

Multiple Agency Fiscal Note Summary

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| Bill Number: 2474 S HB | Title: Transitional housing siting |
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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 | 2.9 | 1,030,286 | 1,030,286 | 1,030,286 | 5.0 | 1,568,618 | 1,568,618 | 1,568,618 | 5.0 | 1,525,818 | 1,525,818 | 1,525,818 |
| Total \$ | 2.9 | 1,030,286 | 1,030,286 | 1,030,286 | 5.0 | 1,568,618 | 1,568,618 | 1,568,618 | 5.0 | 1,525,818 | 1,525,818 | 1,525,818 |

| 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 |
| 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

NONE

| | | |
|---------------------------------------|---------------------------------|---|
| Prepared by: Cheri Keller, OFM | Phone: (360) 584-2207 | Date Published: Final 2/19/2024 |
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Individual State Agency Fiscal Note

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|-------------------------------|---|---|
| Bill Number: 2474 S HB | Title: Transitional housing siting | Agency: 103-Department of Commerce |
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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 | 5.7 | 2.9 | 5.0 | 5.0 |
| Account | | | | | |
| General Fund-State 001-1 | 0 | 1,030,286 | 1,030,286 | 1,568,618 | 1,525,818 |
| Total \$ | 0 | 1,030,286 | 1,030,286 | 1,568,618 | 1,525,818 |

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.

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|------------------------------------|-----------------------|------------------|
| Legislative Contact: Jackie Kauble | Phone: 360-786-7125 | Date: 02/09/2024 |
| Agency Preparation: Buck Lucas | Phone: 360-725-3180 | Date: 02/19/2024 |
| Agency Approval: Pouth Ing | Phone: 360-725-2715 | Date: 02/19/2024 |
| OFM Review: Cheri Keller | Phone: (360) 584-2207 | Date: 02/19/2024 |

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.

Differences between the substitute (SHB 2474) and the original bill (HB 2474):

The first substitute bill changes provisions added in the original bill and adds more specific details on the procedures involving Department of Commerce (department) review procedures, including details on application submittal, department review and appeal procedures. The substitute bill lowers the department's assumed staffing and costs assumed for implementation and coordination of this new program.

Summary of SHB 2474:

Section 1 amends RCW 35.21, to require cities to submit zoning ordinances and development regulations that regulate permanent supportive housing, transitional housing, emergency housing and emergency shelters (herein, supportive housing) to the Department of Commerce (department) for a determination of compliance before they go into effect. This section specifies procedures of notice to the department, application procedures, review procedures, appeal procedures, and requirements for department to provide information on the status of determinations of compliance of cities.

Section 2 amends RCW 35.21, to require that cities permitting supportive housing projects offer to participate in a dispute resolution process with the project applicant before making a final decision. If the dispute resolution is unsuccessful or the city issues a final decision of denial or rescission, it must submit all materials related to the project application and decision to the department for review. If the department finds that the final decision by the local government violates certain sections of state regulations, the department may affirm or reverse the final decision and return it to the city for modification or further proceedings. Section 2 further specifies how appeals may be filed, and additional details on the department review and application process.

Sections 3 and 4 amends RCW 35A.21, including the same changes as sections 1 and 2 for code cities.

Section 5 provides that if funding is not provided for this act, it is null and void.

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.

Sections 1-4 Local Government Division:

Assumptions:

- The department assumes it will develop clear guidance of what supportive housing regulations are and are not consistent with state law. The department is currently developing related guidance, as well as a model ordinance that local governments may use to regulate supportive housing types consistent with state law. This material will be complete by June 2024.
- The department assumes it will need to communicate the requirements under this new program and must issue a

determination of compliance before supportive housing regulations go into effect. The department will develop guidance for how supportive housing project permit review will be performed. In addition, it will communicate the new regulations and review procedures for disputed, denied, or rescinded supportive housing type project applications.

- The department assumes it will develop rules related to the review development regulations, regarding timelines, public notice, and decision processes. This will include development of a system for reviewing these types of ordinances and reviewing project permit applications.
- The department assumes this new program will directly increase the need for professional planner staffing and workload impacts for our existing programs. Currently, the department has no staff assigned directly to review supportive housing development regulations, it is encompassed in staff work generally but without specific funding.
- The new program will require much more extensive review of regulations given the department's new authority to determine compliance, include 3.0 FTE with expertise in housing and planning technical assistance for local governments.
- There are a minimum of approximately 230 cities this would apply to, possibly more if this applies to partially planning cities. If every jurisdiction were to submit their regulations together, Commerce would receive on average 58 (or more) regulations per year to review.

1.0 FTE Commerce Specialist 5 (2,088 hours) in FY25-FY29, to lead communication about the review and approval program; develop submission checklists to support clear expectations of department review; supervise and assign submittals, develop guidance and rulemaking, oversee technical assistance, review letters, and coordinate appeals.

2.0 FTE Commerce Specialist 3 (4,176 hours) in FY25-FY29, to review codes, findings of fact based on review, and publish decisions.

0.30 FTE Administrative Assistant 3 (626 hours) in FY25-FY29, to provide necessary administrative support, including communication and publication support, records management, and support appeals and program correspondence.

0.20 FTE Management Analyst 4 (420 hours) in FY25, to assist rulemaking development, administrative and legal support and coordination, outreach and engagement, and leadership for signification agency actions.

Salaries and Benefits:

FY25: \$410,751

FY26-FY29: \$386,620 per fiscal year

Professional Services Contract:

The department will contract with a consultant to augment the current model ordinance work, which will support this program. This includes approximately 250 hours at \$200 per billable hour (\$50,000) in FY25, with additional contract work (\$31,050) for translation support, as needed in FY25, estimated to be \$1,725 per document per English alternative language and for an estimated two documents (\$1,725 x 9 x 2).

FY25: \$81,050

Goods and Services:

The department assumes Assistant Attorney General consultation for guidance and rulemaking development for the new program of \$10,500 in FY25 based on an estimate of 50 hours at \$210 per hour, will be required to complete development guidance and procedures for the review and approval program, including rulemaking, based on an estimate of 50 hours at \$210 per hour. Ongoing legal services in FY26-FY29, based on AAG estimates, for department representation, legal advice related to department final decisions and representation of appeals to the Growth Management Hearings Board are

estimated to be 70 hours AAG consultation at \$14,700 each fiscal year in FY26-FY29.

FY25: \$49,074

FY26-FY29: \$51,354 per fiscal year

Travel Costs:

Includes outreach to communities across the state to provide technical assistance for the new city zoning regulation review program. 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, which includes additional travel in FY25 to support community consultation during the rulemaking and program development process.

FY25: \$5,093

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

Equipment:

Includes new standard workstation for each new staff member, and replacement computers based on the department's standard replacement lifecycle.

FY25: \$15,000

FY29: \$7,200

Intra-agency Reimbursements:

FY25: \$135,137

FY26-FY29: \$127,198 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 Local Government Division Costs:

FY25: \$696,105

FY26-FY28: \$567,647 per fiscal year

FY29: \$574,847

Sections 1-4 – Notices Tracking and Management - Information Services (IS) Impacts

Assumptions:

- The department assumes it will need IS support to update its plan review tracking database and establish and new publication system to promptly publish city 120-day notifications and track submittals for review. The department further assumes additional data and records management for relevant state agency consultation, correspondence and advising with cities.
- The department assumes approximately 25-50 zoning ordinances, development regulations and project permit applications submitted per year. Commerce assumes one planner would be able to review and track approximately 2 new submittals per month and track past ones, assuming each review submittal will come in again for final approval. One planner could review up to 6-10 submittals per year. Therefore, approximately four housing planners are needed for this work with

associated IS updates to assist.

- Additional significant department IS work will be required to initially upgrade its internal planning data system for tracking submitted materials, FY25-FY26, and ongoing maintenance. The department assumes \$50,000 a year for the first two years for immediate IT upgrades for tracking and new workflow for receiving local amendments, department approval processes, certification and tracking of timeline extensions, and the legal appeals of department decisions, and 0.3 FTE for three IT staff to upgrade and maintain the planning data system to implement new requirements.

0.5 FTE IT Business Analyst Expert 3 (1,044 hours) in FY25, and 0.3 FTE (626 hours) in FY26-FY29, for significant system maintenance and upgrades to the plan review data and program tracking system, including major data system upgrades for new programs and ongoing maintenance and periodic upgrades thereafter.

0.5 FTE IT Application Developer 5 (1,044 hours) in FY25, and 0.3 FTE (626 hours) in FY26-FY29, for system maintenance for upgrades to the data and program tracking database.

0.3 FTE IT Customer Support Journey (626 hours) in FY25-FY29, for security, user management, data backups, system/server configuration and management.

Salaries and Benefits:

FY25: \$204,368

FY26-FY29: \$137,670 per fiscal year

Professional Services Contract:

IS consultant contract for data system upgrades in FY25-FY26, each fiscal year.

FY25: \$50,000

FY26: \$50,000

Goods and Services:

FY25: \$12,576

FY26-FY29: \$8,699 per fiscal year

Intra-agency reimbursements:

FY25: \$67,237

FY26-FY29: \$45,293 per fiscal year

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Total Information Services Costs:

FY25: \$334,181

FY26: \$241,662

FY27-FY29: \$191,662 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. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

Total Costs:

FY25: \$1,030,286

FY26: \$809,309

FY27-FY28: \$759,309 per fiscal year

FY29: \$766,509

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 | 1,030,286 | 1,030,286 | 1,568,618 | 1,525,818 |
| Total \$ | | | 0 | 1,030,286 | 1,030,286 | 1,568,618 | 1,525,818 |

III. B - Expenditures by Object Or Purpose

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------------------|---------|-----------|-----------|-----------|-----------|
| FTE Staff Years | | 5.7 | 2.9 | 5.0 | 5.0 |
| A-Salaries and Wages | | 456,382 | 456,382 | 775,284 | 775,284 |
| B-Employee Benefits | | 158,737 | 158,737 | 273,296 | 273,296 |
| C-Professional Service Contracts | | 131,050 | 131,050 | 50,000 | |
| E-Goods and Other Services | | 61,650 | 61,650 | 120,106 | 120,106 |
| G-Travel | | 5,093 | 5,093 | 4,950 | 4,950 |
| J-Capital Outlays | | 15,000 | 15,000 | | 7,200 |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | 202,374 | 202,374 | 344,982 | 344,982 |
| 9- | | | | | |
| Total \$ | 0 | 1,030,286 | 1,030,286 | 1,568,618 | 1,525,818 |

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 Assistant 3 | 54,199 | | 0.3 | 0.2 | 0.3 | 0.3 |
| Administrative Services - Indirect | 111,168 | | 0.9 | 0.5 | 0.8 | 0.8 |
| Commerce Specialist 3 | 84,518 | | 2.0 | 1.0 | 2.0 | 2.0 |
| Commerce Specialist 5 | 98,040 | | 1.0 | 0.5 | 1.0 | 1.0 |
| IT APP Development - Manager | 136,751 | | 0.5 | 0.3 | 0.3 | 0.3 |
| IT Business Analyst - Senior/Specialist | 118,149 | | 0.5 | 0.3 | 0.3 | 0.3 |
| IT Customer Support - Journey | 92,787 | | 0.3 | 0.2 | 0.3 | 0.3 |
| Management Analyst 4 | 88,794 | | 0.2 | 0.1 | | |
| Total FTEs | | | 5.7 | 2.9 | 5.0 | 5.0 |

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.

The proposed legislation will necessitate amendments to Chapter 365-196 WAC, modifications to existing guidance, and likely creating a new section for implementation and guidance outlined in this bill.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2474 S HB

Title: Transitional housing siting

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

Legislation Impacts:

Cities: Indeterminate but potentially significant expenditure impacts due to requiring cities to submit proposed changes for particular zoning ordinances or associated development regulations to the Department of Commerce for compliance; indeterminate costs for amending out-of-compliance ordinances or regulations; and indeterminate expenditures for requiring cities to participate in dispute resolutions. Cities could also have tax revenue withheld for refusing to issue a permit if Commerce makes a final determination that a permit is in compliance.

Counties:

Special Districts:

Specific jurisdictions only:

Variance occurs due to:

Part II: Estimates

No fiscal impacts.

Expenditures represent one-time costs: costs associated with updating compliance ordinances and regulations

Legislation provides local option:

Key variables cannot be estimated with certainty at this time: Number of zoning ordinances or development regulations that cities may change; which cities, if any, will have an ordinance or regulation that Commerce finds to be in violation, requiring amendment; the time it will take cities to amend out-of-compliance ordinances or regulations; the number of permits that cities will rescind or deny; the number of dispute resolution processes cities will have to participate in and the time that each dispute resolution require.

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: Kate Fernald | Phone: 564-200-3519 | Date: 02/16/2024 |
| Leg. Committee Contact: Jackie Kauble | Phone: 360-786-7125 | Date: 02/09/2024 |
| Agency Approval: Tammi Alexander | Phone: 360-725-5038 | Date: 02/16/2024 |
| OFM Review: Cheri Keller | Phone: (360) 584-2207 | Date: 02/17/2024 |

Part IV: Analysis

A. SUMMARY OF BILL

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

This fiscal note compares SHB 2474 to HB 2474.

CHANGES BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

The substitute bill would establish a process for cities to submit zoning ordinances and related development regulations addressing occupancy, spacing, or intensity of use requirements for permanent supportive housing, transitional housing, indoor emergency housing, or indoor emergency shelters to the Department of Commerce (Commerce) for a determination of compliance.

SUMMARY OF CURRENT BILL:

Sec. 1 (1) (a) Before adopting a zoning ordinance and related development regulations addressing the reasonable occupancy, spacing, and intensity of use requirements for permanent supportive housing, transitional housing, indoor emergency housing, and indoor emergency shelters, a city must submit the ordinance and regulations to Commerce for a determination of compliance with RCW 35.21.683, 36.130.020, and, if applicable, 36.70A.070(2)(c).

(b) Any zoning ordinance or related development regulations submitted by a city may not take effect until the department issues a final decision determining that the ordinance and regulations comply with RCW 35.21.683, 36.130.020, and, if applicable, 36.70A.070(2)(c).

(c) The adoption of any zoning ordinance and related development regulations by a city subject to the requirements in this section may not be appealed until the department issues a final decision on compliance. Any appeal of the department's final decision must comply with subsection (6) of this section.

Sec. 1 (2) Notice of intent to apply.

Not less than 120 days prior to applying for a determination of compliance, the city must notify the Commerce in writing that it intends to apply. The department shall review the proposed zoning ordinance and development regulations prior to final adoption by the city and advise the city of the actions necessary to receive a determination of compliance.

Sec. 1 (3) After taking final action to adopt any zoning ordinance and development regulations, a city subject to the requirements in this section must apply for a determination of compliance. A city must submit its application to the department of commerce within 10 days of taking final action. For purposes of this subsection, "action" and "meeting" have the same meanings as in RCW 42.30.020. An application must include, at a minimum, the following:

- A cover letter from the legislative authority requesting a determination of compliance;
- A copy of the adopted ordinance or resolution taking the legislative action or actions required to adopt the ordinance and development regulations;
- A statement explaining how the adopted ordinance and development regulations comply with RCW 35.21.683; and
- A copy of the record developed by the city at any public meetings or public hearings at which action was taken on zoning ordinance and development regulations.

Sec. 1 (5) Within six months of the effective date of this section, the department shall publish a model ordinance that jurisdictions must meet in order to comply with this section.

Sec. 1 (6) Commerce's final decision may be appealed to the Growth Management Hearings Board.

Sec. 1 (8) A city subject to the requirements in this section may not deny a project permit application for permanent supportive housing, transitional housing, indoor emergency housing, or indoor emergency shelters, or approve a project permit application for permanent supportive housing, transitional housing, indoor emergency housing, or indoor emergency shelters with conditions or restrictions that have a substantial adverse impact on the viability of the development, unless one of five conditions is met.

Sec. 1 (9) Commerce may adopt any rules necessary to implement this section.

Sec. 2 requires cities to participate in a dispute resolution process with a project applicant before issuing a final decision on a project permit application for permanent supportive housing, transitional housing, indoor emergency housing, or indoor emergency shelters.

Sec. 3 requires cities to submit the ordinance and regulations to the department of commerce for a determination of compliance with RCW 35A.21.430, 36.130.020, and, if applicable, 36.70A.070(2)(c) before adopting any zoning ordinances and related development regulations.

Sec. 4 would establish that if a city continues its refusal to issue a permit after reversal, then Commerce would be required to notify the State Treasurer to withhold from the city the following revenues until the city complies: the motor vehicle fuel tax, the Transportation Improvement Account, the Rural Arterial Trust Account, the sales and use tax, the liquor profit tax, and the liquor excise tax.

Sec. 5 adds a null and void clause.

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.

CHANGES IN EXPENDITURE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

Cities would be required to: notify Commerce that they would be submitting an application for compliance 120 days before submitting the application; submit the proposed ordinance and regulations to Commerce for a determination of compliance before changing certain zoning or regulations; participate in a dispute resolution process with a project applicant before issuing a final decision on a project permit application; and have received a determination of compliance from Commerce before adopting any zoning ordinances or related development regulations.

EXPENDITURE IMPACTS OF CURRENT BILL:

Cities would experience indeterminate but potentially significant expenditure impacts due to the bill requiring cities to submit proposed changes for particular zoning ordinances or associated development regulations to Commerce for compliance. Out-of-compliance ordinances and regulations would be required to be amended before the city could adopt them. Additionally, cities would also be required to participate in dispute resolution processes before issuing final decisions on certain project permit applications. It is not possible to predict the number of zoning ordinances or development regulations that cities may change; which cities, if any, will have an ordinance or regulation that Commerce finds to be in violation, requiring amendment; the time it will take cities to amend out-of-compliance ordinances or regulations; the number of permits that cities will rescind or deny; nor the number of dispute resolution processes cities will have to participate in and the time that each will require. As such, cities' expenditure impacts are indeterminate but potentially significant.

ILLUSTRATIVE COSTS:

The Local Government Fiscal Note Program's 2024 complex amendment costs are offered below strictly as an example of approximate costs cities could incur if they needed to amend their ordinances as a result of the legislation.

Cities requiring complex ordinance amendments as a result of the legislation could incur approximately \$24,000 in costs per city. Complex ordinance amendments start at approximately \$13,000. That includes work by planning department staff to review local code, draft the ordinances, and prepare staff reports all the way through to passing the ordinance by the city council. Cities could incur another \$6,000 for the SEPA project checklist review that would be conducted concurrently with drafting the ordinance. The SEPA project checklist review would be complete by the time the city council adopted the ordinance. Cities could incur additional costs if the amendments required a zoning change component. Cost estimates for amending zoning and land use maps, as well as creating digitally accessible and physical copies of those maps, would add another \$5,000 to cities' expenditures. This equates to roughly \$24,000 in costs per impacted city.

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.

CHANGES IN REVENUE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

The substitute would direct Commerce to notify the State Treasurer to withhold particular tax revenue from a city if a city refuses to issue a permit after Commerce's determination that the permit is in compliance.

REVENUE IMPACTS OF CURRENT BILL:

Cities could have their motor vehicle fuel tax, the Transportation Improvement Account, the Rural Arterial Trust Account, the sales and use tax, the liquor profit tax, and the liquor excise tax revenue withheld if a city's final permit denial is reversed by Commerce but the city continues to refuse to issue the permit. The number of cities that would continue to refuse to issue a permit in the future cannot be predicted in advance, so the revenue impact is indeterminate.

SOURCES:

Association of Washington Cities

Association of Washington Cities, Salary Survey (2023)

Department of Commerce, Evaluation of Planning Costs Report (Jan. 2023)

Local Government Fiscal Note Program, Review of HB 1923 (2019)