

Fiscal Estimate Narratives

DOA 2/16/2016

| | | | | | |
|---|------------------|---------------------|---------------|---------------|-----------------|
| LRB Number | 15-3936/1 | Introduction Number | SB-464 | Estimate Type | Original |
| Description Government actions affecting rights to real property; the regulation of shoreland zoning; the substitution of hearing examiners in contested cases; and the property tax treatment of unoccupied property | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

Senate Bill 464 makes changes to the regulation of property rights and shoreland zoning by providing: procedural protections related to restrictions on the sale, purchase, development or occupancy of real property and individual notice requirements; and vested rights. The bill requires courts to resolve ambiguity in a matter involving a zoning ordinance or shoreland zoning ordinance in favor of the free use of private property, and a supermajority vote to downzone a property. It also defines undeveloped land for property tax purposes and allows for the substitution of hearing examiners in contested case hearings.

Under the bill, permit and associated fee revenue for local governments could be reduced and costs associated with providing notice to certain landowners may be increased. The Department has insufficient information to estimate the amounts. Therefore, the local estimate is indeterminate.

Under the bill, an individual who has applied for a contract, permit, or other approval that is the subject of a contested case hearing for which the Department of Administration (Department) Division of Hearings and Appeals (Division) has assigned a hearing examiner/Administrative Law Judge (ALJ) would be permitted to file a written request for a substitution of a new hearing examiner. SB 464 would authorize substitution requests to all of the Division's Chapter 227 hearings, which approximate 9,000 annually. The ten-day period for filing a request for a substitution could cause delays in the hearing timeline, causing cases to exceed the permissible timeframes (for example, for federal Foodshare and Medicaid hearings). The Division estimates that, at minimum, 250 cases per year would need to be reassigned, with attendant changes to staff and case scheduling.

Tracking the requests for substitute ALJ and the attendant changes to schedules would require an additional 0.5 Legal Associate, plus approximately one hour per week of the Division Administrator's time, for a total staff cost of approximately \$34,700, with an additional \$5,300 for printing and notices associated with schedule and ALJ substitutions.

In addition, the Division's case management system would need to be reprogrammed to accommodate the increase in schedule changes. It is estimated that these revisions would cost approximately \$10,000.

Long-Range Fiscal Implications

The additional staff and supplies costs (\$40,000) are estimated to be permanent and ongoing.

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

| | |
|---|--|
| LRB Number 15-3936/1 | Introduction Number SB-464 |
| Description Government actions affecting rights to real property; the regulation of shoreland zoning; the substitution of hearing examiners in contested cases; and the property tax treatment of unoccupied property | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The Division's case management system would need to be reprogrammed to accommodate the increase in schedule changes. It is estimated that these revisions would cost approximately \$10,000. | |
| II. Annualized Costs: | Annualized Fiscal Impact on funds from: |
| | Increased Costs Decreased Costs |
| A. State Costs by Category | |
| State Operations - Salaries and Fringes | \$34,700 |
| (FTE Position Changes) | (0.5 FTE) |
| State Operations - Other Costs | 5,300 |
| Local Assistance | 0 |
| Aids to Individuals or Organizations | 0 |
| TOTAL State Costs by Category | \$40,000 |
| B. State Costs by Source of Funds | |
| GPR | 0 |
| FED | 0 |
| PRO/PRS (20.505(4)(kp)) | 40,000 |
| SEG/SEG-S | 0 |
| III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.) | |
| | Increased Rev |
| | Decreased Rev |
| GPR Taxes | \$0 |
| GPR Earned | 0 |
| FED | 0 |
| PRO/PRS | 0 |
| SEG/SEG-S | 0 |
| TOTAL State Revenues | \$0 |
| NET ANNUALIZED FISCAL IMPACT | |
| | <u>State</u> |
| | <u>Local</u> |
| NET CHANGE IN COSTS | \$40,000 |
| NET CHANGE IN REVENUE | \$0 |
| Agency/Prepared By | Authorized Signature |
| DOA/ Kris Frederick (608) 261-2292 | Colleen Holtan (608) 266-1359 |
| | Date |
| | 2/16/2016 |