

Multiple Agency Fiscal Note Summary

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|-------------------------------|---|
| Bill Number: 5667 S SB | Title: Forestry riparian easements |
|-------------------------------|---|

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 Attorney General | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 |
| Department of Natural Resources | .3 | 82,800 | 82,800 | 82,800 | .3 | 77,700 | 77,700 | 77,700 | .0 | 0 | 0 | 0 |
| Total \$ | 0.3 | 82,800 | 82,800 | 82,800 | 0.3 | 77,700 | 77,700 | 77,700 | 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 Attorney General | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Department of Natural Resources | .2 | 1,221,400 | 1,221,400 | .3 | 3,102,800 | 3,102,800 | .3 | 3,102,800 | 3,102,800 |
| Total \$ | 0.2 | 1,221,400 | 1,221,400 | 0.3 | 3,102,800 | 3,102,800 | 0.3 | 3,102,800 | 3,102,800 |

Estimated Capital Budget Breakout

NONE

| Agency Name | 2023-25 | 2025-27 | 2027-29 |
|-----------------|------------------|------------------|------------------|
| | Total | Total | Total |
| Other | 1,221,400 | 3,102,800 | 3,102,800 |
| Total \$ | 1,221,400 | 3,102,800 | 3,102,800 |

| | | |
|---|---------------------------------|---|
| Prepared by: Lisa Borkowski, OFM | Phone: (360) 742-2239 | Date Published: Final 1/21/2024 |
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Individual State Agency Fiscal Note

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|-------------------------------|---|---|
| Bill Number: 5667 S SB | Title: Forestry riparian easements | Agency: 100-Office of Attorney General |
|-------------------------------|---|---|

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: Jeff Olsen | Phone: 360-786-7428 | Date: 01/12/2024 |
| Agency Preparation: Cassandra Jones | Phone: 360-709-6028 | Date: 01/16/2024 |
| Agency Approval: Leah Snow | Phone: 360-586-2104 | Date: 01/16/2024 |
| OFM Review: Val Terre | Phone: (360) 280-3973 | Date: 01/16/2024 |

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.

The Attorney General's Office (AGO) Public Lands Conservation Division (PLC) has reviewed this bill and determined it will not increase or decrease the division's workload. This version of the bill eliminated the provisions of the original proposal that would have triggered the elevated needs for advice and litigation support that were anticipated from the original bill. Therefore, no costs are included in this request.

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: 5667 S SB | Title: Forestry riparian easements | Agency: 490-Department of Natural Resources |
|-------------------------------|---|--|

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 | 0.0 | 0.7 | 0.3 | 0.3 | 0.0 |
| Account | | | | | |
| General Fund-State 001-1 | 0 | 82,800 | 82,800 | 77,700 | 0 |
| Total \$ | 0 | 82,800 | 82,800 | 77,700 | 0 |

Estimated Capital Budget Impact:

| | 2023-25 | | 2025-27 | | 2027-29 | |
|-------------------|---------|-----------|-----------|-----------|-----------|-----------|
| | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
| Pre-design/Design | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants/Loans | 0 | 0 | 0 | 0 | 0 | 0 |
| Staff | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 1,221,400 | 1,551,400 | 1,551,400 | 1,551,400 | 1,551,400 |
| Total \$ | 0 | 1,221,400 | 1,551,400 | 1,551,400 | 1,551,400 | 1,551,400 |

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: Jeff Olsen | Phone: 360-786-7428 | Date: 01/12/2024 |
| Agency Preparation: Andrew Hills | Phone: / | Date: 01/21/2024 |
| Agency Approval: Brian Considine | Phone: 3604863469 | Date: 01/21/2024 |
| OFM Review: Lisa Borkowski | Phone: (360) 742-2239 | Date: 01/21/2024 |

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 1 (5) reduces the length of time that the forestry riparian easements are effective from 50 years to 40 years.

The reduction in length of time these agreements last are seen as an incentive that will entice more people to participate in the program.

Section 1 (8) (b) changes the benchmark for determining a fair market valuation of timber for a forest riparian easement from the fair market value as of the date of completion of a forest riparian easement program application, to the fair market value of timber at the time of the completed harvest. The fiscal impact from this is uncalculatable and would be driven by differences in fair market at different points in time that are unforeseeable.

Section 1 (9) (a) increases the compensation for qualifying timber to the qualifying small forest landowner to the amount of 90% of the value determined by the small forest landowner office up from 50%.

Paying more for each easement will increase the funding needed to carry out this program at current levels.

Section 1 (9) (a) also increases the compensation for qualifying timber located on potentially unstable slopes or landforms from a maximum of \$50,000 to \$150,000.

Again, this would increase costs as well as encourage greater participation in the program.

This bill eliminates the High Impact Threshold calculations required by the RCW currently (76.13.120 Section 1 (9)). This is projected to save staff time and costs.

These savings are projected to be more than offset by the increase in demand and higher compensation amounts for forest riparian easements.

Section 1 (10) (b) specifies that the department shall consult with the small forestland advisory committee at least semiannually to review landowner complaints, administrative processes, rule recommendations, and related issues.

This is not expected to have any significant fiscal impact over what is currently in practice.

Section 1(12) States that it is the intent of the legislature that the small forest landowner office complete forest riparian easement program application transactions within two years of the application receipt.

Presumed increased demand and circumstances outside of the program's control can at times make it impossible to complete the transaction within 2 years. The language change from the original bill acknowledges these realities while making clear the goals and intent of processing and completing forest riparian easement program applications within a two-year time frame.

Estimated fiscal impact would be approximately \$1,304,200 in FY25. This takes into account the increased costs of greater compensation levels to small forest landowners entering into forestry riparian easements, an increase in staff time to process additional applications, both FREP and FP applications, and field increased interest and demand for the program.

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 1 and Section 2 will require rule revision of WAC 222-21-030, 031, 040, 045, 048, 050. This rulemaking will require .5 FTE Environmental Planner 3 (EP3), at a cost of \$160,500 over two years, \$82,800 for FY25, and \$77,700 for FY26 (in the 25-27 BN).

Section 1 (5) reducing the length of easement time from 50 to 40 years will have a long-term financial impact on the state since easements can be reapplied for 10 years earlier, but this is beyond the scope of this fiscal note.

Section 1 (9) (a) increases the compensation for qualifying timber to 90% up from 50% (or greater for those landowners that met the high impact regulatory threshold.)

- The average reimbursement % for easements over the last 5 years has been 62%.
- There will be approximately 50 easements on the waiting list at the end of FY24. With increase in outreach and the increase reimbursement amount we anticipate a 50% increase in applications per year (from 20 applications to 30 applications).
- The average easement cost is approximately \$75,000 increasing to \$96,000/easement.
- With an increase of \$21,000 per easement x 50 estimated to remain on the waiting list by end of FY24, we expect to see an increased cost of \$1,050,000 in FY25 for these easements, and then an increased cost of \$1,380,000 each year thereafter to account for the additional year to year applications and the increased cost per easement.

Section 1 (9) (a) also increases the compensation for qualifying timber located on potentially unstable slopes or landforms from a maximum of \$50,000 to \$150,000. We anticipate this to equate to an additional cost of \$130,000 each year.

The combined impact of incentives to increase demand for the FREP program will trigger more applications for the program.

In addition, there are anticipated increased costs for conducting timber cruises to help evaluate timber for each application. We are calculating this as an additional .33 FTE of a timber cruiser 2 position. This equates to an additional \$41,375 per year to meet timber cruise capacity needs.

In total there is a fiscal impact of at least \$1,304,200 for the 23-25 Biennium, and an \$3,180,500 impact for the 25-27 BN, with impact of \$3,102,800 for each BN thereafter.

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 | 0 | 82,800 | 82,800 | 77,700 | 0 |
| Total \$ | | | 0 | 82,800 | 82,800 | 77,700 | 0 |

III. B - Expenditures by Object Or Purpose

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | | 0.7 | 0.3 | 0.3 | |
| A-Salaries and Wages | | 40,500 | 40,500 | 40,500 | |
| B-Employee Benefits | | 14,400 | 14,400 | 14,400 | |
| C-Professional Service Contracts | | | | | |
| E-Goods and Other Services | | 8,400 | 8,400 | 4,900 | |
| G-Travel | | 400 | 400 | 400 | |
| J-Capital Outlays | | 1,600 | 1,600 | | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | 17,500 | 17,500 | 17,500 | |
| 9- | | | | | |
| Total \$ | 0 | 82,800 | 82,800 | 77,700 | 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 |
|-------------------------|--------|---------|---------|---------|---------|---------|
| Environmental Planner 3 | 80,952 | | 0.5 | 0.3 | 0.3 | |
| Fiscal Analyst 2 | 58,107 | | 0.2 | 0.1 | 0.1 | |
| Total FTEs | | | 0.7 | 0.3 | 0.3 | 0.0 |

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

| Account | Account Title | Type | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|-----------------|-------------------------------------|-------|---------|-----------|-----------|-----------|-----------|
| 057-1 | State Building Construction Account | State | 0 | 1,221,400 | 1,221,400 | 3,102,800 | 3,102,800 |
| Total \$ | | | 0 | 1,221,400 | 1,221,400 | 3,102,800 | 3,102,800 |

IV. B - Expenditures by Object Or Purpose

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------------------|---------|-----------|-----------|-----------|-----------|
| FTE Staff Years | | 0.3 | 0.2 | 0.3 | 0.3 |
| A-Salaries and Wages | | 24,400 | 24,400 | 48,800 | 48,800 |
| B-Employee Benefits | | 9,500 | 9,500 | 19,000 | 19,000 |
| C-Professional Service Contracts | | | | | |
| E-Goods and Other Services | | 3,900 | 3,900 | 7,800 | 7,800 |
| G-Travel | | 3,600 | 3,600 | 7,200 | 7,200 |
| J-Capital Outlays | | 1,180,000 | 1,180,000 | 3,020,000 | 3,020,000 |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| 9- | | | | | |
| Total \$ | 0 | 1,221,400 | 1,221,400 | 3,102,800 | 3,102,800 |

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

| Construction Estimate | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|-----------------------|---------|-----------|-----------|-----------|-----------|
| Pre-design/Design | | | | | |
| Construction | | | | | |
| Grants/Loans | | | | | |
| Staff | | | | | |
| Other | | 1,221,400 | 1,221,400 | 3,102,800 | 3,102,800 |
| Total \$ | | 1,221,400 | 1,221,400 | 3,102,800 | 3,102,800 |

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

| Job Classification | Salary | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|------------------------|--------|---------|---------|---------|---------|---------|
| Forest Check Cruiser 2 | 73,260 | | 0.3 | 0.2 | 0.3 | 0.3 |
| Total FTEs | | | 0.3 | 0.2 | 0.3 | 0.3 |

FREP is funded primarily by capital funds so many of these changes impact the Capital Budget. Our estimate for FY25 is \$1,221,400.

Total estimate for FY 25 is \$1,221,400 costs include:

- \$33,900 salaries and benefits
- \$7,500 Good and Services/Travel
- \$1,050,000 increased FREP compensation
- \$130,000 increased unstable slope compensation

Total estimate for FY 26/Ongoing is \$1,551,400 costs include:

- \$33,900 salaries and benefits
- \$7,500 Good and Services/Travel
- \$1,380,000 increased FREP compensation
- \$130,000 increased unstable slope compensation

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 1 and Section 3 will require rule revision of WAC 222-21-030, 031, 040, 045, 048, 050. This rulemaking will require .5 FTE Environmental Planner 3 (EP3).