

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2243 HB	<b>Title:</b> Social equity land trust
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Children, Youth, and Families	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Natural Resources	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	0	0	0	0	0	0	0	0	0

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Children, Youth, and Families	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Natural Resources	.2	0	0	38,600	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	0.2	0	0	38,600	0.0	0	0	0	0.0	0	0	0

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Children, Youth, and Families	.0	0	0	.0	0	0	.0	0	0
Department of Natural Resources	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	0.0	0	0	0.0	0	0	0.0	0	0

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Lisa Borkowski, OFM	<b>Phone:</b> (360) 742-2239	<b>Date Published:</b> Final 1/18/2024
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2243 HB	<b>Title:</b> Social equity land trust	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

No Fiscal Impact

**Estimated Cash Receipts to:**

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

**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: 01/09/2024
Agency Preparation: Mandy Kaplan	Phone: (360) 902-8977	Date: 01/15/2024
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/15/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/17/2024

## 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.*

HB 2243 creates the child care trust account, coupled with the general fund as the recipient of the earnings from investments under RCW 43.84.092(4).

### 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.*

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Changes to the earnings credited to the general fund impacts, by an equal amount, general state revenues.

### 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

Revised

<b>Bill Number:</b> 2243 HB	<b>Title:</b> Social equity land trust	<b>Agency:</b> 307-Department of Children, Youth, and Families
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

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

### Estimated Operating Expenditures from:

Non-zero but indeterminate cost 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: 01/09/2024
Agency Preparation: Ashley McEntyre	Phone: 2533064501	Date: 01/18/2024
Agency Approval: Sarah Emmans	Phone: 360-628-1524	Date: 01/18/2024
OFM Review: Carly Kujath	Phone: (360) 790-7909	Date: 01/18/2024

## 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.*

HB 2243 Children's Social Equity Land Trust

HB 2243 creates a funding source for the child care desert grant program by creating a new child care trust account with revenue generated from the acquisition of lands by the Department of Natural Resources.

Section 1 is added to establish a children's social equity land trust managed by the Department of Natural Resources (DNR) to deliver revenue for child care programs, prioritizing child care deserts.

Section 2 directs DNR to acquire and manage land suitable for the dual purpose of carbon sequestration and revenue production; revenue generated from the activities on these lands must be deposited in the child care trust account.

Section 3 establishes the child care trust account.

Section 5(2)(c)(ii) is added to require that 70% of revenue generated must be laced in the child care trust account.

Section 6(1) is amended to retain the child care desert grant program.

Section 6(1)(2) is added to detail how the Department of Children Youth and Families (DCYF) must prioritize grant applications.

Section 8 is added to state that sections 1 through 4 constitute a new chapter in Title 79 RCW.

### 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.*

Indeterminate. DCYF is unable to determine the value of lands purchased by the Department of Natural Resources or how much revenue will be deposited into the Child Care Trust Account.

Cash receipt assumptions are for illustrative purposes and reflect agency standard federal reimbursement for FTE related costs. Title IV-E, the federal reimbursement is 13 percent. The agency estimates eligible reimbursements of \$3,000.

### 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.*

Indeterminate. DCYF is unable to determine the value of lands purchased by the Department of Natural Resources or how much revenue will be deposited into the Child Care Trust Account.

Costs assumed for setting up the Child Care Desert Grant program detailed below are anticipated to begin in the 25-27 Biennium and are illustrative of agency needs should \$1,000,000 be deposited in the Child Care Trust Account in FY26 and \$2,000,000 be deposited every year thereafter.

Sections 2(2)(a) and Section 6

Total Costs \$956,000 General Fund State (GF-S) and 2.0 Full Time Equivalentents (FTEs) in the 25-27 Biennium.

These sections establish a funding stream for the Child Care Desert Grant program, which will support new and existing child care providers in child care deserts.

DCYF assumes the grant program will have pre-licensing and licensing staff impacts associated with supporting prospective providers with opening in-home care or centers. Fiscal impact to the licensing division is indeterminate and depends on the scope of grant funding as well as prospective applicant's projects.

2.0 FTEs

-1.0 Management Analyst 5 beginning FY26

-1.0 Program Specialist 3 beginning FY27

2.0 FTEs are needed to support grant implementation, quality assurance, and audit support and assistance. The number of FTEs needed is based on the assumption that \$1,000,000 will be deposited into the Child Care Trust Account in FY26 and \$2,000,000 will be deposited in FY27 and beyond. If additional revenue is deposited, DCYF will need more staff resources to administer the grants.

PROFESSIONAL SERVICE CONTRACTS: \$250,000 per fiscal year ongoing.

DCYF contracts with the Imagine Institute to provide technical assistance to child care providers. DCYF assumes an additional 4,000 hours of technical assistance will be needed for providers receiving grants. The rate for technical assistance is \$61.60 per hour, for a total cost of \$246,400 per fiscal year for technical assistance. In addition to technical assistance, Imagine Institute will provide \$3,600 per fiscal year in translation services.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

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

#### III. B - Expenditures by Object Or Purpose

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

**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

<b>Bill Number:</b> 2243 HB	<b>Title:</b> Social equity land trust	<b>Agency:</b> 490-Department of Natural Resources
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

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

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.3	0.2	0.0	0.0
<b>Account</b>					
Natural Climate Solutions Account-State 26D-1	0	38,600	38,600	0	0
<b>Total \$</b>	0	38,600	38,600	0	0

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Robert Hatfield	Phone: 360-786-7117	Date: 01/09/2024
Agency Preparation: Zoe Catron	Phone: 360-902-1121	Date: 01/11/2024
Agency Approval: Nicole Dixon	Phone: 360-902-1155	Date: 01/11/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 01/17/2024

## 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 of the bill allows the department to acquire forest land suitable for management as working forestland. Acquisition of forest land will allow the department to generate revenue from timber harvest, leasing for communication sites, sale of other valuable materials, and for the leasing of lands for clean energy production and sale of ecosystem service credits in much the same manner as existing state trust lands. Section 2 also requires these lands to be managed based on existing board and agency policies and existing laws.

Section 3 requires all revenue generated from these lands to be deposited in the Child Care Trust Account in the same manner as other DNR revenue is deposited for existing beneficiaries.

Section 4 allows for a management rate deduction in the same manner as existing state forestlands.

Section 5 describes the management rate deduction and how the revenue is to be deposited into the new Child Care Trust Account.

### 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.*

Section 2 allows for the acquisition of working forestland and allows for the sale of valuable materials, leasing, and sale of ecosystem service credits from these lands. Section 3 and 4 describe the percentage of gross receipts to be deposited into the Child Care Trust Account and the Forest Development Account (FDA). Section 5 sets the management rate at 30 percent, to be deposited into the Forest Development Account.

Any potential future revenue is indeterminate and would not be known until lands are acquired. DNR's existing state forestlands total 618,000 gross acres and generate an average of \$68 million per year for beneficiaries and \$23 million for the Forest Development Account, for an average of \$146 per acre. Those gross acres include nearly 50 percent of that land being in conservation status where no revenue is generated. Newly acquired lands would likely have fewer areas of endangered species encumbrances and could generate closer to \$160 per acre. Any lands acquired for clean energy development has the potential to generate \$300 to \$1000 per acre if leased for clean energy projects once facilities are constructed and operational.

As an example, if the department acquired 20,000 acres of forestland that newly acquired land could potentially begin to generate, on average over the long term, up to \$3 million dollars in revenue each fiscal year, with 70 percent being deposited in the Child Care Trust Account and 30 percent being deposited in the Forest Development Account each fiscal year.

### 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.*

Sections 3, 4 & 5:

Creating new trust codes in DNR's finance and revenue systems.

Staffing –

- Fiscal Analyst 5 - 0.25 FTE in FY 25 (one time) – This position will develop new trust codes in DNRs revenue and expenditure systems, the Cost Allocation System, and DNR's chart of accounts and reporting systems to ensure the

revenue generated is distributed to the trust beneficiary correctly. In outlying years staff will need to ensure the new trust accounting is compatible with One Washington’s systems & reporting.

Total Costs for this section:

- FY 2025 - \$28,000
- 2023-25 - \$28,000 (one time)
- 2025-27 - \$0

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 (0.08 FTE).

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26D-1	Natural Climate Solutions Account	State	0	38,600	38,600	0	0
<b>Total \$</b>			0	38,600	38,600	0	0

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.3	0.2		
A-Salaries and Wages		20,200	20,200		
B-Employee Benefits		7,100	7,100		
C-Professional Service Contracts					
E-Goods and Other Services		2,500	2,500		
G-Travel		100	100		
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		8,700	8,700		
9-					
<b>Total \$</b>	0	38,600	38,600	0	0

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Fiscal Analyst 2	55,872		0.1	0.0		
Fiscal Analyst 5	80,952		0.3	0.1		
<b>Total FTEs</b>			0.3	0.2		0.0

**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.*