 36.70B.020, even though the decision
37 may be expressed in a resolution or ordinance of the legislative body
38 of the county or city.

39 (9) "Emergency housing" means temporary indoor accommodations for
40 individuals or families who are homeless or at imminent risk of

1 becoming homeless that is intended to address the basic health, food,
2 clothing, and personal hygiene needs of individuals or families.
3 Emergency housing may or may not require occupants to enter into a
4 lease or an occupancy agreement.

5 (10) "Emergency shelter" means a facility that provides a
6 temporary shelter for individuals or families who are currently
7 homeless. Emergency shelter may not require occupants to enter into a
8 lease or an occupancy agreement. Emergency shelter facilities may
9 include day and warming centers that do not provide overnight
10 accommodations.

11 (11) "Extremely low-income household" means a single person,
12 family, or unrelated persons living together whose adjusted income is
13 at or below (~~thirty~~) 30 percent of the median household income
14 adjusted for household size, for the county where the household is
15 located, as reported by the United States department of housing and
16 urban development.

17 (12) "Forestland" means land primarily devoted to growing trees
18 for long-term commercial timber production on land that can be
19 economically and practically managed for such production, including
20 Christmas trees subject to the excise tax imposed under RCW 84.33.100
21 through 84.33.140, and that has long-term commercial significance. In
22 determining whether forestland is primarily devoted to growing trees
23 for long-term commercial timber production on land that can be
24 economically and practically managed for such production, the
25 following factors shall be considered: (a) The proximity of the land
26 to urban, suburban, and rural settlements; (b) surrounding parcel
27 size and the compatibility and intensity of adjacent and nearby land
28 uses; (c) long-term local economic conditions that affect the ability
29 to manage for timber production; and (d) the availability of public
30 facilities and services conducive to conversion of forestland to
31 other uses.

32 (13) "Freight rail dependent uses" means buildings and other
33 infrastructure that are used in the fabrication, processing, storage,
34 and transport of goods where the use is dependent on and makes use of
35 an adjacent short line railroad. Such facilities are both urban and
36 rural development for purposes of this chapter. "Freight rail
37 dependent uses" does not include buildings and other infrastructure
38 that are used in the fabrication, processing, storage, and transport
39 of coal, liquefied natural gas, or "crude oil" as defined in RCW
40 90.56.010.

1 (14) "Geologically hazardous areas" means areas that because of
2 their susceptibility to erosion, sliding, earthquake, or other
3 geological events, are not suited to the siting of commercial,
4 residential, or industrial development consistent with public health
5 or safety concerns.

6 (15) "Long-term commercial significance" includes the growing
7 capacity, productivity, and soil composition of the land for long-
8 term commercial production, in consideration with the land's
9 proximity to population areas, and the possibility of more intense
10 uses of the land.

11 (16) "Low-income household" means a single person, family, or
12 unrelated persons living together whose adjusted income is at or
13 below eighty percent of the median household income adjusted for
14 household size, for the county where the household is located, as
15 reported by the United States department of housing and urban
16 development.

17 (17) "Minerals" include gravel, sand, and valuable metallic
18 substances.

19 (18) "Moderate-income household" means a single person, family,
20 or unrelated persons living together whose adjusted income is at or
21 below 120 percent of the median household income adjusted for
22 household size, for the county where the household is located, as
23 reported by the United States department of housing and urban
24 development.

25 (19) "Net ecological gain" means improvement over current
26 conditions in ecological functions and values that support
27 biodiversity and resiliency of native plant, animal, and fungi
28 species; water quality and quantity; and air quality and food
29 security for all species. Improvement is at a cumulative scale that
30 can be incrementally implemented through site-specific actions, with
31 any short-term loss of those functions and values being more than
32 offset by overall ecological gains.

33 (20) "Permanent supportive housing" is subsidized, leased housing
34 with no limit on length of stay that prioritizes people who need
35 comprehensive support services to retain tenancy and utilizes
36 admissions practices designed to use lower barriers to entry than
37 would be typical for other subsidized or unsubsidized rental housing,
38 especially related to rental history, criminal history, and personal
39 behaviors. Permanent supportive housing is paired with on-site or
40 off-site voluntary services designed to support a person living with

1 a complex and disabling behavioral health or physical health
2 condition who was experiencing homelessness or was at imminent risk
3 of homelessness prior to moving into housing to retain their housing
4 and be a successful tenant in a housing arrangement, improve the
5 resident's health status, and connect the resident of the housing
6 with community-based health care, treatment, or employment services.
7 Permanent supportive housing is subject to all of the rights and
8 responsibilities defined in chapter 59.18 RCW.

9 ~~((20))~~ (21) "Public facilities" include streets, roads,
10 highways, sidewalks, street and road lighting systems, traffic
11 signals, domestic water systems, storm and sanitary sewer systems,
12 parks and recreational facilities, and schools.

13 ~~((21))~~ (22) "Public services" include fire protection and
14 suppression, law enforcement, public health, education, recreation,
15 environmental protection, and other governmental services.

16 ~~((22))~~ (23) "Recreational land" means land so designated under
17 RCW 36.70A.1701 and that, immediately prior to this designation, was
18 designated as agricultural land of long-term commercial significance
19 under RCW 36.70A.170. Recreational land must have playing fields and
20 supporting facilities existing before July 1, 2004, for sports played
21 on grass playing fields.

22 ~~((23))~~ (24) "Rural character" refers to the patterns of land
23 use and development established by a county in the rural element of
24 its comprehensive plan:

25 (a) In which open space, the natural landscape, and vegetation
26 predominate over the built environment;

27 (b) That foster traditional rural lifestyles, rural-based
28 economies, and opportunities to both live and work in rural areas;

29 (c) That provide visual landscapes that are traditionally found
30 in rural areas and communities;

31 (d) That are compatible with the use of the land by wildlife and
32 for fish and wildlife habitat;

33 (e) That reduce the inappropriate conversion of undeveloped land
34 into sprawling, low-density development;

35 (f) That generally do not require the extension of urban
36 governmental services; and

37 (g) That are consistent with the protection of natural surface
38 water flows and groundwater and surface water recharge and discharge
39 areas.

1 ~~((24))~~ (25) "Rural development" refers to development outside
2 the urban growth area and outside agricultural, forest, and mineral
3 resource lands designated pursuant to RCW 36.70A.170. Rural
4 development can consist of a variety of uses and residential
5 densities, including clustered residential development, at levels
6 that are consistent with the preservation of rural character and the
7 requirements of the rural element. Rural development does not refer
8 to agriculture or forestry activities that may be conducted in rural
9 areas.

10 ~~((25))~~ (26) "Rural governmental services" or "rural services"
11 include those public services and public facilities historically and
12 typically delivered at an intensity usually found in rural areas, and
13 may include domestic water systems, fire and police protection
14 services, transportation and public transit services, and other
15 public utilities associated with rural development and normally not
16 associated with urban areas. Rural services do not include storm or
17 sanitary sewers, except as otherwise authorized by RCW 36.70A.110(4).

18 ~~((26))~~ (27) "Short line railroad" means those railroad lines
19 designated class II or class III by the United States surface
20 transportation board.

21 ~~((27))~~ (28) "Urban governmental services" or "urban services"
22 include those public services and public facilities at an intensity
23 historically and typically provided in cities, specifically including
24 storm and sanitary sewer systems, domestic water systems, street
25 cleaning services, fire and police protection services, public
26 transit services, and other public utilities associated with urban
27 areas and normally not associated with rural areas.

28 ~~((28))~~ (29) "Urban growth" refers to growth that makes
29 intensive use of land for the location of buildings, structures, and
30 impermeable surfaces to such a degree as to be incompatible with the
31 primary use of land for the production of food, other agricultural
32 products, or fiber, or the extraction of mineral resources, rural
33 uses, rural development, and natural resource lands designated
34 pursuant to RCW 36.70A.170. A pattern of more intensive rural
35 development, as provided in RCW 36.70A.070(5)(d), is not urban
36 growth. When allowed to spread over wide areas, urban growth
37 typically requires urban governmental services. "Characterized by
38 urban growth" refers to land having urban growth located on it, or to
39 land located in relationship to an area with urban growth on it as to
40 be appropriate for urban growth.

1 (~~(29)~~) (30) "Urban growth areas" means those areas designated
2 by a county pursuant to RCW 36.70A.110.

3 (~~(30)~~) (31) "Very low-income household" means a single person,
4 family, or unrelated persons living together whose adjusted income is
5 at or below (~~(fifty)~~) 50 percent of the median household income
6 adjusted for household size, for the county where the household is
7 located, as reported by the United States department of housing and
8 urban development.

9 (~~(31)~~) (32) "Wetland" or "wetlands" means areas that are
10 inundated or saturated by surface water or groundwater at a frequency
11 and duration sufficient to support, and that under normal
12 circumstances do support, a prevalence of vegetation typically
13 adapted for life in saturated soil conditions. Wetlands generally
14 include swamps, marshes, bogs, and similar areas. Wetlands do not
15 include those artificial wetlands intentionally created from
16 nonwetland sites, including, but not limited to, irrigation and
17 drainage ditches, grass-lined swales, canals, detention facilities,
18 wastewater treatment facilities, farm ponds, and landscape amenities,
19 or those wetlands created after July 1, 1990, that were
20 unintentionally created as a result of the construction of a road,
21 street, or highway. Wetlands may include those artificial wetlands
22 intentionally created from nonwetland areas created to mitigate
23 conversion of wetlands.

24 NEW SECTION. **Sec. 4.** A new section is added to chapter 36.70A
25 RCW to read as follows:

26 (1) The department of fish and wildlife, with recommendations
27 from the working group established in subsection (6) of this section,
28 shall adopt rules that establish criteria for net ecological gain and
29 consistency with the applicable regional salmon recovery plans that
30 counties and cities that choose to adopt a voluntary net ecological
31 gain element in their comprehensive plans must meet through adoption
32 of their comprehensive plans in order to support salmon recovery. In
33 adopting rules pursuant to this section, the department of fish and
34 wildlife must consult on an early and continuous basis with federally
35 recognized Indian tribes.

36 (2) The rules adopted under this section must address the
37 applicable components of salmon recovery plans that local governments
38 have authority over, such as the habitat restoration and protection
39 elements of the recovery plans.

1 (3) The rules adopted under this section must ensure that, where
2 appropriate, the interjurisdictional coordination process required by
3 RCW 36.70A.100 addresses the issue of salmon recovery.

4 (4) The rules adopted under this section must not require or
5 assume that the proponents of individual private projects will be
6 responsible for achieving net ecological gain. Rules adopted under
7 this section must ensure that individual private projects achieve no
8 net loss of ecological function. Rules adopted under this section
9 must ensure that net ecological gain is advanced through the
10 appropriate selection of publicly funded projects, and voluntary
11 projects whose purpose is salmon recovery but which may receive
12 funding from either public or private sources. Rules adopted under
13 this section related to net ecological gain must account for the
14 impact of the urban heat island effect on ecological function.

15 (5) The rules adopted under this section must address
16 implementation including, but not limited to:

17 (a) Determining what actions, projects, and activities count
18 toward the achievement of net ecological gain;

19 (b) Determining the appropriate number of net ecological gain
20 credits to be attributed to individual actions, projects, and
21 activities;

22 (c) Developing a system that guides project proponents'
23 development of the net ecological gain components of their projects;

24 (d) Developing a tracking system for net ecological gain at the
25 appropriate scale;

26 (e) Recommending methods to appropriately track or account for
27 voluntary incentive program contributions to net ecological gain from
28 private landowners;

29 (f) Identifying, using the appropriate criteria and ecosystem
30 functions, the current ecosystems baseline;

31 (g) Recommending ecological targets and goals that will serve as
32 appropriate benchmarks of success; and

33 (h) Suggesting to the legislature key ecological milestones that
34 should be tracked and reported.

35 (6) The department of fish and wildlife must contract with an
36 independent facilitator to establish a working group that advises the
37 department of fish and wildlife on approaches that lead to measurable
38 attributes of net ecological gain. The working group must address
39 criteria for, and a system for implementing, net ecological gain on
40 public projects, as well as specific elements identified in this

1 section. The working group must include representatives from other
2 state agencies, counties, cities, salmon recovery organizations,
3 environmental organizations, and Indian tribes that opt into
4 participation.

5 (7) The rules adopted under this section do not apply to special
6 purpose district projects unless the special purpose district chooses
7 to apply the net ecological gain standard to a project or projects.

8 (8) The department of fish and wildlife must incorporate
9 measurable attributes of ecosystem structure and function and shall
10 monitor progress towards the goals set forth in the regional salmon
11 recovery plans that include parameters that affect salmonid health
12 including, but not limited to, indicators of stream temperature,
13 impervious surfaces, and tree canopy cover. As part of its
14 monitoring, and as appropriate, the department of fish and wildlife
15 shall obtain monitoring data from relevant and reliable sources
16 including, but not limited to, local governments, state agencies,
17 federal agencies, and Indian tribes. In addition, the department of
18 fish and wildlife shall also monitor and report the progress that
19 each jurisdiction planning under RCW 36.70A.040 has made toward
20 achieving no net loss of ecological function, and the progress that
21 each jurisdiction that chooses to include a voluntary net ecological
22 gain element in its comprehensive plan has made toward achieving net
23 ecological gain. As part of this ongoing monitoring effort, the
24 department of fish and wildlife, in early and continuous consultation
25 with each federally recognized Indian tribe with property, tribal
26 reservation land, or usual and accustomed fishing areas in, adjacent
27 to, or directly affected by the planning jurisdiction, and in
28 communication with the affected local governments, shall first
29 establish the current environmental baseline conditions within each
30 county and city planning under RCW 36.70A.040, identify any
31 monitoring data gaps and make recommendations to fill those gaps, and
32 monitor the degree to which each jurisdiction that chooses to include
33 a voluntary net ecological gain element in its comprehensive plan is
34 successful at achieving net ecological gains and no net losses
35 through individual projects, over time, including, where appropriate,
36 the efforts made by jurisdictions to address the effect of urban heat
37 islands on salmonid health. The department of fish and wildlife is
38 encouraged to work with or seek feedback from local watershed groups
39 in review of the current environmental baseline conditions and
40 monitoring efforts.

1 (9) The department of fish and wildlife shall facilitate an
2 ongoing and collaborative process for the purpose of identifying gaps
3 and targets related to salmon habitat and funding, to be informed by
4 its monitoring work pursuant to this section.

5 (10) The department of fish and wildlife shall provide a report
6 of its monitoring under this section to the governor, the appropriate
7 committees of the legislature, and the local governments subject to
8 this act no later than October 15th of every even-numbered year,
9 beginning in 2024.

10 NEW SECTION. **Sec. 5.** A new section is added to chapter 36.70A
11 RCW to read as follows:

12 A county or city that plans to include within its comprehensive
13 plan a net ecological gain element that complies with the net
14 ecological gain rules adopted by the department of fish and wildlife
15 pursuant to section 4 of this act is eligible to apply to the
16 department for planning grant assistance of up to \$100,000, subject
17 to the availability of funds appropriated for that purpose. The
18 department shall develop grant criteria in cooperation with the
19 department of fish and wildlife to ensure that grant funds awarded
20 are proportionate to the level of effort proposed by a county or city
21 toward the achievement of net ecological gain. Funding may be
22 provided in advance of, and to support, adoption of policies or
23 ordinances consistent with this section. A county or city may
24 request, and the department may award, more than \$100,000 for
25 applications that demonstrate extraordinary potential to increase net
26 ecological gain within the county or city.

27 NEW SECTION. **Sec. 6.** A new section is added to chapter 77.04
28 RCW to read as follows:

29 (1) The department, in collaboration with the working group on
30 net ecological gain established in section 4(6) of this act, must
31 compile examples of net gain through existing pollution reduction and
32 habitat protection and recovery programs including, but not limited
33 to:

- 34 (a) Fish passage barrier removal;
- 35 (b) Salmon recovery funding;
- 36 (c) Stormwater financial assistance; and
- 37 (d) Model toxics control act grants.

1 (2) In a report summarizing the results, the department, in
2 collaboration with the working group on net ecological gain, must
3 assess the degree to which each conservation program achieves a net
4 improvement in ecological conditions and any numerical measures used
5 to track progress.

6 (3) The department must submit its report to the appropriate
7 committees of the legislature no later than June 30, 2024.

--- **END** ---

Individual State Agency Fiscal Note

Bill Number: 1735 S HB	Title: GMA/net ecological gain	Agency: 461-Department of Ecology
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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	1.3	0.8	1.0	0.2	0.2
Account					
General Fund-State 001-1	198,495	117,292	315,787	72,178	72,178
Total \$	198,495	117,292	315,787	72,178	72,178

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: Robert Hatfield	Phone: 360-786-7117	Date: 02/14/2023
Agency Preparation: Jessica Moore	Phone: 360-529-7583	Date: 02/15/2023
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 02/15/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/16/2023

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.

The changes between HB 1735 and SHB 1735 are as follows:

- Section 4 changes the oversight body to a working group. Consultation requirements for the Department of Fish and Wildlife (WDFW) are adjusted to include all federally recognized Indian tribes and remove the requirement to consult with governments planning under the GMA. WDFW would be required to establish a working group facilitated by a contractor. The working group would need to include representatives from other state agencies, counties, cities, salmon recovery organizations, environmental organizations, and Indian tribes that opt into participation. The workgroup would be required to advise WDFW on all aspects of data, monitoring, and reporting. Special purpose districts would no longer have to follow Net Ecological Gain (NEG) rules unless they choose to.
- Section 5 removes the requirements to establish a joint oversight body, which is now established as a working group under section 4.
- Section 6 becomes section 5.
- Section 7 is removed.
- Section 8 becomes section 6. Joint oversight body is replaced with working group.

These changes do not result in a change in the fiscal impact for Ecology. The fiscal impact to Ecology has changed from the previous version based on WDFW lead agency assumptions that Ecology would also participate in the ongoing and collaborative process required under section 4 to identify gaps and targets related to salmon habitat and funding through ongoing meetings.

Under current law, Ecology works in partnership with local governments to implement chapter 90.58 RCW (Shoreline Management Act) to promote public access, encourage water-dependent uses, protect shoreline resources, and develop, adopt, and administer shoreline master programs. Department of Commerce (Commerce) is the lead agency for rule-making and technical assistance to local governments under the Growth Management Act (GMA), chapter 36.70A RCW. Both the GMA and the Shoreline Management Act (SMA) rules require individual projects to achieve No Net Loss.

Section 2 of this bill would amend the GMA to add Net Ecological Gain (NEG) as an optional element that local governments may include in their comprehensive plan. Section 3 provides the definition for net ecological gain under the GMA.

Section 4 would add a new section to chapter 36.70A RCW (GMA), that would require the Department of Fish and Wildlife (WDFW) to establish a working group. WDFW would be required to adopt rules to establish criteria for NEG. WDFW would be required to establish a working group facilitated by a contractor. The working group would need to include representatives from other state agencies, counties, cities, salmon recovery organizations, environmental organizations, and Indian tribes that opt into participation. The working group would be required to advise WDFW on approaches that lead to measurable attributes of NEG, including developing a system for implementing NEG on public projects, track progress towards achieving goals of regional salmon recovery plans, and progress at achieving net ecological gain among counties and cities that adopt a voluntary NEG element. WDFW would also be required to monitor every GMA jurisdiction's progress toward achieving no net loss of ecological function, obtain monitoring data from local governments, state agencies, federal agencies, and Indian tribes, identify any monitoring gaps, and make recommendations to fill monitoring gaps. WDFW would prepare monitoring reports by October 15th of every even-numbered year, beginning in 2024.

Section 6 would add a new section to chapter 77.04 RCW (WDFW) that would require WDFW to compile examples of net gain through existing pollution reduction and habitat recovery programs in collaboration with the working group and submit a report to the legislature by June 30, 2024. Programs within Ecology include stormwater and Model Toxics Control Act grants.

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 expenditure impact to Ecology under this bill is estimated to be greater than \$50,000 in Fiscal Year (FY) 2024 and FY 2025, and less than \$50,000 in FY 2026 and ongoing, to implement the requirements of sections 4 and 6.

Section 4: Establishing NEG Criteria and Environmental Baseline

Section 4 would require WDFW to establish a working group to advise WDFW on approaches that lead to measurable attributes of NEG and to perform ongoing monitoring and reporting related to salmon habitat. Based on WDFW assumptions, Ecology assumes that we would be included as a member of the working group. Based on WDFW assumptions, Ecology assumes that establishing NEG criteria and an environmental baseline would be accomplished with the working group through their monthly meetings in FY 2024 and FY 2025. Ecology further assumes that agency input would be required outside of the working group meetings. Based on WDFW assumptions, Ecology assumes that the NEG metrics are currently unknown, but that many of the metrics are already being collected (in some form) by WDFW and other agencies. Ecology estimates that providing technical assistance to WDFW in their effort to compile and interpret the metrics available at Ecology would require 0.45 FTE of an Environmental Planner 5 in FY 2024 and FY 2025. If additional metrics need to be gathered to implement this bill, WDFW and other agencies would request capacity for those in the 2024 supplemental or later budgets.

Based on lead agency assumptions, Ecology assumes that the effort to advise WDFW on approaches that lead to measurable attributes on NEG and other rule elements and the ongoing and collaborative process to identify gaps and targets related to salmon would be accomplished with two separate monthly meetings. Ecology would be required to participate in the working group to accomplish these tasks. Based on WDFW assumptions, Ecology assumes that there would be two monthly meetings, starting in FY 2024, on an ongoing basis. Ecology estimates that 0.20 FTE of an Environmental Planner 5 would be required in FY 2024 and ongoing to attend monthly meetings.

Section 6: Study of current pollution reduction and habitat restoration programs

Based on WDFW assumptions, Ecology assumes that an environmental consultant contract established by WDFW would be required to collaborate with the working group and that additional staff time to provide technical assistance outside of working group meetings would be necessary. The study, due by June 30, 2024, would compile examples of NEG through existing pollution reduction and restoration programs that would include Ecology's stormwater and Model Toxics Control Act grants. Ecology estimates this would require 0.45 FTE of an Environmental Planner 5 in FY 2024.

SUMMARY: The expenditure impact to Ecology under this bill is:

Section 4: Establishing NEG Criteria and Environmental Baseline

FY 2024: \$81,203 and 0.52 FTEs.

FY 2025: \$81,203 and 0.52 FTEs.

Section 4: Working Group

FY 2024 and ongoing: \$36,089 and 0.23 FTEs.

Section 6: Study of Current Pollution Reduction and Habitat Restoration Programs

FY 2024: \$81,203 and 0.52 FTEs.

THE TOTAL EXPENDITURE IMPACT to Ecology under this bill is estimated to be:

FY 2024: \$198,495 and 1.27 FTEs.

FY 2025: \$117,292 and 0.75 FTEs.

FY 2026 and ongoing: \$36,089 and 0.23 FTEs.

Notes on costs by object:

Salary estimates are current biennium actual rates at Step L.

Benefits are the agency average of 36% of salaries.

Goods and Services are the agency average of \$5,224 per direct program FTE.

Travel is the agency average of \$1,563 per direct program FTE.

Equipment is the agency average of \$1,031 per direct program FTE.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 28.75% of direct program salaries and benefits, and is shown as object 9. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT App Development - Journey.

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	198,495	117,292	315,787	72,178	72,178
Total \$			198,495	117,292	315,787	72,178	72,178

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.3	0.8	1.0	0.2	0.2
A-Salaries and Wages	108,450	64,084	172,534	39,436	39,436
B-Employee Benefits	39,042	23,070	62,112	14,196	14,196
E-Goods and Other Services	5,747	3,396	9,143	2,090	2,090
G-Travel	1,719	1,016	2,735	626	626
J-Capital Outlays	1,134	670	1,804	412	412
9-Agency Administrative Overhead	42,403	25,056	67,459	15,418	15,418
Total \$	198,495	117,292	315,787	72,178	72,178

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
ENVIRONMENTAL PLANNER 5	98,592	1.1	0.7	0.9	0.2	0.2
FISCAL ANALYST 2		0.1	0.1	0.1	0.0	0.0
IT APP DEV-JOURNEY		0.1	0.0	0.1	0.0	0.0
Total FTEs		1.3	0.8	1.0	0.2	0.2

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: 1735 S HB	Title: GMA/net ecological gain	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: Robert Hatfield	Phone: 360-786-7117	Date: 02/14/2023
Agency Preparation: Dominga Soliz	Phone: 3606649173	Date: 02/15/2023
Agency Approval: Dominga Soliz	Phone: 3606649173	Date: 02/15/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/16/2023

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 establishes a new voluntary element to comprehensive plans that focuses on net ecological gain.

Section 2. Amends RCW 36.70A.080 to include under (1)(d) Net ecological gain.

Section 3. Adds the definition of "Net ecological gain" to RCW36.70A.030(19)

Section 4 is added to 36.70A that directs the Department of Fish and Wildlife (DFW) with recommendations from the workgroup established in section 6 of this act, to adopt rules that establish criteria for net ecological gain and consistency with the applicable regional salmon recovery plans. Counties and cities that choose to adopt a voluntary net ecological gain element in their comprehensive plans must meet the criteria in order to support salmon recovery. Criteria for rules in this section are defined, noting that under (4) that rules under this section must not require or assume that the proponents of individual private projects will be responsible for achieving net ecological gains, but must achieve no net loss of ecological function.

DFW must contract with an independent facilitator to establish a workgroup to advise DFW regarding measuring net ecological gain, etc. DFW shall monitor progress toward meeting regional salmon recovery plan goals and facilitate an ongoing and collaborative process to identify gaps and targets related to salmon habitat and funding. DFW will also monitor and report on progress each jurisdiction that chooses to include a voluntary net ecological gain element in its comprehensive plan has made toward achieving net ecological gain.

This being a voluntary and collaborative process fiscal impacts to the Growth Management Hearings Board (GMHB) are not likely.

ELUHO assumes any additional petitions to the GMHB 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.

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.

Individual State Agency Fiscal Note

Bill Number: 1735 S HB	Title: GMA/net ecological gain	Agency: 471-State Conservation Commission
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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: Robert Hatfield	Phone: 360-786-7117	Date: 02/14/2023
Agency Preparation: Karla Heinitz	Phone: 360-878-4666	Date: 02/15/2023
Agency Approval: Ron Shultz	Phone: 360-790-5994	Date: 02/15/2023
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 02/15/2023

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.

The Substitute bill as written has no fiscal impact on the State Conservation Commission.

The Substitute bill removes the oversight committee created in the original bill where the State Conservation Commission (SCC) was named as one of the participating agencies. The substitute replaces the oversight committee with a working group in Section 4 (6) where members of the working group are not specifically named, but a general term of "state agencies" is used instead. It is unknown if SCC will be asked to participate in the working group. The participants of the working group include representatives of state agencies, counties, cities, salmon recovery organizations, environmental organizations, and Indian tribes who opt-in to participate.

Section 4 (7) adds the language "rules adopted under this section do not apply to special purpose district projects unless the special purpose district chooses to apply the net ecological gain standard to a project or projects."

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 Substitute bill has no 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: 1735 S HB	Title: GMA/net ecological gain	Agency: 477-Department of Fish and Wildlife
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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	8.5	11.5	10.0	14.5	14.5
Account					
General Fund-State 001-1	1,895,000	2,352,000	4,247,000	4,958,000	4,958,000
Total \$	1,895,000	2,352,000	4,247,000	4,958,000	4,958,000

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: Robert Hatfield	Phone: 360-786-7117	Date: 02/14/2023
Agency Preparation: Tiffany Hicks	Phone: 3609022544	Date: 02/16/2023
Agency Approval: Jon Neville	Phone: 360-870-4691	Date: 02/16/2023
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 02/16/2023

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.

Differences between HB and SHB:

Section 5 and Section 7 from HB 1735 are removed.

Section 6 is now Section 5 and Section 8 is now Section 6.

New Description:

Section 4 requires the Department of Fish and Wildlife (WDFW) to Adopt rules establishing criteria for Net Ecological Gain (NEG) and consistency with regional salmon recovery plans.

Section 4 also requires WDFW to establish and serve on a NEG Working Group (in contract with an independent facilitator) to advise WDFW on approaches that lead to measurable attributes of NEG and other rule elements. The Department must monitor and report progress towards the goals set forth in regional salmon recovery plans, establish the current environmental baseline conditions within each city/county planning under 36.70A.040, identify monitoring data gaps and make recommendations to fill those gaps, then monitor and report progress that each jurisdiction has made toward achieving no net loss of ecological function and NEG.

Section 5 requires the Department to consult with Department of Commerce on NEG Grant criteria.

Section 6 requires the Department to collaborate with the NEG working group to compile examples of net gain through existing pollution reduction and habitat protection and recovery programs for one year and submit a report by June 30, 2024.

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 4(1)

Requires WDFW to adopt rules that establish criteria for consistency with the applicable regional salmon recovery plans. Rulemaking will require the following staff:

0.5 FTE Environmental Planner 3 (EP3) in FY 2024, 1.5 EP3 in FY 2025, and 2.0 EP3 in FY 2026 and ongoing as more jurisdictions enter the periodic update cycle across all six regions. (These EP3 will build upon the two existing regions EP3s already hired to support the periodic update). EP3s will review existing data and plans for these counties, begin dialogue with those counties, and support the rulemaking effort, including with county-specific feedback, issues, and examples. EP3 duties will be split between rule implementation (this subsection) and working group (subsection 4(6)).

0.5 FTE Environmental Planner 4 (EP4) beginning in FY 2024 and ongoing to support rulemaking, review plans and integrate elements into rules, establish performance goals for land use elements, identify key salmon recovery plan components that need to be integrated into land use plans, and consult with all interested parties. EP4 duties will be split between rule implementation (this subsection) and working group (subsection 4(6)) and will work closely with the other EP4.

0.5 FTE Management Analyst 4 in FY 2024 and FY 2025 onetime funding, to be the primary point of contact for rulemaking.

Salaries and benefits for 1.5 FTEs totaling \$173,000 in FY 2024, 2.5 FTEs totaling \$284,000 in FY 2025, and 3.0 FTEs totaling \$339,000 in FY 2026 and ongoing.

Professional service contracts, Object C, includes \$150,000 in FY 2024 and FY 2025 for environmental and economic impact statements which are required for rulemaking.

Goods and services, Object E, includes \$56,120 (460 hrs. x \$122 per hr.) in FY 2024 and FY 2025 for Attorney General services for rulemaking based on previous complex rulemaking, and \$10,000 (4 hearings x \$2,500 per hearing) in FY 2025 for public hearings.

Section 4(6)

Directs WDFW to establish and serve on a NEG Working Group to advise WDFW on approaches that lead to measurable attributes of NEG and other rule elements. This will require hiring a contractor for facilitation for \$50k in FY 2024 and ongoing.

0.5 FTE EP4 will serve as a lead interagency Working Group member beginning in FY 2024 and ongoing. EP4 duties will be split between the Working Group and the collaborative process (section 4(9)) and will work closely with the other EP4.

Salaries and benefits for 0.5 FTE totals \$61,000 in FY 2024 and ongoing. Object C includes \$50,000 to contract with a professional facilitator for the working group (assume same contractor will also facilitate the collaborative process (section 4(9))).

Section 4(8)

Requires WDFW to work with other state agencies, local governments, federally recognized Indian tribes, and regional salmon recovery boards to monitor and report on progress towards the goals set forth in the regional salmon recovery plans, establish the current watershed function conditions, identify any monitoring data gaps, and make recommendations to fill those gaps. Information gathered from the initial monitoring will help inform the rulemaking, which in turn, along with continued monitoring, will provide guidance to local governments during the update of their Comprehensive Plans. Section 4(10) also requires WDFW to provide a report to the governor, legislative committees, and affected local governments of its monitoring. This will require the following staff:

0.5 FTE Environmental Planner 3 (EP3) in FY 2024, 1.5 EP3 in FY 2025, and 2.0 EP3 in FY 2026 and ongoing as more jurisdictions enter the periodic update cycle across all six regions. (These EP3 will build upon the two existing regions EP3s already hired to support the periodic update). EP3s will monitor key watershed indicators and working with Commerce and local governments to track no net loss through permitted private projects, as well as documenting restoration projects and the net ecological gain. EP3 duties will be split between monitoring (this subsection) and the collaborative process (subsection 4(9)).

0.5 FTE Environmental Planner 4 (EP4) beginning in FY 2024 and ongoing to dedicated to the monitoring program and consultation with all interested parties. EP4 duties will be split between monitoring (this subsection) and the collaborative process (subsection 4(9)) and will work closely with the other EP4.

1.0 FTE Fish & Wildlife Research Scientist 2 beginning in FY 2024 and ongoing to focus on understanding and interpreting habitat and ambient environmental data (for example, the specified parameters that affect salmonid health, including effects of urban heat islands).

3.0 FTE Fish & Wildlife (Habitat) Biologist 2s in FY 2024, 4.0 in FY 2025, and 6.0 in FY 2026 and ongoing as more jurisdictions enter the periodic update cycle across all six regions, to monitor each jurisdiction's implementation of their

comprehensive plan relative to the program created in this bill, visit sites, and evaluate/assist applicants and the jurisdiction within WDFW regions.

1.0 FTE IT App Development-Senior/Specialist beginning in FY 2024 and ongoing, to assist the planning section to synthesize and draw conclusions from the ongoing monitoring program.

Salaries and benefits for 6.0 FTEs totaling \$662,000 in FY 2024, 8.0 FTEs totaling \$869,000 in FY 2025, and 10.5 FTE totaling \$1,108,000 in FY 2026 and ongoing.

Section 4(9)

Requires WDFW to facilitate an ongoing and collaborative process to identify gaps and targets related to salmon habitat and funding as informed by the monitoring program. Contractor for collaborative process facilitation for \$50k in FY 2024 and ongoing.

0.5 FTE Environmental Planner 4 (EP4) beginning in FY 2024 and ongoing to dedicated to the monitoring program and consultation with all interested parties. EP4 duties will be split between the collaborative process and monitoring (section 4(8)) and will work closely with the other EP4.

Salaries and benefits for 0.5 FTE totals \$61,000 in FY 2024 and ongoing. Object C includes \$50,000 to contract with a professional facilitator for collaborative process (assume same contractor will also facilitate the working group (section 4(6))).

Section 5

Requires consultation with Commerce on NEG Grant criteria beginning in FY 2026 and ongoing (post-rulemaking), given that awards may be granted in advance of adoption of NEG policies. The monitoring team (section 4(8): EP4, RS2, and IT Specialist) will be well suited to assess the level of effort proposed by a county or city toward the achievement of net ecological gain to assist with the grant award process. Staff costs are incorporated into other sections.

Section 6

Requires WDFW to collaborate with the NEG Working Group to compile examples of net ecological gain through existing pollution reduction and habitat protection and recovery programs.

Professional Services Contracts, Object C, includes \$100k to hire an environmental consultant contractor in FY 2024 to complete this work within the one-year deadline.

Goods and services, Object E, includes \$6,000 per FTE, per year, for WDFW standard costs, which cover an average employee's supplies, communications, training, and subscription costs per year. An infrastructure and program support rate of 33.5% is included in object T and is calculated based on WDFW's federally approved indirect rate.

Total costs for the WDFW are \$1,895,000 in FY 2024, \$2,352,000 in FY 2025, and \$2,479,000 in FY 2026 and ongoing.

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	1,895,000	2,352,000	4,247,000	4,958,000	4,958,000
Total \$			1,895,000	2,352,000	4,247,000	4,958,000	4,958,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	8.5	11.5	10.0	14.5	14.5
A-Salaries and Wages	704,000	931,000	1,635,000	2,282,000	2,282,000
B-Employee Benefits	258,000	346,000	604,000	860,000	860,000
C-Professional Service Contracts	350,000	350,000	700,000	400,000	400,000
E-Goods and Other Services	107,000	135,000	242,000	174,000	174,000
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	476,000	590,000	1,066,000	1,242,000	1,242,000
9-					
Total \$	1,895,000	2,352,000	4,247,000	4,958,000	4,958,000

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
ENVIRONMENTAL PLANNER 3	80,952	1.0	3.0	2.0	4.0	4.0
ENVIRONMENTAL PLANNER 4	89,292	2.0	2.0	2.0	2.0	2.0
FISH & WILDLIFE BIOLOGIST 2	91,524	3.0	4.0	3.5	6.0	6.0
FISH & WILDLIFE RESEARCH SCIENTIST 2	64,788	1.0	1.0	1.0	1.0	1.0
IT APP DEVELOPMENT - SENIOR/SPECIALIST	115,824	1.0	1.0	1.0	1.0	1.0
MANAGEMENT ANALYST 4	82,896	0.5	0.5	0.5	0.5	0.5
Total FTEs		8.5	11.5	10.0	14.5	14.5

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Habitat (300)	1,895,000	2,352,000	4,247,000	4,958,000	4,958,000
Total \$	1,895,000	2,352,000	4,247,000	4,958,000	4,958,000

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.

Yes, section 4 would require WDFW to adopt rules establishing criteria for NEG and consistency with regional salmon recovery plans (adding a new section to RCW 36.70A).

Individual State Agency Fiscal Note

Revised

Bill Number: 1735 S HB	Title: GMA/net ecological gain	Agency: 478-Puget Sound Partnership
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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	0.4	0.4	0.4	0.4	0.4
Account					
General Fund-State 001-1	80,000	82,000	162,000	164,000	164,000
Total \$	80,000	82,000	162,000	164,000	164,000

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: Robert Hatfield	Phone: 360-786-7117	Date: 02/14/2023
Agency Preparation: Sheridan Tabor	Phone: 360-706-4955	Date: 02/21/2023
Agency Approval: Sheridan Tabor	Phone: 360-706-4955	Date: 02/21/2023
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 02/21/2023

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.

Summary of changes in the substitute bill

- Provides that DFW rules do not apply to special purpose district projects
- Removes creation of the oversight body and replaces with a workgroup that supports DFW.

The proposed bill would add net ecological gain as a voluntary element of GMA comprehensive plans. The bill would establish an oversight body—whose membership would include the Puget Sound Partnership—to establish criteria for implementing net ecological gain on public projects and to support the Department of Fish and Wildlife to develop guidance and rules for local governments that choose to adopt the voluntary element.

Section 2 amends the GMA to add net ecological gain as a voluntary comprehensive plan element and section 3 adds a definition of net ecological gain to the existing list of definitions in the GMA.

Section 4 amends the GMA to require the Department of Fish and Wildlife to adopt rules that cities and counties choosing to include the voluntary element would need to meet. In developing these rules, the Department must consult with tribes, local governments, and the oversight body established in section 5. Section 4 clarifies that rules related to net ecological gain must apply broadly and not require individual private projects to meet a net ecological gain standard. Section 4 also requires the Department to undertake monitoring and reporting on metrics to inform whether no net loss and net ecological gain are being met.

Section 5 amends RCW 77.04 (Fish and Wildlife Code) and creates a new joint oversight body and associated work group to establish criteria for implementing net ecological gain on public projects. The oversight body includes several state agencies, including the Puget Sound Partnership. The body is led and staffed by the Department of Fish and Wildlife. The body will meet regularly and at least three times every year. The body is tasked with creating rules to govern its conduct, guiding how projects are designed and implemented to contribute to net ecological gain, and developing monitoring and accountability programs.

Section 8 also amends the Fish and Wildlife Code to require the Department of Fish and Wildlife and the oversight body to conduct a study of current conservation programs—including fish passage barrier removal, salmon recovery funding, stormwater financial assistance, and model toxics grants—and whether they achieve a net improvement in ecological conditions. The report would be due no later than June 30, 2024.

The Partnership assumes this bill is effective 90 days after Sine Die.

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.

Updated Salmon Recovery Manager from to .08 FTE. Took indirect staffing costs out of FTE's and added the amounts to Obj T.

Section 5 would require the Puget Sound Partnership to partake in the oversight body and its work creating criteria for

public projects, reviewing current conservation programs, and supporting DFW in developing rules.

Workload estimates are based on lead agency assumptions:

- WDFW assumes they will take lead responsibility on developing a monitoring program, conducting rulemaking, conducting required studies and reporting, and facilitating and staffing the oversight body. WDFW assumes the need for additional WDFW staff capacity to accomplish this work, including a new Research Scientist, two new Environmental Planners, contract and facilitation funds, and additional future requests for capacity as needed.
- For the NEG Oversight Body (Section 5), WDFW assumes monthly in-person/virtual meetings of three hours in duration starting in FY 2024 and ongoing (with corresponding preparation time between meetings) concurrent with rulemaking and monitoring.

This would create the following new work for the Partnership:

- .08 FTE Salmon recovery manager as lead participant in the oversight body regarding net gain project design and implementation and reviewing current conservation programs
- .08 FTE Monitoring Program Lead as lead participant regarding developing the monitoring effort, including ecosystems criteria and baseline
- .08 FTE Adaptive Systems Manager as lead participant regarding performance metrics, targets, and accountability measures.
- .05 FTE Information and Geospatial Systems Manager to work outside of meetings to support mapping and data visualization
- .05 FTE Equity and Environmental Justice Manager to assist with application of HEAL Act and Climate Commitment Act requirements
- .02 FTE Deputy Director to support external program staff members on the oversight body
- .01 FTE Boards Program Manager to support engaging the Partnership’s boards
- .01 FTE Legislative Policy Director to support program staff in conversations and work related to regulatory and legislative policy
- .01 FTE Budget Analyst to support the fiscal work.

Other Costs

Administrative and overhead costs are calculated at the Partnership’s federally approved indirect rate of 36.46% of the direct program costs excluding contracts and sub-awards

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	80,000	82,000	162,000	164,000	164,000
Total \$			80,000	82,000	162,000	164,000	164,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.4	0.4	0.4	0.4	0.4
A-Salaries and Wages	40,000	41,000	81,000	82,000	82,000
B-Employee Benefits	14,000	14,000	28,000	28,000	28,000
C-Professional Service Contracts					
E-Goods and Other Services	4,000	4,000	8,000	8,000	8,000
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	22,000	23,000	45,000	46,000	46,000
9-					
Total \$	80,000	82,000	162,000	164,000	164,000

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
Adaptive Systems Manager	95,676	0.1	0.1	0.1	0.1	0.1
Boards Program Manager	95,028	0.0	0.0	0.0	0.0	0.0
Deputy Director	141,972	0.0	0.0	0.0	0.0	0.0
Equity and Environmental Justice Manager	90,204	0.1	0.1	0.1	0.1	0.1
Information and Geospatial Systems Manager	98,472	0.1	0.1	0.1	0.1	0.1
Legislative Policy Director	102,012	0.0	0.0	0.0	0.0	0.0
Monitor Programs Lead	100,668	0.1	0.1	0.1	0.1	0.1
Salmon Recovery Manager	95,676	0.1	0.1	0.1	0.1	0.1
Total FTEs		0.4	0.4	0.4	0.4	0.4

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: 1735 S HB	Title: GMA/net ecological gain	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
FTE Staff Years	0.4	0.4	0.4	0.4	0.4
Account					
General Fund-State 001-1	46,700	46,700	93,400	93,400	93,400
Total \$	46,700	46,700	93,400	93,400	93,400

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: Robert Hatfield	Phone: 360-786-7117	Date: 02/14/2023
Agency Preparation: Zoe Catron	Phone: 360-902-1121	Date: 02/16/2023
Agency Approval: Collin Ashley	Phone: 360-688-3128	Date: 02/16/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/16/2023

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.

SHB 1735 removes the requirement that the commissioner or her designee be included on a committee to advise and review on guidelines and recommendations leading to net ecological gain, but the Department of Natural Resources (DNR) assumes that a designee of CPL from the Policy and Resilience Office is invited to attend the working group established in section 4(6) of this bill.

Specific requirements of how often the working group must meet are removed from this substitute version, but we assume regular meetings (monthly) are required for participation.

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 4(6):

0.25 FTE (3 month/year) is required to fulfil participation in the oversight body created within this section. Participation in this body will require DNR expertise in evaluating ecological value for carbon sequestration ability, and therefore we anticipate this FTE will be a policy advisor from DNR Policy working in coordination with program staff. This position will also participate in the monthly meetings of the body; review the body's definitions and regulations on behalf of DNR; coordinate with program staff within DNR to gather technical input on body activities; and contribute to writing definitions and oversight on behalf of DNR with the body. We anticipate that this work will take a minimum of 0.25 FTE per year. Additional travel funds will be needed in alignment with the listed assumptions and with meeting and travel as stated within the bill. DNR assumes \$200 x 2 days per year to accommodate the 1 annual meeting to be hosted outside of Olympia. No sunset clause is listed for the oversight body, so we assume these expenses will continue to carry forward. DNR's anticipated cost to participate is approximately \$93,400 / biennium

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

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 (0.1 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	46,700	46,700	93,400	93,400	93,400
Total \$			46,700	46,700	93,400	93,400	93,400

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.4	0.4	0.4	0.4	0.4
A-Salaries and Wages	25,300	25,300	50,600	50,600	50,600
B-Employee Benefits	8,000	8,000	16,000	16,000	16,000
C-Professional Service Contracts					
E-Goods and Other Services	2,500	2,500	5,000	5,000	5,000
G-Travel	300	300	600	600	600
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	10,600	10,600	21,200	21,200	21,200
9-					
Total \$	46,700	46,700	93,400	93,400	93,400

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
Fiscal Analyst 2	55,872	0.1	0.1	0.1	0.1	0.1
WMS 2	101,268	0.3	0.3	0.3	0.3	0.3
Total FTEs		0.4	0.4	0.4	0.4	0.4

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: 1735 S HB	Title: GMA/net ecological gain	Agency: 495-Department of Agriculture
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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	0.4	0.4	0.4	0.4	0.4
Account					
General Fund-State 001-1	70,300	70,300	140,600	140,600	140,600
Total \$	70,300	70,300	140,600	140,600	140,600

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: Robert Hatfield	Phone: 360-786-7117	Date: 02/14/2023
Agency Preparation: Kelly McLain	Phone: 360-902-1945	Date: 02/20/2023
Agency Approval: Nicholas Johnson	Phone: (360) 902-2055	Date: 02/20/2023
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 02/20/2023

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.

Substitute House Bill 1735 differs from HB 1735 as follows:

Section 3. Adds the definition of “Net ecological gain” to RCW36.70A.030(19)

Section 4 changes the oversight body established in the original bill to a working group that remains responsible for preparing recommendations to the department of fish and wildlife (WDFW) for net ecological gain (NEG) standards and criteria. The working group must include representatives from other state agencies, amongst others.

Section 5 removed original oversight committee that specifically identified agencies.

HB 1735 adds net ecological gain as a voluntary element of the comprehensive plans under the growth management act, amending RCW 36.70A.080, 36.70A.030 and 43.88.090, adds new sections to chapters 36.70A and 77.04 RCWs, and creates a new section.

Section 5 establishes a joint oversight body on net ecological gain consisting of Directors from the department of ecology, department of agriculture, department of fish and wildlife, and department of commerce, the executive directors of the state conservation commission and Puget Sound partnership, commissioner of public lands, and the secretary of the department of transportation. The oversight body will meet time to time but no less than 3 times per calendar year and is responsible for determining what actions, projects, and activities count toward the achievement of ecological gain. Staff support for the oversight body is provided by the department of fish and wildlife.

No fiscal impact to WSDA as Director work as a member of the joint oversight body does not create new or additional costs.

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.

No cash receipt impacts.

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.

SHB 1735 adds net ecological gain as a voluntary element of the comprehensive plans under the growth management act, amending RCW 36.70A.080, 36.70A.030 and 43.88.090, adds new sections to chapters 36.70A and 77.04 RCWs, and creates a new section.

Section 4 establishes a working group on net ecological gain consist of other state agencies, counties, cities, salmon recovery organizations, environmental organizations, and Indian tribes that opt into participation. The working group will meet time to time but no less than 3 times per calendar year and is responsible for determining what actions, projects, and activities count toward the achievement of ecological gain.

WSDA anticipates that this work will take a minimum of 0.40 FTE per year of a Hydrogeologist 4 and anticipated cost to participate is approximately \$140,600 / biennium.

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	70,300	70,300	140,600	140,600	140,600
Total \$			70,300	70,300	140,600	140,600	140,600

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.4	0.4	0.4	0.4	0.4
A-Salaries and Wages	38,500	38,500	77,000	77,000	77,000
B-Employee Benefits	13,400	13,400	26,800	26,800	26,800
C-Professional Service Contracts					
E-Goods and Other Services	5,500	5,500	11,000	11,000	11,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service	200	200	400	400	400
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-Agency Admin Overhead	12,700	12,700	25,400	25,400	25,400
Total \$	70,300	70,300	140,600	140,600	140,600

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
Hydrogeologist 4	96,165	0.4	0.4	0.4	0.4	0.4
Total FTEs		0.4	0.4	0.4	0.4	0.4

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

No capital impacts.

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: 1735 S HB

Title: GMA/net ecological gain

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

Legislation Impacts:

Cities: City representatives may participate in the Department of Fish and Wildlife's net ecological gain standards working group.

Counties: Same as above.

Special Districts: May voluntarily adopt net ecological gain standards for projects.

Specific jurisdictions only:

Variance occurs due to:

Part II: Estimates

No fiscal impacts.

Expenditures represent one-time costs:

Legislation provides local option: Jurisdictions fully planning under the Growth Management Act may adopt a net ecological gain element into their comprehensive plan. These jurisdictions would be eligible for planning assistance grants from the Department of Fish and Wildlife. Special purpose districts may voluntarily adopt net ecological gain standards for projects.

Key variables cannot be estimated with certainty at this time: Local government composition of the net ecological gain standards working group; number of jurisdictions that would adopt the voluntary net ecological gain element into their comprehensive plan.

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 02/20/2023
Leg. Committee Contact: Robert Hatfield	Phone: 360-786-7117	Date: 02/14/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/20/2023
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 02/20/2023

Part IV: Analysis

A. SUMMARY OF BILL

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

CHANGES FROM PRIOR VERSION OF BILL:

Sec. 4: Would create a working group to develop recommendations that establish rules and criteria for voluntary net ecological gain standards. This working group must include representatives from cities and counties.

Removes the requirement for the Department of Fish and Wildlife to communicate with local governments fully planning under the Growth Management Act when developing the rules that establish and criteria for the voluntary net ecological gain element.

Adhering to rules adopted under the net ecological gain working group would not be a requirement of special purpose districts projects unless a district voluntarily chooses to apply the net ecological gain standard to such projects.

Sec. 5 removes the provisions pertaining to the net ecology gain oversight body. Many of these provisions are now a requirement of the working group.

SUMMARY OF CURRENT BILL:

This proposed substitute legislation would amend the voluntary elements of the Growth Management Act (GMA) to include a net ecological gain (NEG) element, which fully planning cities and counties may include in their comprehensive plan.

The Department of Fish and Wildlife (WDFW) would be authorized to adopt rules to establish criteria for NEG that must be achieved by jurisdictions that choose to adopt net ecological gain as an element within their comprehensive plans. A working group comprised of state agencies, local governments, sovereign tribal nations that opt into participating, and environmental organizations would help establish the NEG criteria, the system for implementation, NEG on public projects, and other elements specified by section 4. WDFW would monitor the progress that each jurisdiction that chooses to include a voluntary NEG element in its comprehensive plan has made toward achieving net ecological gain.

Local governments that fully plan under the GMA and choose to adopt the voluntary NEG element would be eligible for planning assistance grants.

Sec. 2 would amend 36.70A.080 RCW

Amends the voluntary elements of the GMA to include a net ecological gain element.

Sec. 3 would amend 36.70A.030 RCW

Amends the definitions of the GMA to include a definition of net ecological gain.

Sec. 4 would add a new section to chapter 36.70A

The WDFW, with recommendations from the oversight board established in Sec. 5, must adopt rules that establish criteria for net ecological gain and consistency with the application of regional salmon plans that jurisdictions choosing to voluntarily adopt a net ecological gain element into their comprehensive plan must meet. Rules adopted under this section must ensure that net ecological gain is advanced, through appropriate publicly funded projects, and voluntary project whose purposes is salmon recovery. WDFW must monitor progress towards goals set forward in regional salmon recovery plans, including parameters such as stream temperature, impervious surfaces, and tree canopy, which affect salmonid health. This data must be obtained from relevant and reliable sources, such as local governments participating in the regional salmon plans and the voluntary NEG element. WDFW must establish the current environmental baseline conditions within each county and city planning under the GMA, identify any monitoring gaps, and monitor progress in achieving NEG in jurisdictions that voluntarily choose to adopt this element.

Sec. 5 of the prior bill is removed from the substitute bill and replaced by Sec. 6.

Sec. 5 would be a new section added to 36.70A

A fully planning jurisdiction that chooses to adopt the voluntary NEG element may apply for planning assistance grants from the WDFW subject to amounts appropriated by the legislature for the specific purposes of this act.

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.

CHANGES FROM PRIOR VERSION OF BILL:

This substitute legislation removes the joint oversight body's responsibilities in the prior bill and incorporates these responsibilities into a working group that involves local governments in Sec. 4(6). The number of participating local governments is currently unknown. The Department of Fish and Wildlife assumes that there would be monthly hybrid meetings, starting in FY 2024 and be concurrent with rulemaking, which the department has identified as a multiyear process. The local government costs to participate in the working group are currently unknown.

Special purpose districts may adopt the net ecological gain standards established by the working group and adopted by the Department of Fish and Wildlife as a local option. For districts that take no action, there would be no costs associated with Sec. 4(8).

EXPENDITURE IMPACT OF CURRENT BILL:

This substitute legislation does not require jurisdictions that fully plan under the Growth Management Act (GMA) to take action and would have no expenditure impact. For jurisdictions that voluntarily adopt the net ecological gain (NEG) element proposed by this act as a local option, there would be indeterminate costs for cities and counties to adopt the element into their comprehensive plans.

For local government representatives that participate in the working group established by Sec. 4(6) there may be indeterminate costs to participate. The number of representatives comprising the working group is not specified in the bill and the costs cannot be known in advance.

The Department of Fish and Wildlife (WDFW) identified that adopting the rules specified in Sec. 4 of this act would require up to two years of rulemaking and several additional years, at a minimum, to provide technical assistance to local jurisdictions on implementation. Therefore, the guidelines required to adopt the voluntary element may not be complete until FY 2026.

LOCAL GOVERNMENTS PARTICIPATING IN THE WORKING GROUP:

Indeterminate – The composition of the working group is not currently known, as the number of representatives is not specified in the bill, and the costs cannot be known in advance.

Sec. 4(6) directs WDFW to facilitate an ongoing and collaborative process to identify gaps and targets related to salmon habitat, and approaches that lead to measurable attributes of net ecological gain. WDFW assumes monthly hybrid meetings of three hours in duration starting in FY 2024. These meetings would be ongoing with concurrent with rulemaking established in Sec. 4(1) and Sec. 4(5). There would also be corresponding preparation time between meetings for local governments that participate in the working group.

FOR JURISDICTIONS CHOOSING THE LOCAL OPTIONS:

Net Ecological Gain Element Costs:

Local Option - Expenses for fully planning jurisdictions to adopt a new complex element would likely have estimated costs similar to those found in HB 1076 (2023) which range from \$75,000 to \$100,000 per city, and could exceed \$162,500 per county. The costs are varied based on the population size and internal planning capacity of the jurisdiction, and include costs for preparing analysis, assessing and applying NEG guidelines developed the working group and adopted by WDFW, developing new proposals for NEG policies, updating regulations, facilities planning during comprehensive plan updates related to NEG, updating mitigation approaches to ensure that advancement of NEG is achieved through the selection of

publicly and privately funded projects, and implementation of the new voluntary element.

Costs for the new element are also influenced by a number of different factors, including: The leading cost factors of individual planning activities include: The length of time to complete the planning activity, the types of technical tasks required, the number of consultant contracts issued, the number meetings to gather input from the public, the number of stakeholder workgroups, and the types and frequency of public engagement used. The costs for city and county staff time are typically the largest cost component of any long-range planning work, which may require more than 50 percent of total costs for all planning activities. Local governments tend to rely on consultants more heavily for complex planning efforts, which include: new comprehensive plan elements, complex comprehensive plan updates, updates to critical areas ordinances, and Shoreline Master Programs. Community outreach, stakeholder workgroups, and data analysis are used most frequently across all planning activities when compared to modeling and other technical methods.

Special Purpose Districts Adopting Net Ecological Gain Standards for Projects:

Local Option – Special purpose districts that adopt the net ecological gain standards for projects would assume the costs of adhering to these standards as a local option. For special purpose districts that do not adopt the standards for their projects, there would be no costs associated with Sec. 4(7).

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.

CHANGES FROM PRIOR VERSION OF BILL:

The amendments to the substitute version of this legislation do not change the prior revenue impact.

REVENUE IMPACT OF CURRENT BILL:

This proposed legislation would have no impact on local government revenues.

For jurisdictions fully planning under the Growth Management Act that choose the local option to adopt the net ecological gain (NEG) element, planning assistance grants up to \$100,000 may be available subject to appropriations made by the legislature for the specific purposes of this act. The number of jurisdictions that would adopt the NEG element into their comprehensive plans is currently unknown.

SOURCES:

Association of Washington Cities
Department of Fish and Wildlife, Bill Analysis HB 1735 (2023)
Department of Fish and Wildlife, FN S HB 1735 (2023)
Local Government Fiscal Note Program, FN 2S HB 1117 (2021)
Local Government Fiscal Note Program, FN HB 1076 (2023)
Washington State Association of Counties