

Multiple Agency Fiscal Note Summary

Bill Number: 5554 SB	Title: Historic landmark desig.
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Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other			2,872,600						
Local Gov. Other	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Local Gov. Total			2,872,600						

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	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	2025-27			2027-29			2029-31		
	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

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Individual State Agency Fiscal Note

Bill Number: 5554 SB	Title: Historic landmark desig.	Agency: 103-Department of Commerce
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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: Karen Epps	Phone: 360-786-7424	Date: 01/30/2025
Agency Preparation: Erin LaLonde	Phone: (360) 725-4060	Date: 01/31/2025
Agency Approval: Erin LaLonde	Phone: (360) 725-4060	Date: 01/31/2025
OFM Review: Marie Davis	Phone: (360) 890-1163	Date: 02/02/2025

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 adds a new chapter to RCW 35.21 to require all cities to adopt regulations which prevent the designation of property as a historic landmark if it is less than 40 years old, if the designation would restrict the use of the property and an agreement from the property owner has not been received. These new restrictions do not apply if the property is within a historic district established through a local preservation ordinance.

Section 2 adds a new chapter to RCW 35A.21 to require all code cities to adopt regulations which prevent the designation of property as a historic landmark if it is less than 40 years old, if the designation would restrict the use of the property and an agreement from the property owner has not been received. These new restrictions do not apply if the property is within a historic district established through a local preservation ordinance.

Section 3 provides protections from SEPA appeal for cities and code cities.

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.

The Department of Commerce (Department) assumes no fiscal impact from SB 5554

Sections 1 and 2 of the bill creates requirements for all cities and code cities. Cities planning under the Growth Management Act (GMA) may contact their Department regional planner for support in the implementation of this bill, which may be achieved within existing resources.

For illustrative purposes, the Department estimates that each of its 12 regional planners may spend 20 hours each fiscal year on historic preservation technical assistance in support of local government inquiries, which equates to \$19,569 each fiscal year.

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5554 SB

Title: Historic landmark desig.

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

Legislation Impacts:

Cities: \$2,236,600 for all cities and code cities to review existing code, revise development regulations for residential and mixed-use zones, and adopt the ordinance required by this act.

Counties:

Special Districts:

Specific jurisdictions only:

Variance occurs due to:

Part II: Estimates

No fiscal impacts.

Expenditures represent one-time costs: Ordinance adoption costs.

Legislation provides local option:

Key variables cannot be estimated with certainty at this time: The scale and complexity of amending local code to conform to the requirements of this act; potential legal costs for cities that do not adopt the ordinance required by this act.

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

Jurisdiction	FY 2026	FY 2027	2025-27	2027-29	2029-31
County	2,872,600		2,872,600		
TOTAL \$	2,872,600		2,872,600		
GRAND TOTAL \$					2,872,600

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

Part III: Preparation and Approval

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 02/03/2025
Leg. Committee Contact: Karen Epps	Phone: 360-786-7424	Date: 01/30/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/03/2025
OFM Review: Marie Davis	Phone: (360) 890-1163	Date: 02/04/2025

Part IV: Analysis

A. SUMMARY OF BILL

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

The proposed legislation would require all cities and code cities to prohibit historic landmark designations in residential and mixed-use zones if the property is less than 40-year-old or if a designation would restrict the use, alteration, or demolition without the owner's written consent. All cities and code cities would be required to adopt these regulations into local code within one year of the effect date of this act. An exemption is provided for landmarks within established historic districts.

Sec. 1 would amend 35.A.21 RCW such that cities must adopt or amend by ordinance the development regulations, zoning regulations, preservation ordinances or other official controls to include new historic landmark designation regulations for residential and mixed-use zones. Cities would be prohibited from designating historic landmark in these zones if the property is less than 40-year-old or if a designation would restrict the use, alteration, or demolition without the owner's written consent. Cities must adopt these new ordinances within one year of the effective date of this act. If a city or code city has not adopted or amended ordinances, regulations, or other official controls to implement the requirements, the requirements apply, take effect, and supersede, preempt, and invalidate any conflicting local regulations.

Sec. 2 would amend 35.21 RCW such that code cities must adopt an ordinance with the same requirements as Sec. 1 within timeframe.

Sec. 3 would amend 43.21C.495 RCW such that actions taken by cities and code cities to enact the ordinance in Sec. 1 and Sec. 2 would not be subject to administrative or judicial appeals under the State Environmental Policy Act.

This act would go into effect 90 days after the session in which the bill is passed.

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.

This proposed legislation would have determinate and indeterminate impacts.

The act would require all cities and code cities to prohibit historic landmark designations in residential and mixed-use zones if the property is less than 40-year-old or if a designation would restrict the use, alteration, or demolition without the owner's written consent. All cities (15) and code cities (197) would be required to adopt an ordinance that amends local code for these changes to development regulations as well as zoning regulations and historic preservation ordinances (if applicable) within one year of the effect date of this act.

There would be at least \$2,872,600 (see calculation below) for all cities and code cities to review existing code, revise development regulations for residential and mixed-use zones, and adopt the ordinance required by this act. For cities that have more extensive regulations around historic preservation such as integration with zoning regulations and historic preservation ordinances, they would likely have higher costs to review and cross-reference updates to local code to conform to this act.

Determinate costs:

-- Review and amendment of existing development regulations: \$203,250 for cities and \$2,669,350 for code cities.

City and code city costs by year:

FY2026:	\$2,872,600
FY2027:	\$0
FY2028:	\$0
FY2029:	\$0
FY2030:	\$0

FY2031: \$0
Total: \$2,872,600

Indeterminate factors that could impact costs related to the adoption of ordinances required by this act:

- The scale and complexity of amending local code to conform to the requirements of this act. Cities that have historical preservation ordinances and zoning maps that integrate historic districts would likely have higher costs.
- In some cities, existing local code may already substantially conform to the requirements of this act, and in these cities the work to amend existing local historical landmark code could be less than what is estimated by this fiscal note.
- It is unclear if these jurisdictions would incur any legal costs based upon codes that do not conform to the required code measures.

Impact of Sec. 1 and Sec. 2:

Ordinance development and adoption:

Adopting an ordinance to amend or include new regulations into local code would include the work of a planner drafting and vetting code amendments with the planning team, followed by reviews by the planning manager, director, and attorney. Public input would be gathered during at least one of two planning commission and two council meetings, supported by staff reports, public notices, and meeting minutes prepared by the council clerk. Meeting minutes are required for all meetings, and question and feedback received from the public. Staff present at meetings, not including members of the council, include administrators, attorneys, clerks, additional department staff (such as the public works director), planning director, and security officers.

This work would likely start at the costs estimated by the Local Government Fiscal Note Program Unit Cost Model (2025) to adopt a complex ordinance with a hearing of the same complexity, which are \$10,550 for each city. This work would also require a non-project State Environmental Policy Act (SEPA) review checklist, which is estimated to cost approximately \$3,000 per city. Costs may be higher in cities that would need to amend zoning regulations and historic preservation ordinances, or make changes to existing zoning maps used by the public or for internal use to determine which areas of the city the new ordinance applies to.

There are 197 code cities and 15 first- and second-class cities that would be required to adopt ordinances under this act.

Code cities: $197 \times \$13,550 = \$2,669,350$

Cities: $15 \times \$13,550 = \$203,250$

Baseline assessments

Review of existing development regulations to identify where the new statutory language must be integrated. The city attorney may conduct an initial review of the new state requirements and identify needed changes in the development regulations. For cities with historic landmark regulations within existing zoning code, historic preservation ordinances, and zoning maps that integrate historic preservation boundaries there would likely be ore work.

Issue identification and concepts

Development of a zoning framework which incorporates the new development regulation and updates any cross-references that pertain to historic landmark regulations based on internal feedback from the planning team and the city attorney. The zoning framework would then be presented in a planning commission workshop meeting, and the final draft of code concepts would be finalized.

Code preparation and adoption

Conduct a draft code amendment meeting in a planning commission workshop. The planning team would then prepare any revisions to the historical landmark development regulations to allow for the prohibitions of historic landmarks less than

40-years old and when a designation would restrict the use, alteration, or demolition without the owner's written consent. Included in this work is a non-project SEPA review checklist for determination of environmental impact, if any. The draft final code amendments would be presented to the city council and adopted after a planning commission public hearing and city council public hearing.

Legal Challenges for Noncompliance with this Act

It is currently unknown if all cities and counties that would be required to adopt new historic landmark designation requirements and any development or zoning regulations into their municipal code would do so before the deadline.

In these jurisdictions, the provisions would automatically apply and take effect. It is unclear if these jurisdictions would incur any legal costs based upon codes that do not conform to the required code measures. Such costs cannot be anticipated in advance and are indeterminate.

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.

There would be no revenue impact associated with this act.

SOURCES:

Association of Washington Cities, Salary Survey (2024)

City of Castle Rock Municipal Code

City of Olympia Municipal Code

City of Pateros Municipal Code

Local Government Fiscal Note Program, FN 1293 HB (2023)

Local Government Fiscal Note Program, Unit Cost Model (2025)

Municipal Research and Services Center, City and Town Classification

Senate Bill Report, 5554 SB (2025)