

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2158 HB	<b>Title:</b> Urban growth area boundaries
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## 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
Department of Commerce	.4	118,158	118,158	118,158	.0	0	0	0	.0	0	0	0
Environmental and Land Use Hearings Office	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.4</b>	<b>118,158</b>	<b>118,158</b>	<b>118,158</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

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

**Prepared by:** Cheri Keller, OFM

**Phone:**  
(360) 584-2207

**Date Published:**  
Final 1/25/2024

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2158 HB	<b>Title:</b> Urban growth area boundaries	<b>Agency:</b> 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	0.7	0.4	0.0	0.0
<b>Account</b>					
General Fund-State      001-1	5,250	112,908	118,158	0	0
<b>Total \$</b>	5,250	112,908	118,158	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: Serena Dolly	Phone: 360-786-7150	Date: 01/18/2024
Agency Preparation: Buck Lucas	Phone: 360-725-3180	Date: 01/23/2024
Agency Approval: Pouth Ing	Phone: 360-725-2715	Date: 01/23/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/23/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 2 adds a new section to RCW 36.70A, requiring a city or county planning under the Growth Management Act (GMA) to expand its Urban Growth Area (UGA) to include all parcels that meet certain criteria outlined in detail in this new section. In addition, this new section requires that, if a parcel meets the criteria for expansion of UGA boundaries, then the city or county must authorize certain types of residential development.

Section 3 amends RCW 36.70A.110, of the GMA, adding the requirements for fully planning counties and cities to include the new criteria for parcels and UGA boundaries described in Section 2 of this bill.

Section 4 amends RCW 36.70A.130, of the GMA, adding the requirement for a counties and cities to accommodate the parcel and UGA boundary requirements in Section 2 of this bill, when reviewing and revising their 20-year UGA projection

### 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.*

Assumptions:

Sections 2-4 – Local Government Division

- The Department of Commerce (department) will update its guidance and technical assistance materials for counties and cities planning under the Growth Management Act (GMA), and incorporating new guidance on developing Urban Growth Area (UGA) boundaries, densities and parcels that meet the criteria in Section 1 of this bill.
- There are no timelines for implementation under this bill, however, for purposes of this fiscal note, the department assumes it will start immediate guidance review and revisions to provide technical assistance for counties and cities, and staff support in FY25 to complete updates to its GMA technical assistance for counties and cities, including staff coordination for rulemaking to revise existing UGA planning guidance for local governments.
- The department assumes it will immediately need to begin work on the technical assistance update, considering the periodic update work required currently under RCW 36.70A.130 for review and revision of UGAs, and will require Assistant Attorney General resources to begin the rulemaking process.

0.3 FTE Commerce Specialist 3 (626 hours) in FY25, to review to provide initial technical assistance and guidance updates, including outreach with stakeholder counties and cities on UGA reviews, densities and criteria in Section 2 of this bill.

0.3 FTE Management Analyst 4 (626 hours) in FY25, to provide coordination and support for rulemaking and guidance updates, outreach and engagement.

Salaries and Benefits:

FY25: \$70,864

Goods and Services:

The department assumes Assistant Attorney General consultation for guidance and rulemaking development for the new program of \$5,250 in FY24 based on an estimate of 25 hours at \$210 per hour, and \$10,500 in FY25, will be required to complete rulemaking, based on an estimate of 50 hours at \$210 per hour.

FY24: \$5,250

FY25: \$16,255

Travel Costs:

Includes outreach to communities across the state to provide technical assistance and outreach for UGA planning for counties and cities impacted statewide. FY25 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 support of community consultation.

FY25: \$2,475

Intra-agency Reimbursements:

FY25: \$23,314

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:

FY24: \$5,250

FY25: \$112,908

**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	5,250	112,908	118,158	0	0
<b>Total \$</b>			5,250	112,908	118,158	0	0

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.7	0.4		
A-Salaries and Wages		51,993	51,993		
B-Employee Benefits		18,871	18,871		
C-Professional Service Contracts					
E-Goods and Other Services	5,250	16,255	21,505		
G-Travel		2,475	2,475		
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		23,314	23,314		
9-					
<b>Total \$</b>	5,250	112,908	118,158	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
Administrative Services - Indirect	111,168		0.1	0.1		
Commerce Specialist 3	84,518		0.3	0.2		
Management Analyst 4	88,794		0.3	0.2		
<b>Total FTEs</b>			0.7	0.4		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.*

Amend Chapter 365-196 WAC, in order for the department to revise local government GMA guidance on UGA development.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2158 HB	<b>Title:</b> Urban growth area boundaries	<b>Agency:</b> 468-Environmental and Land Use Hearings Office
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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: Serena Dolly	Phone: 360-786-7150	Date: 01/18/2024
Agency Preparation: Dominga Soliz	Phone: 3606649173	Date: 01/19/2024
Agency Approval: Dominga Soliz	Phone: 3606649173	Date: 01/19/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 01/22/2024

## 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.*

Sections 2, 3, and 4, of this bill require cities and counties planning under the Growth Management Act to expand their urban growth areas to include those areas with common boundaries and roads, provided the parcel to be included meets the criteria for inclusion, to accommodate more growth.

Whether areas should be included in an urban growth area or can be supported by urban services is a frequent area of litigation before the Growth Management Hearings Board (GMHB). However, ELUHO anticipates that any increase in petitions as a result of this bill can be absorbed by the GMHB.

### 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.*

None

### 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.*

None

## 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

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:** 2158 HB

**Title:** Urban growth area boundaries

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

### Legislation Impacts:

- Cities: Cities would have to review the residential parcels at the border of their urban growth areas, and if necessary, expand these borders.
- Counties: Same as above for counties.
- Special Districts:
- Specific jurisdictions only: Only impacts counties, and the cities within those counties, that fully plan under the Growth Management Act.
- Variance occurs due to:

## Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: Number of cities that would require the urban growth area boundary expansion; cost to revise existing planning and countywide planning documents.

### Estimated revenue impacts to:

None

### Estimated expenditure impacts to:

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

## Part III: Preparation and Approval

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 01/24/2024
Leg. Committee Contact: Serena Dolly	Phone: 360-786-7150	Date: 01/18/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/24/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/25/2024

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

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

This legislation would require counties and cities to revise urban growth area (UGA) boundaries and establishes a mandatory up zone of certain residential parcels in the newly expanded UGA, so long as provision of urban services conditions are met.

Sec. 2 would be a new chapter added to 36.70A establishing that a UGA expansion would be required for any parcel that shares a common boundary with, or is located across the road from, a residential parcel with access to urban services. A mandatory up zone would be required so that the newly residential zone is be equal to the adjacent parcel's density so long as the UGA expansion was permitted.

This act would take effect 90 days after the adjournment of the session in which it 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 legislation would have significant indeterminate costs for cities and counties that plan under the Growth Management Act (GMA). All counties that fully plan under the GMA would be required to conduct some analysis of the affected urban growth area (UGA) boundary expansion and revise the UGAs as necessary, in consultation with any affected city. Estimated costs are greater than \$16.5 million (city estimate: 12.2 million + county estimate: \$4.3 million) over three fiscal years, but these costs are heavily dependent on the number of cities that determine if a UGA revision would be necessary, especially if they have comprehensive plans due by December 31, 2024.

The Washington State Association of Counties (WSAC) provided an estimate of \$20,000 per UGA on average. This work would involve the analysis for the various parcels bordering the existing urban growth area boundary. Local legislative action would need to be taken to adopt the changes through notice and hearings with the planning commission and then the legislative authority. These maps would need to be updated and published. These actions would need to be taken for each UGA and costs would also vary based on the size of the UGA and the number of UGAs in the county. County costs could therefore be estimated as, at least 218 UGAs x \$20,000 in costs = \$4,360,000

For illustrative purposes the Local Government Fiscal Note program provides assumptions and cost estimates cities using estimates provided by the Association of Washing Cities and select cities. Depending on the number of impacted cities this act may have costs in excess of \$12.2 million over three fiscal years. The true scope and scale of this act is difficult to determine.

For Jurisdictions with Comprehensive Plans due in December 2024:

For GMA planning jurisdictions that are underway with their next periodic comprehensive plan update due in December 2024, these capacity increases would create inconsistencies with adopted Urban Capacity Growth Reports and the updated growth targets in these reports. It also means they would also likely be inconsistent with current plans under review and environmental analyses underway to develop State Environmental Policy Act (SEPA) environmental impact statements (EIS) to support their comprehensive plans. This could create cascading impacts for development regulations such as categorical exemptions for infill development that are underpinned by the jurisdiction's EIS. Revisions to correct the countywide planning policies and required land analysis could be both costly and time consuming, causing downstream effects for other types of planning efforts. Some of these aspects are estimated below but are generally indeterminate and jurisdiction specific.

**IMPACT OF SEC. 2 FOR CITIES:**

Local Government Fiscal Note Program Assumptions:

The analysis costs below assume the following about cities impacted by this act:

--Every fully planning city except for those that are completely surrounded by other UGAs (189) would conduct the initial spatial analysis and determine urban services boundaries.

--50% of each county in the Buildable Lands Program (50) would require amendments to land analysis. The same jurisdictions (50) would be required to conduct revisions to countywide planning policies,

--At least 25% of the cities with comprehensive plans due by December 31, 2024 (22) would need to revise SEPA EIS or provide a Supplemental EIS.

--In total, 95 cities would adopt revised UGA boundaries.

This act would require, at minimum:

--Spatial analysis and coordination between long-range planning, community development, public works, and the geographic information systems departments of cities and counties. This work may require the assistance of consultants, in-whole or in-part, depending on the internal capacity of the planning department. Costs would start at \$20,000 to \$45,000 per city, depending on the provision urban services to parcels at the UGA boundary.

For illustrative costs: Cities would experience costs starting at \$5,205,000. These costs would be incurred by the next comprehensive update submission deadline, starting in FY25 until FY27.

--Harmonization of countywide planning policies, city and county joint plans, Buildable Lands Urban Growth Capacity Reports, land analysis, and State Environmental Policy Act (SEPA) environmental impact statements. This act would require cities and counties impacted by this legislation to coordinate on predetermined population growth targets, urban growth development trends through capital facilities to support urban services, the land capacity of previous zoned lands which would have higher increased residential density, and reassess the environmental impact of non-project actions that underpin jurisdiction's comprehensive plans. This includes development regulations such as SEPA categorical exemptions for infill development. These documents must be internally consistent with one another. The costs associated with updating these plans cannot be known in advance.

However, for illustrative costs: estimated costs would start at \$4,800,000 for cities. These costs would occur from FY25 to FY27.

--Once the initial analysis and the effect of the boundary revisions on existing policies were amended there would be further costs for the planning and geospatial information services departments to draft the boundary revision and increased density ordinance for the new UGA boundary that includes ordinance for up-zones for any parcels that are affected. The ordinance would also include the preparation of amended zoning and land maps for Planning Commission and City Council (Council) or the Board of County Commissioners (BoCC). Expenses also include the staff reports, legal counsel review of the language of the ordinance, notifications about the boundary revision. There would be at least two Planning Commission and two Council or BoCC meetings, at least one public hearing for discussion and one for passage of the ordinances, publication of ordinance, and updating digital and physical documents. Drafting and passing the ordinance would have costs starting at \$25,000 per city-- although jurisdictions indicate that there is usually significant public interest in expanding the UGA. In these instances there would be additional public meeting costs, which the Local Government Fiscal Note program estimates to cost cities as approximately \$1,500 per meeting.

**FOR ILLUSTRATIVE PURPOSES:**

Cost by Jurisdiction:

Costs for cities:

Initial analysis (\$20,000) only = \$20,000 x 94 cities = \$1,880,000,

Above costs + UGA border upzoning analysis (\$15,000) + ordinance adoption (\$25,000) = \$60,000 x 47 cities = \$2,820,000,

Above costs + adjustments of existing plans (\$25,000) + updates to CPPs (\$25,000) = \$110,000 x 26 cities = \$2,600,000,

Above costs + revised SEPA EIS or Supplemental EIS (\$100,000) = \$210,000 x 22 cities = \$4,620,000,

Total estimated city costs: \$1,880,000 + \$2,820,000 + \$2,600,000 + \$4,620,000 = \$12,180,000

## **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.*

This legislation is not anticipated to impact local government revenue.

### **SOURCES:**

Association of Washington Cities

Association of Washington Cities, Salary Survey (2023)

House Bill Analysis, HB 2158 (2024)

Local Government Fiscal Note Program, FN HB 1402 (2023)

Local Government Fiscal Note Program, FN HB 1110 (2023)

Local Government Fiscal Note Program, Unit Cost Model

Washington State Association of Counties