

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1620 S HB

Title: Incorporation/population

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

Legislation Impacts:

- Cities:
- Counties: Indeterminate costs and revenues
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: Cost of public hearing, cost of feasibility studies, cost of boundary survey, number of incorporations

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
County	85,900		85,900		
TOTAL \$	85,900		85,900		
GRAND TOTAL \$					85,900

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

Part III: Preparation and Approval

Fiscal Note Analyst: Allan Johnson	Phone: 360-725-5033	Date: 03/13/2023
Leg. Committee Contact: Maggie Douglas	Phone: 3607867279	Date: 03/09/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 03/13/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 03/15/2023

Part IV: Analysis

A. SUMMARY OF BILL

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

Provides that the requirement that an area must have at least 3,000 inhabitants, instead of the otherwise standard 1,500, to incorporate if it is within 5 air miles of a city with a population of 15,000 or more lapses until June 30, 2028.

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.

Counties, in which an unincorporated area attempts incorporation, will experience indeterminate expenditure impacts. For each incorporation, the Local Government Fiscal Note Program anticipates at least \$85,900 in county expenditures plus an indeterminate amount of additional impact.

Anticipated costs to counties will be related to steps including: evaluation of the incorporation proposal (in conjunction with other levels of government); conducting the incorporation election and implementing elections results if favorable.

Impacts related to the new jurisdiction, such as establishing municipal services are considered essential but secondary impacts and are beyond the scope of this analysis. In addition, counties would face an indeterminate change in expenditures impacts in the event of a successful incorporation, but these costs are not considered as a part of this analysis as they are secondary to the act of incorporation.

In order to proceed with a proposed incorporation, the county and the local county boundary review board or equivalent, will ensure that: formal proposed boundaries are prepared by a certified engineer, that a census is conducted of the area to ensure the proposed incorporation has a sufficient number of residents to qualify for incorporation, and a public meeting is conducted. These will result in indeterminate costs to the county.

If the county auditor verifies that the number of signatures on a petition meets the proper thresholds, then a public hearing will be called at the expense of the county or in some cases the proponents.

Prior to the public hearing, the county, or in some cases the proponents, likely will have a feasibility study prepared for the hearing. This study will vary in cost depending upon the size and complexity of the incorporation but will likely exceed at least \$80,000 per incorporation proposal.

The county will need to take action to place the incorporation on the ballot or deny the proposal. The county will experience costs equivalent to a complex ordinance adoption which the Local Government Fiscal Note Program estimates at \$5,900.

Once the election has been completed, the pro-rata election costs will be assigned to the county (if the election was unsuccessful) or the new municipality if the election result was favorable. See further information about election costs below.

For the purposes of this analysis, the cost of only one proposed incorporation is listed and is anticipated in FY 2024. The broad nature of the temporary exception results in a large number of hypothetical incorporations and the actual number of incorporation proposals cannot be anticipated in advance and is indeterminate.

ELECTION COSTS BACKGROUND:

Election costs include both fixed and variable costs related to a specific election. The cost to a jurisdiction varies significantly depending on how many other jurisdictions share the specific election date. If there are many sharing a date, each jurisdiction's share of the costs are lower. November general elections have the most participating jurisdictions so

the cost to individual jurisdictions is lower. Conducting a one-issue election on a special election date usually leads to much higher costs.

Adding a ballot measure could increase the ballot size and number of printed pages. However, the length of the ballot, and the length of the measure that a county might add cannot be predicted. Therefore, the increased printing costs are indeterminate.

Because cities, counties and special purpose districts participating in elections pay their proportionate share of election costs to print ballots and voters' pamphlets, any increased costs counties experience as a result of printing more pages would proportionately impact cities and special districts in the same indeterminate manner.

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.

Counties that conduct an incorporation election may receive a pro-rata share of election costs from a newly incorporated municipality. In addition, they may receive payments or fees from incorporation proponents. The net revenue direction and magnitude cannot be predicted and is indeterminate.

SOURCES:

King County Boundary Review Board
Municipal Research and Services Center
Washington Association of County Officials