

Multiple Agency Fiscal Note Summary

Bill Number: 5374 S SB	Title: County critical areas
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

Estimated Operating Expenditures

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

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

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

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Gwen Stamey, OFM	Phone: (360) 790-1166	Date Published: Final 3/14/2023
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Individual State Agency Fiscal Note

Bill Number: 5374 S SB	Title: County critical areas	Agency: 103-Department of Commerce
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kellen Wright	Phone: 360-786-7134	Date: 03/09/2023
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 03/10/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 03/10/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 03/13/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 2 amends RCW 36.70A.060 adding a new provision to the Growth Management Act (GMA), allowing a city, with a population under 25,000, to adopt the county's critical areas regulations by reference to satisfy the requirements to designate and protect critical areas. A city adopting the counties critical areas regulations by reference would not be required to take legislative action to review and update development regulations protecting critical areas under RCW 36.70A.130. Finally, if a city adopts the county's critical areas regulations by reference in this subsection, then the county shall be entitled to any available grant funding for the periodic updates that would have been available to the city.

Section 2(4)(d) authorizes the Department of Commerce (department) to determine the portion of available grant funding the city would have received, which would be available for the county.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

There is no impact to the department. The activities stated in SSB 5374 are already part of the normal operating procedures within the Local Government Division.

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.

There are no additional fiscal impacts associated with rulemaking for the proposed legislative amendments. The department will complete new guidance updates for local governments (WAC 365-197), including these proposed legislative amendments, through its currently scheduled rulemaking workload.

Individual State Agency Fiscal Note

Bill Number: 5374 S SB	Title: County critical areas	Agency: 468-Environmental and Land Use Hearings Office
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kellen Wright	Phone: 360-786-7134	Date: 03/09/2023
Agency Preparation: Dominga Soliz	Phone: 3606649173	Date: 03/13/2023
Agency Approval: Dominga Soliz	Phone: 3606649173	Date: 03/13/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 03/13/2023

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.

NO FISCAL IMPACTS

Sec. 2.(4)(a) A city with a population under 25,000 is permitted to adopt the county's critical areas ordinance by reference to meet the requirements of this section of the Growth Management Act (GMA), so long as that ordinance is not under administrative or judicial appeal.

(b) The city legislative action adopting the county regulations by reference must incorporate future amendments to the critical areas policies and development regulations of the county.

(c) Cities that take advantage of this are not required to take legislative action to update their development regulations protecting critical areas.

(d) Any city that adopts a county's critical areas ordinance by reference and if grant funding for comprehensive plan updates is available, the county is entitled to the portion of the city's grant funding that would have otherwise been used to update the city's critical areas regulations.

These changes to GMA are unlikely to generate petitions to the Growth Management Hearings Board.

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5374 S SB

Title: County critical areas

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

Legislation Impacts:

Cities: Cities and towns planning under the Growth Management Act could adopt the county's critical areas ordinance (CAO) regulations by reference. These jurisdictions would enter into interlocal agreement with the county.

Counties: Counties would enter into interlocal agreements with participating cities and towns. Counties would be entitled to a portion of the planning grant a city or town receives to update the CAO regulations.

Special Districts:

Specific jurisdictions only:

Variance occurs due to:

Part II: Estimates

No fiscal impacts.

Expenditures represent one-time costs: Adopting CAO regulations by reference.

Legislation provides local option: Cities and towns may adopt their county's CAO regulations as a local option.

Key variables cannot be estimated with certainty at this time: The number of cities and towns that would adopt the CAO regulations by reference; portion of the city or town's grand funding that the county would be entitled to receive from the Department of Commerce.

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 03/14/2023
Leg. Committee Contact: Kellen Wright	Phone: 360-786-7134	Date: 03/09/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 03/14/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 03/14/2023

Part IV: Analysis

A. SUMMARY OF BILL

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

This proposed substitute legislation would allow a city with a population of less than 25,000 to adopt a county's critical areas ordinance (CAO) by reference. If a city adopts the county's CAO by reference, the county would be entitled to the city's portion of grant funding to conduct the CAO update from the Department of Commerce (Commerce).

Sec. 2 would authorize a city planning under the Growth Management Act with a population of 25,000 or less to adopt the county's critical areas regulations by reference to satisfy the requirements of 36.70.060 so long as the county's regulations are not subject to any outstanding administrative or judicial appeals at the time of the city adopting the regulations.

Legislative action taken by the city must incorporate future amendments of the county's critical areas policies by reference. A city that takes this course of action is not required to conduct legislative action to review and update development regulations protecting critical areas. Commerce would be authorized to determine what portion of the available grant funding the city would have received for the critical areas regulations update and the county would be entitled to receive that portion of the city's grant funding.

This legislation would take effect 90 days after the session in which it is passed.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This legislation would be a local option that would result in indeterminate cost impacts for cities, towns, and counties that plan under the Growth Management Act (GMA).

This act may potentially impact all 39 counties, as each county has a least one city or town with a population under 25,000. Throughout Washington's counties there are a total of 235 cities and towns that have population less than 25,000. The number of cities that would adopt the county's critical areas ordinance (CAO) regulations by reference cannot be known in advance, however it is likely that smaller cities within partially planning counties with limited planning resources would likely take the local option.

IMPACT OF SECTION 2(4)

Local Option - Cities and towns that take the local option would have to adopt their county's CAO regulations by reference by establishing an interlocal agreement with the county. The Local Government Fiscal Note program estimates that this process would have costs similar to those to adopt a simple ordinance with a hearing of the same complexity, which would start at \$2,200 per city or town that chooses the local option. There would also be similar costs for the counties that update the CAO regulations to enter into interlocal agreement with the participating cities and towns.

These cities and towns would have a cost savings that would be the difference between the amount that they receive in grant funding to update their CAO and the actual cost to update the CAO, which would vary by jurisdiction. For jurisdictions with limited planning resources there could be a significant cost savings as a result of this legislation. However, the amount of the cost savings would vary by jurisdiction. Counties that enter into interlocal agreement with cities and towns may have increased workload as a result of the agreement depending on the scope of work to incorporate the city or town into its CAO update, which would vary by jurisdiction. These costs would be offset by the increase in grant funding available to the county.

Illustrative Example:

As an illustrative example, there are 61 partially planning GMA cities and towns with populations under 25,000 in the 11 partially planning counties.

If each of these cities and towns choose to adopt the local option there would be costs starting at \$134,200 (61 cities/towns x \$2,200 = \$134,200). Each county would then have costs to enter into interlocal agreements with the participating cities and towns within the county, which may have the following costs for each county:

Adams: \$11,000
Asotin: \$4,400
Cowlitz: \$6,600
Ferry: \$2,200
Grays Harbor: \$19,800
Klickitat: \$6,600
Lincoln: \$17,600
Okanogan: \$26,400
Skamania: \$4,400
Wahkiakum: \$2,200
Whitman: \$33,000
Grand Total: \$134,200

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This legislation would be a local option that would result in indeterminate revenue impacts for cities, towns, and counties that plan under the Growth Management Act (GMA).

For cities or towns that adopt a county's critical areas ordinance (CAO) by reference, there would be indeterminate revenue reductions due to reduced grant funding from the Department of Commerce to conduct this work. Counties would have indeterminate revenue increases due to this legislation because they would be entitled to the city or town's share of the grant funding to conduct the CAO update.

The value of the grant funding a county would be entitled to would vary by city or town based on the overall planning requirements of the local government, if the participating local government is a city or a town, and the city or town's population. The county's entitlement would also vary based on the number of jurisdictions that enter into interlocal agreement with the county. The number of cities and towns that would enter into these agreements to adopt their county's CAO by reference cannot be known in advance.

SOURCES:

Department of Commerce
Department of Commerce, Collaborative Roadmap Phase III (2022)
Local Government Fiscal Note Program, Unit Cost Model (2023)
Substitute House Bill Analysis, S SB 5374 (2023)