

Multiple Agency Fiscal Note Summary

| | |
|-------------------------------|--|
| Bill Number: 2243 S HB | Title: Social equity land trust |
|-------------------------------|--|

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 Commerce | 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. | | | | | | | | |
| Total \$ | 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 Commerce | .0 | 0 | 0 | 0 | 2.7 | 1,553,620 | 1,553,620 | 1,553,620 | 2.9 | 1,615,942 | 1,615,942 | 1,615,942 |
| Department of Commerce | In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note. | | | | | | | | | | | |
| 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 |
| Total \$ | 0.2 | 0 | 0 | 38,600 | 2.7 | 1,553,620 | 1,553,620 | 1,553,620 | 2.9 | 1,615,942 | 1,615,942 | 1,615,942 |

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 Commerce | .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 |
| Total \$ | 0.0 | 0 | 0 | 0.0 | 0 | 0 | 0.0 | 0 | 0 |

Estimated Capital Budget Breakout

| | | |
|---------------------------------------|---------------------------------|---|
| Prepared by: Cheri Keller, OFM | Phone: (360) 584-2207 | Date Published: Final 2/ 7/2024 |
|---------------------------------------|---------------------------------|---|

Individual State Agency Fiscal Note

| | | |
|-------------------------------|--|--|
| Bill Number: 2243 S HB | Title: Social equity land trust | Agency: 090-Office of State Treasurer |
|-------------------------------|--|--|

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: 02/02/2024 |
| Agency Preparation: Mandy Kaplan | Phone: (360) 902-8977 | Date: 02/05/2024 |
| Agency Approval: Dan Mason | Phone: (360) 902-8990 | Date: 02/05/2024 |
| OFM Review: Amy Hatfield | Phone: (360) 280-7584 | Date: 02/05/2024 |

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.

SHB 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

| | | |
|-------------------------------|--|---|
| Bill Number: 2243 S HB | Title: Social equity land trust | Agency: 103-Department of Commerce |
|-------------------------------|--|---|

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 | 0.0 | 0.0 | 2.7 | 2.9 |
| Account | | | | | |
| General Fund-State 001-1 | 0 | 0 | 0 | 1,553,620 | 1,615,942 |
| Total \$ | 0 | 0 | 0 | 1,553,620 | 1,615,942 |

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: 02/02/2024 |
| Agency Preparation: Buck Lucas | Phone: 360-725-3180 | Date: 02/07/2024 |
| Agency Approval: Pouth Ing | Phone: 360-725-2715 | Date: 02/07/2024 |
| OFM Review: Cheri Keller | Phone: (360) 584-2207 | Date: 02/07/2024 |

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

Section 3 establishes the childcare trust account where revenue generated from the land trust created in Section 2 must be deposited, and may be used only after appropriation and for the grant program created in Section 6.

Section 5 amends RCW 79.64.110 to require that 70% of revenue generated by the forestlands acquired in Section 2 must be placed in the childcare trust account established in Section 3.

Section 6 adds a new section to RCW 43.31, subject to appropriation, the Department of Commerce (department) must establish a grant program to retain and expand childcare in childcare deserts. Grants may be used for one-time costs of opening a childcare site, or for supporting established facilities that in jeopardy of closure due to financial reasons.

Section 6(2) provides criteria for the department to prioritize grant applications.

Section 8 provides 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.

The revenue associated with this legislation are indeterminate. The department is unable to determine the value of lands leased or the materials sold by DNR or how much revenue will be deposited into the Childcare Trust Account.

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.

Costs associated with this legislation are indeterminate.

FOR ILLUSTRATIVE PURPOSES ONLY:

- The department does not know when forestlands would be acquired, when revenue would be generated or the level of appropriations made for grants under Section 6 of the proposed legislation.
- The department assumes initial program formation activities and for illustrative purposes of this fiscal note, the department would assume an appropriation in the 2025-27 biennium and for fiscal year 2026.
- The department would assume subsequent appropriations beginning in fiscal year 2027 to begin grant making activities. The appropriation level is unknown and it is also unknown how many grants and at what size would be issued to childcare providers. For illustrative purposes of this fiscal note and a \$1 million appropriation in FY27, the department would assume issuance of approximately 80 grants annually between \$20,000 to \$25,000. If additional revenue is generated and appropriated, the department would need additional staff and resources to maintain program administration and grant

making. Similarly, in the event that more grants are issued at a reduced funding level, this would increase the administrative costs to intake application requests, review them, and to enter into and monitor contracts.

- The department assumes program formation activities, including hiring, would begin July 1, 2025 and conclude by June 30, 2026.

- The department does not have the technical expertise to assess appropriation funding caps and other considerations for the operating needs of childcare facilities and would assume consultation with the Department of Children, Youth and Families (DCYF) to ensure the grant program is established in alignment with the needs of providers and families, and also DCYF licensing standards.

1.0 Commerce Specialist 3 (2,088 hours) in FY26 and 2.0 FTE (4,196 hours) FY27-FY29, to form the program and begin required outreach for this significant agency action. Staff will support grant program development, implementation, quality assurance, and audit support and assistance. To provide or build capacity around solicitation, origination, management, and the monitoring of project contracts, including to lead procurement of contracted services. Compliance may include site visits and corresponding compliance reports. Assist senior management with drafting legislation, representing the agency, developing policy positions, and coordinating the state's role with respect to the implementation of the program

1.0 Commerce Specialist 5 (2,088 hours) in FY26 and 0.50 FTE (1,044 hours) FY27-FY29, to hire staff and provide day-to-day direction of staff upon hire. This includes assigning contracts and program planning elements to staff. Staff will also provide support work to policy and rule development, as needed. Staff will present advanced technical business information to childcare providers and lead consultation with DCYF.

Salaries and benefits

FY26: \$247,238

FY27-FY29: \$296,956 per fiscal year

Goods and services:

The department assumes \$5,250 (25 hours at \$210 per hour) in FY25-FY29 for assistant attorney general consultation each year for contract boilerplate and general contract review.

FY26: \$27,795

FY27-FY29: \$34,241 per fiscal year

Equipment:

The department assumes standard workstations in FY26 and a replacement computer based on the department's five-year replacement schedule.

FY26: \$10,000

FY27: \$5,000

FY29: \$4,800

Travel Costs:

Travel includes outreach to communities across the state to provide information about the availability of this new capital program directly to eligible colleges and universities. Annual travel will consist of 10 days of outreach and engagement, with half of them requiring lodging due to outreach and engagement to Eastern Washington communities.

FY26-FY29: \$2,475 per fiscal year

Professional Service Contracts:

The department assumes contracts with DCYF via the Imagine Institute to provide technical assistance to childcare providers. DCYF estimates that 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 an approximate cost of \$250,000. The department assumes that we would translate up to eight standard program documents (such as, notice of funding opportunity, awards announcement, program guidelines, presentations, and informational webinars) into the nine most common English language alternatives in the state at an expected average cost of \$1,725 per document annually. ($\$1,725 \times 8 \times 9 = \$124,200$). The department also assumes a second contract with DCYF for pre-licensing and licensing staff technical assistance to childcare providers and to Commerce staff to administer grant funding in alignment with best practices for childcare operations. The level of funding for this pre-licensing and licensing technical assistance is indeterminate and dependent on the level of the appropriation provided and the number of grant agreement that would assist childcare providers under the proposed legislation.

FY26-FY29: \$374,200 per fiscal year

Grants, Benefits, Client Services:

The department would assume subsequent appropriations beginning in fiscal year 2027 to begin grant making activities. The appropriation level and how many grants and at what size would be issued to childcare providers is indeterminate. For illustrative purposes of this fiscal note and a \$1 million appropriation in FY27, the department would assume issuance of approximately 80 grants annually between \$20,000 to \$25,000.

Intra-agency reimbursements:

FY26: \$81,341

FY27-FY29: \$97,699 per 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:

FY26: \$743,049

FY27: \$810,571

FY28: \$805,571

FY29: \$810,371

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 | 0 | 0 | 1,553,620 | 1,615,942 |
| Total \$ | | | 0 | 0 | 0 | 1,553,620 | 1,615,942 |

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 | | | | 2.7 | 2.9 |
| A-Salaries and Wages | | | | 400,614 | 436,112 |
| B-Employee Benefits | | | | 143,580 | 157,800 |
| C-Professional Service Contracts | | | | 748,400 | 748,400 |
| E-Goods and Other Services | | | | 62,036 | 68,482 |
| G-Travel | | | | 4,950 | 4,950 |
| J-Capital Outlays | | | | 15,000 | 4,800 |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | 179,040 | 195,398 |
| 9- | | | | | |
| Total \$ | 0 | 0 | 0 | 1,553,620 | 1,615,942 |

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 |
|------------------------------------|---------|---------|---------|---------|---------|---------|
| Administrative Services - Indirect | 111,168 | | | | 0.4 | 0.4 |
| Commerce Specialist 3 | 84,518 | | | | 1.5 | 2.0 |
| Commerce Specialist 5 | 98,040 | | | | 0.8 | 0.5 |
| Total FTEs | | | | | 2.7 | 2.9 |

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

There is no impact to the department. The eligible activities for the grant program established in Section 6 are for the operating expenses of a childcare facility and not to acquire, build, renovate, or rehabilitate childcare facilities.

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: 2243 S HB | Title: Social equity land trust | Agency: 307-Department of Children, Youth, and Families |
|-------------------------------|--|--|

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: 02/02/2024 |
| Agency Preparation: Ashley McEntyre | Phone: 2533064501 | Date: 02/05/2024 |
| Agency Approval: Sarah Emmans | Phone: 360-628-1524 | Date: 02/05/2024 |
| OFM Review: Carly Kujath | Phone: (360) 790-7909 | Date: 02/05/2024 |

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.

SHB 2243 Children's Social Equity Land Trust

This version of the bill creates a funding source for the child care desert grant program to be managed by the Department of Commerce.

Section 2 is amended to direct the Department of Natural Resources (DNR) to acquire forested lands at risk of conversion to non-forested uses and to establish that lands acquired in this section are to be held in a trust for the benefit of the Department of Commerce to provide child care grants.

Section 6 is amended to direct the Department of Commerce to establish a grant program to retain and expand child care in child care deserts.

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.

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.

This grant program would be available for prospective, newly licensed and established child care providers for one-time costs associated with opening a child care facility. Pre-licensing resources and licensing resources would be necessary to implement some purposes of the grant. DCYF is unable to determine the impact to pre-licensing and licensing staff.

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

| | | |
|-------------------------------|--|--|
| Bill Number: 2243 S HB | Title: Social equity land trust | Agency: 490-Department of Natural Resources |
|-------------------------------|--|--|

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 |
| Account | | | | | |
| Natural Climate Solutions Account-State 26D-1 | 0 | 38,600 | 38,600 | 0 | 0 |
| Total \$ | 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: 02/02/2024 |
| Agency Preparation: Zoe Catron | Phone: 360-902-1121 | Date: 02/05/2024 |
| Agency Approval: Brian Considine | Phone: 3604863469 | Date: 02/05/2024 |
| OFM Review: Lisa Borkowski | Phone: (360) 742-2239 | Date: 02/05/2024 |

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.

Changes from HB 2243 to S HB 2243:

Section 2: The Department of Natural Resources may only acquire forested lands at risk of conversion

Section 6: directs the Department of Commerce to establish a grant program.

Fiscal note for the Department of Natural Resources is unchanged from HB 2243.

Section 2 of the bill allows the department to acquire forest land at risk of conversion to non-forested uses, suitable for management as working forestland. Acquisition of forest land will allow the department to generate revenue from timber harvest, leasing, and sale of other valuable materials 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 |
| Total \$ | | | 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- | | | | | |
| Total \$ | 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 | | |
| Total FTEs | | | 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.