

Multiple Agency Fiscal Note Summary

| | |
|-----------------------------|--------------------------------|
| Bill Number: 1445 HB | Title: Small businesses |
|-----------------------------|--------------------------------|

Estimated Cash Receipts

| Agency Name | 2005-07 | | 2007-09 | | 2009-11 | |
|--|--|-------|-----------|-------|-----------|-------|
| | GF- State | Total | GF- State | Total | GF- State | Total |
| Department of Social and Health Services | Non-zero but indeterminate cost. Please see discussion." | | | | | |
| Total \$ | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------------------|---|--|--|--|--|--|
| Local Gov. Courts * | Non-zero but indeterminate cost. Please see discussion. | | | | | |
| Local Gov. Other ** | | | | | | |
| Local Gov. Total | | | | | | |

Estimated Expenditures

| Agency Name | 2005-07 | | | 2007-09 | | | 2009-11 | | |
|--|---|-------------|-------------|---------|-------------|-------------|---------|-------------|-------------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Office of Administrator for the Courts | Non-zero but indeterminate cost. Please see discussion. | | | | | | | | |
| Department of Financial Institutions | 1.1 | 0 | 176,794 | 1.1 | 0 | 176,794 | 1.9 | 0 | 314,074 |
| Office of Financial Management | .3 | 57,284 | 57,284 | .3 | 51,384 | 51,384 | .3 | 51,384 | 51,384 |
| Washington State Gambling Commission | 1.0 | 0 | 121,800 | 1.0 | 0 | 121,800 | 1.0 | 0 | 121,800 |
| Department of Revenue | .2 | 39,100 | 39,100 | .2 | 36,800 | 36,800 | .2 | 36,800 | 36,800 |
| Office of Insurance Commissioner | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Liquor Control Board | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Utilities and Transportation Commission | .4 | 0 | 58,926 | 2.9 | 0 | 475,359 | 2.9 | 0 | 475,359 |
| Department of Labor and Industries | .0 | 0 | 0 | 8.6 | 38,463 | 1,334,533 | 16.5 | 68,394 | 2,289,358 |
| Department of Licensing | 2.3 | 86,689 | 331,777 | 2.2 | 81,968 | 313,693 | 2.2 | 81,969 | 313,693 |
| Department of Social and Health Services | Non-zero but indeterminate cost. Please see discussion. | | | | | | | | |
| Department of Health | 5.5 | 840,000 | 979,000 | 5.2 | 771,000 | 909,000 | 5.2 | 756,000 | 892,000 |
| Department of Transportation | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Department of Ecology | 9.4 | 1,942,944 | 1,942,944 | 8.5 | 1,693,550 | 1,693,550 | 7.4 | 1,465,970 | 1,465,970 |
| Department of Natural Resources | 1.0 | 68,600 | 172,500 | 1.0 | 65,600 | 163,600 | 1.0 | 65,600 | 163,600 |
| Department of Agriculture | 1.0 | 132,000 | 132,000 | 1.0 | 126,000 | 126,000 | 1.0 | 126,000 | 126,000 |
| Total | 22.2 | \$3,166,617 | \$4,012,125 | 32.0 | \$2,864,765 | \$5,402,513 | 39.6 | \$2,652,117 | \$6,250,038 |

| | | | | | | |
|---------------------|---|--|--|--|--|--|
| Local Gov. Courts * | Non-zero but indeterminate cost. Please see discussion. | | | | | |
| Local Gov. Other ** | | | | | | |
| Local Gov. Total | | | | | | |

The Office of Financial Management fiscal note is the estimated cost of the new Small Business Advisory Committee. The legislation gives no indication of which agency will staff the committee.

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Prepared by: Robin Campbell, OFM

Phone:

360-902-0575

Date Published:

Final 3/7/2005

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Judicial Impact Fiscal Note

| | | |
|-----------------------------|--------------------------------|---|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 055-Office of Administrator for Courts |
|-----------------------------|--------------------------------|---|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

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.

| | | |
|---------------------------------|-----------------------|------------------|
| Legislative Contact: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Julia Appel | Phone: (360) 705-5229 | Date: 02/11/2005 |
| Agency Approval: Jeff Hall | Phone: 360-357-2131 | Date: 02/23/2005 |
| OFM Review: Garry Austin | Phone: 360-902-0564 | Date: 02/23/2005 |

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

A small business that is adversely affected or aggrieved by final agency action under a rule subject to the section is entitled to judicial review within one year of final agency action.

II. B - Cash Receipts Impact

There is no data available to determine the cash receipts impact of this bill.

II. C - Expenditures

There is no data available to determine how many actions might be brought under this bill. Therefore, the expenditure impact is indeterminate.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--------------------------------|---|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 102-Dept of Financial Institutions |
|-----------------------------|--------------------------------|---|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

| | | | | | |
|-----------------|--|--|--|--|--|
| FUND | | | | | |
| | | | | | |
| Total \$ | | | | | |

Estimated Expenditures from:

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--|---------|---------|---------|---------|---------|
| FTE Staff Years | 1.1 | 1.1 | 1.1 | 1.1 | 1.9 |
| Fund | | | | | |
| Financial Services Regulation Account-Non-Appropriated 300-6 | 88,397 | 88,397 | 176,794 | 176,794 | 314,074 |
| Total \$ | 88,397 | 88,397 | 176,794 | 176,794 | 314,074 |

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: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Nick Klucarich | Phone: (360) 902-8780 | Date: 02/11/2005 |
| Agency Approval: Michael Schmidlkofer | Phone: 360-902-8792 | Date: 02/15/2005 |
| OFM Review: Doug Jenkins | Phone: 360-902-0563 | Date: 02/15/2005 |

Request # 2005-06-1

Part II: Narrative Explanation

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

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

HB 1445 AN ACT Relating to regulatory fairness for small businesses.

Section 2. (4) The expanded definition of the term "rule" to include all statements of general applicability would broaden the scope of criteria from which the Department currently utilizes to determine issuance of a small business economic impact statement (SBEIC).

Section 7. (1) and (2). Under these subsections the Department is instructed to:

1. Beginning July 1, 2009 to "review all agency rules existing at the time of enactment..."
2. Review all rules adopted after enactment "within five years of the publication of the final rule and every five years thereafter."

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

This bill does not have a revenue provision.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The Department estimates the bill's expanded definition of the term "rule" would require the Department to issue 24 additional SBEICs annually: each SBEIC would require a Financial Legal Examiner 3 20 staff hours to complete for a total of 480 hours or .23 FTE.

The Department estimates the five year review of all rules adopted after enactment to be .5 FTE Financial Legal Examiner 3; the initial and ongoing review process of all existing rules beginning July 1, 2009 would require 1.0 FTE Financial Legal Examiner 3.

Administrative overhead is calculated at 15% of divisional FTEs. Salaries and benefits for administrative overhead are estimated utilizing a Financial Analyst 2 as a composite position to represent all administrative support positions.

Benefits are estimated at 25% of salaries.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--------------------------------------|----------|----------|-----------|-----------|-----------|
| FTE Staff Years | 1.1 | 1.1 | 1.1 | 1.1 | 1.9 |
| A-Salaries and Wages | 64,929 | 64,929 | 129,858 | 129,858 | 230,968 |
| B-Employee Benefits | 16,232 | 16,232 | 32,464 | 32,464 | 57,742 |
| C-Personal Service Contracts | | | | | |
| E-Goods and Services | 7,236 | 7,236 | 14,472 | 14,472 | 25,364 |
| G-Travel | | | | | |
| J-Capital Outlays | | | | | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| Total: | \$88,397 | \$88,397 | \$176,794 | \$176,794 | \$314,074 |

III. B - 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 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|----------------------------|--------|---------|---------|---------|---------|---------|
| Division Director | 91,308 | 0.2 | 0.2 | 0.2 | 0.2 | 0.4 |
| Financial Analyst 2 | 34,932 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 |
| Financial Legal Examiner 3 | 57,252 | 0.7 | 0.7 | 0.7 | 0.7 | 1.2 |
| Total FTE's | | 1.1 | 1.1 | 1.1 | 1.1 | 1.9 |

Part IV: Capital Budget Impact

This bill does not impact capital budget.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

This bill does not require new rules.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--------------------------------|---|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 105-Office of Financial Management |
|-----------------------------|--------------------------------|---|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

| | | | | | |
|-----------------|--|--|--|--|--|
| FUND | | | | | |
| | | | | | |
| Total \$ | | | | | |

Estimated Expenditures from:

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Fund | | | | | |
| General Fund-State 001-1 | 31,592 | 25,692 | 57,284 | 51,384 | 51,384 |
| Total \$ | 31,592 | 25,692 | 57,284 | 51,384 | 51,384 |

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: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Robin Campbell | Phone: 360-902-0575 | Date: 02/11/2005 |
| Agency Approval: Aaron Butcher | Phone: 360-902-0406 | Date: 03/07/2005 |
| OFM Review: Robin Campbell | Phone: 360-902-0575 | Date: 03/07/2005 |

Part II: Narrative Explanation

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

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 8 of this legislation establishes the Small Business Advisory Committee. The bill is silent on the governance aspect of this committee – there is no indication of which agency will staff the committee.

This fiscal note estimates a level of staffing for the advisory committee regardless of the agency. Unless the committee is staffed by the Office of Financial Management (OFM), there is no fiscal impact to OFM.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The Small Business Advisory Committee is charged with reviewing small business economic impact statements prepared by state agencies in conjunction with establishing non-emergency rules.

According to the Office of the Code Reviser, in the past three years agencies have filed between 550 and 640 non-emergency rules. There is no information on how many of these rules required small business economic impact statements. For the purpose of this fiscal note, it is assumed between 20 and 25 percent, or approximately 130, small business impact statements would need to be reviewed each year.

Although rules are not filed evenly throughout the year, there are at least a minimal number of rules filed each month, requiring potential monthly review of impact statements. The committee is assumed to meet one day each month. No compensation or travel is allowed in the legislation. It is assumed the committee would meet in a state agency conference room, so no costs are estimated for these meetings.

It is assumed that an economic analyst 3 with expertise in small businesses would staff the board. This person is assumed to spend approximately four hours reviewing and preparing information for the committee on each impact statement. In addition, the staff would spend eight hours each month in general preparation for the meeting and in follow up actions after the meeting. This computes to 616 hours, or approximately one-third of an FTE.

Costs include a one-time expenditure for equipment.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--------------------------------------|----------|----------|----------|----------|----------|
| FTE Staff Years | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| A-Salaries and Wages | 18,060 | 18,600 | 36,660 | 37,200 | 37,200 |
| B-Employee Benefits | 3,792 | 3,852 | 7,644 | 7,704 | 7,704 |
| C-Personal Service Contracts | | | | | |
| E-Goods and Services | 2,880 | 2,880 | 5,760 | 5,760 | 5,760 |
| G-Travel | 360 | 360 | 720 | 720 | 720 |
| J-Capital Outlays | 6,500 | | 6,500 | | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| Total: | \$31,592 | \$25,692 | \$57,284 | \$51,384 | \$51,384 |

III. B - 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 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--------------------|--------|---------|---------|---------|---------|---------|
| Economic Analyst 3 | 60,180 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Total FTE's | | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--------------------------------|---|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 117-Washington State Gambling Comm |
|-----------------------------|--------------------------------|---|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

| | | | | | |
|-----------------|--|--|--|--|--|
| FUND | | | | | |
| | | | | | |
| Total \$ | | | | | |

Estimated Expenditures from:

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|---|---------|---------|---------|---------|---------|
| FTE Staff Years | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Fund | | | | | |
| Gambling Revolving Account-Non-Appropriated 884-6 | 60,900 | 60,900 | 121,800 | 121,800 | 121,800 |
| Total \$ | 60,900 | 60,900 | 121,800 | 121,800 | 121,800 |

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: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Cally Cass | Phone: (360) 486-3579 | Date: 02/15/2005 |
| Agency Approval: Neal Nunamaker | Phone: (360) 486-3452 | Date: 02/15/2005 |
| OFM Review: Doug Jenkins | Phone: 360-902-0563 | Date: 02/16/2005 |

Part II: Narrative Explanation

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

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Current law requires an economic impact statement for proposed rules that have a significant effect on small businesses.

Sec. 2 (4) expands the definition of rules to include each agency statement of general applicability that implements, interprets, or prescribes law or policy, or describes the organization, procedure, or practice requirements of an agency. In addition, Sec. 2 (5) expands the definition of small business to include those with gross sales of less than six million dollars annually.

Section 4 of the bill requires a small business impact statement for any rule that may have an adverse impact on small businesses, as well as significantly increasing the amount of information required in that statement. Some of the information requested will not be readily available to the agency. One example is the information required in (1)(d), which includes the cost per employee, cost per hour of labor, or cost per one hundred dollars of sales. Section 5 requires a regulatory flexibility analysis prior to the adoption of any rule on or after July 1, 2005. Section 7 will require that each agency review all existing rules by July 2009, and every five years thereafter, in order to minimize economic impacts on small businesses.

Sec. 6 newly entitles a small business that is adversely affected by agency action to a judicial review of agency compliance with this section; and Sec. 8 mandates a review of small business economic impact statements by the newly created small business advocacy committee.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

This bill has no impact on agency revenue.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

One Full Time Equivalent is necessary under the proposal in order to support the expanded process and criteria for economic impact statements, and ongoing rules review process. The FTE would be responsible for coordinating the process, meeting with staff and stakeholders, researching and drafting for economic impact statements and flexibility analyses, and rewriting the rules in plain, understandable language that help achieve our goals of reducing impacts on small businesses.

Current staff will absorb the additional hours necessary for review and processing of the rules. In addition, there is a high probability that "routine" rule requests and petitions will decrease due to the ongoing rules review, and the simplification of the rules themselves.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--------------------------------------|----------|----------|-----------|-----------|-----------|
| FTE Staff Years | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| A-Salaries and Wages | 42,600 | 42,600 | 85,200 | 85,200 | 85,200 |
| B-Employee Benefits | 11,100 | 11,100 | 22,200 | 22,200 | 22,200 |
| C-Personal Service Contracts | | | | | |
| E-Goods and Services | 5,200 | 5,200 | 10,400 | 10,400 | 10,400 |
| G-Travel | 2,000 | 2,000 | 4,000 | 4,000 | 4,000 |
| J-Capital Outlays | | | | | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| Total: | \$60,900 | \$60,900 | \$121,800 | \$121,800 | \$121,800 |

III. B - 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 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--------------------|--------|---------|---------|---------|---------|---------|
| WMS 1 | 42,600 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Total FTE's | | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

There will be more frequent rule changes with a continuing rules review process.

Department of Revenue Fiscal Note

| | | |
|-----------------------------|--------------------------------|--|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 140-Department of Revenue |
|-----------------------------|--------------------------------|--|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

| | | | | | |
|-----------------|--|--|--|--|--|
| FUND | | | | | |
| | | | | | |
| Total \$ | | | | | |

Estimated Expenditures from:

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|----------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Fund | | | | | |
| GF-STATE-State 001-1 | 20,700 | 18,400 | 39,100 | 36,800 | 36,800 |
| Total \$ | 20,700 | 18,400 | 39,100 | 36,800 | 36,800 |

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: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Byron Angel | Phone: 360-570-6071 | Date: 02/16/2005 |
| Agency Approval: Don Gutmann | Phone: 360-570-6073 | Date: 02/16/2005 |
| OFM Review: Doug Jenkins | Phone: 360-902-0563 | Date: 02/16/2005 |

Part II: Narrative Explanation

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

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Note: This fiscal note reflects a revision to the expenditure impact section.

The bill revises the requirements of current law to consider the effects of regulatory actions on small businesses. Under current law, an agency must prepare a small business economic impact statement (SBEIS) when a rule imposes more than minor costs on a small business.

Sec.1 of the bill states legislative findings regarding the regulatory impact on small businesses.

Sec. 2 of the bill provides new definitions for terms used in the statute. These include an expanded definition of "rule" that includes any agency statement of general applicability that implements, interprets, or prescribes law or policy. It also expands the definition of small business to include businesses with gross annual sales of less than \$6 million.

Sec. 3 of the bill corrects cross-references.

Sec. 4 of the bill restates many existing requirements of law for a small business economic impact statement (SBEIS). It also changes the standard for when an SBEIS is required from rules that impose "more than minor costs" on businesses to rules that "have an adverse impact" on small businesses. It adds a new requirement that the SBEIS identify and provide an estimate of the number of small businesses subject to the rule and requires an SBEIS to describe any less costly or intrusive regulatory alternatives.

Sec. 5 of the bill requires an agency to consider certain listed alternative regulatory approaches that could minimize the burden on small businesses. These methods mirror methods described in current law with the addition of establishing performance standards in place of design or operational standards. The bill requires this analysis for every rule, even if an SBEIS is not required.

Sec. 6 provides a right of appeal for a small business that is adversely affected by agency action. The appeal must be filed within one year of agency action.

Sec. 7 of the bill requires an agency to review all existing rules to determine whether they comply with the requirements regarding small businesses. Rules adopted after August 1, 2005 must also be reviewed within every five years to determine continued compliance.

Sec. 8 creates a small business advocacy committee with four legislative members and three representatives from small businesses. This committee will review agency SBEISs and may recommend that the Joint Administrative Rules Review Committee hold a hearing if they perceive the agency action to accommodate small businesses to be insufficient.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

This bill has no revenue impact.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

To implement this legislation, the Department will incur approximately \$39,100 during the 2005-2007 Biennium. Fiscal year 2006 costs include:

1. 0.01 FTE at the Research Analyst 2 level (representing 16 hours) to develop a form to be used by staff to document compliance with regulatory flexibility analysis requirements.
2. 0.23 FTE at the Tax Policy Specialist 3 level broken down as follows: 180 hours for review of each rule/ETA/PTA adopted or repealed each year to prepare a regulatory flexibility analysis, and 250 hours for review to determine whether the rules should be amended or repealed consistent with the stated objective of chapter 19.85 RCW.

The Department will incur ongoing costs of approximately \$18,400 during fiscal year 2007 and approximately \$36,800 during the 2007-2009 and 2009-2011 Biennia. Ongoing costs relate to the Tax Policy Specialist 3 discussed above.

Without an appropriation to cover the expenditure impact, the Department may not be fully able to implement the legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| FTE Staff Years | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| A- | 13,900 | 13,500 | 27,400 | 27,000 | 27,000 |
| B- | 3,500 | 3,400 | 6,900 | 6,800 | 6,800 |
| E- | 1,600 | 1,500 | 3,100 | 3,000 | 3,000 |
| J- | 1,700 | | 1,700 | | |
| Total \$ | \$20,700 | \$18,400 | \$39,100 | \$36,800 | \$36,800 |

III. B - 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 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|-------------------------|--------|------------|------------|------------|------------|------------|
| RESEARCH ANALYST 2 | 34,932 | 0.0 | | 0.0 | | |
| TAX POLICY SPECIALIST 3 | 58,656 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Total FTE's | | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |

Part IV: Capital Budget Impact

NONE.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No costs.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--------------------------------|---|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 160-Office of Insurance Commissioner |
|-----------------------------|--------------------------------|---|

Part I: Estimates

No Fiscal Impact

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: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Kacy Scott | Phone: (360) 725-7041 | Date: 02/10/2005 |
| Agency Approval: Kacy Scott | Phone: (360) 725-7041 | Date: 02/15/2005 |
| OFM Review: Doug Jenkins | Phone: 360-902-0563 | Date: 02/15/2005 |

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--------------------------------|---|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 195-Liquor Control Board |
|-----------------------------|--------------------------------|---|

Part I: Estimates

No Fiscal Impact

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: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Angela Leach-Jayroe | Phone: 360-664-1690 | Date: 02/13/2005 |
| Agency Approval: Pat Kohler | Phone: 360-664-1703 | Date: 02/28/2005 |
| OFM Review: Tristan Wise | Phone: 360-902-0546 | Date: 02/28/2005 |

Part II: Narrative Explanation

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

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Sec. 2 Defines an agency rule to include agency policies as well as adopted rules, and defines small business to include an amount of gross annual sales as well as number of employees.

Sec. 4 Requires a small business economic impact statement for any rule that may have an impact on small business rather than "will impose" more than minor costs.

Sec. 5 Requires an agency to prepare a regulatory flexibility analysis before adopting any rule. The analysis must consider methods that reduce to impact on small business, performance standards that could replace design or operational standards, and an exemption for small business from operation of the rule.

Sec. 7 Requires a review of all agency rules every five years beginning July 1, 2009.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Of the rules adopted by the Liquor Control Board, only a couple in recent years have required a small business economic impact statement. An increased level of rules review based on broader definitions of "rule" and "small business", and an increase in the number of rules or policies that may require a flexibility analysis is an increase in workload that is spread over the various divisions of the agency.

The Board completes approximately 6 rule making per year. The effort involved in each rule making varies depending on the complexity of the issue being addressed and the controversy generated by the topic. The on-going rules review will increase the workload for existing staff but it's anticipated that these functions will be able to be absorbed within existing staff at this time.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--------------------------------|--|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 215-Utilities and Transportation Comm |
|-----------------------------|--------------------------------|--|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

| | | | | | |
|-----------------|--|--|--|--|--|
| FUND | | | | | |
| | | | | | |
| Total \$ | | | | | |

Estimated Expenditures from:

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|---|---------|---------|---------|---------|---------|
| FTE Staff Years | 0.4 | 0.4 | 0.4 | 2.9 | 2.9 |
| Fund | | | | | |
| Public Service Revolving Account-State 111-1 | 29,463 | 29,463 | 58,926 | 475,359 | 475,359 |
| Total \$ | 29,463 | 29,463 | 58,926 | 475,359 | 475,359 |

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: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Kim Rogers | Phone: 360-664-1153 | Date: 02/16/2005 |
| Agency Approval: Debra Wilhelmi | Phone: 360-664-1205 | Date: 02/22/2005 |
| OFM Review: Deborah Feinstein | Phone: 360-902-0614 | Date: 02/22/2005 |

Part II: Narrative Explanation

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

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill would increase agency rulemaking costs. It would expand the number of proceedings subject to the requirement by eliminating a de minimis exception and expanding the definition of small businesses, and it would clearly specify necessary steps in preparing a small business economic impact statement. It would require that agencies conduct a regulatory flexibility analysis demonstrating consideration of alternative rule provisions for small businesses, and it would require a rules review beginning in 2009 of all rules effective at the time the bill is enacted. It would provide the right to litigate compliance with the bill to any small business "adversely affected or aggrieved by final agency action.". Finally, it would create a small business advocacy committee comprised of legislators and small business owners who will review agency Small Business Economic Impact Statements (SBEISs) and recommend rules on which JAARC should hold hearings.

Current practice at UTC incorporates SBEISs for every rule making. Therefore, no incremental costs.

Sec. 2(4) Defines "rule" more broadly than APA definitions.

2(6) expand the definition of small business to include not only those with 50 or fewer employees but also those with "annual gross sales" of less than \$6 million.

Agency assumes that businesses that qualify as a small business under the proposed definition would maintained on a centralized list that would be available to all state agencies.

Sec. 4 expands the application of the rule from rulemakings that "will impose more than minor costs" on small business to those that "may" impose any costs. Added requirements include identification and estimate of the number of small businesses subject to the proposed rule and a description of any less intrusive or costly methods of achieving the purpose of the rule, or a reasonable justification for not doing so. The bill would remove the exemption from SBEIS requirements for rules completed through the pilot rule-making process.

Current practice at UTC incorporates SBEISs for every rule making. Therefore, no incremental costs.

Sec. 5(1) requires a Regulatory Flexibility Analysis prior to the adoption of any proposed rule after July 1, 2005.

Sec. 5(2) requires the agency to notify JAARC prior to adoption of any rule that "may have an adverse effect on small business and requires JAARC to "advise and assist" agencies in complying with this section.

Costs are based on an incremental increase of hours. Agency assumes that a Regulatory Flexibility Analysis will be done for every rule making, extending the rule making process by eighty (80) hours, including any necessary communications with JAARC.

Sec. 6 entitles any small business that is "adversely affected or aggrieved" by "final agency action" to judicial review of agency compliance within one year of the final agency action.

It is assumed that this will add additional Attorney General costs, but it is unknown if any such judicial reviews will be needed.

Sec. 7 requires agencies to review rules beginning in 2009 for compliance with provisions of the bill; it is similar to a provision in the current law requiring a review beginning in 1982.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Costs are based on an incremental increase of hours. Agency assumes that a cost benefit analysis will be done for every rule making, extending the rule making process by eighty (80) hours in Section 5.

Section 7 - Per an Executive Order by Governor Locke, there had been a review of these rules done starting in 1996 and completed in 1999. Based on that experience we estimate a similar review starting in 2009, which would take 5 FTE over a two year period.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--------------------------------------|----------|----------|----------|-----------|-----------|
| FTE Staff Years | 0.4 | 0.4 | 0.4 | 2.9 | 2.9 |
| A-Salaries and Wages | 17,633 | 17,633 | 35,266 | 306,268 | 306,268 |
| B-Employee Benefits | 4,687 | 4,687 | 9,374 | 66,285 | 66,285 |
| C-Personal Service Contracts | | | | | |
| E-Goods and Services | 2,679 | 2,679 | 5,358 | 93,878 | 93,878 |
| G-Travel | 4,464 | 4,464 | 8,928 | 8,928 | 8,928 |
| J-Capital Outlays | | | | | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| Total: | \$29,463 | \$29,463 | \$58,926 | \$475,359 | \$475,359 |

III. B - 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 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|------------------------------|--------|---------|---------|---------|---------|---------|
| Legal Secretary 3 | 36,264 | | | | 0.3 | 0.3 |
| Office Assistant Senior | 28,560 | | | | 0.3 | 0.3 |
| Policy Research Specialist 2 | 51,240 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Regulatory Analyst 2 | 53,136 | | | | 0.3 | 0.3 |
| Regulatory Analyst 3 | 58,032 | | | | 1.0 | 1.0 |
| Review Judge | 64,008 | | | | 0.5 | 0.5 |
| Senior Policy Strategist | 63,900 | | | | 0.3 | 0.3 |
| Total FTE's | | 0.4 | 0.4 | 0.4 | 2.9 | 2.9 |

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--------------------------------|---|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 235-Department of Labor and Industries |
|-----------------------------|--------------------------------|---|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

| | | | | | |
|-----------------|--|--|--|--|--|
| FUND | | | | | |
| | | | | | |
| Total \$ | | | | | |

Estimated Expenditures from:

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--|---------|---------|---------|-----------|-----------|
| FTE Staff Years | 0.0 | 0.0 | 0.0 | 8.6 | 16.5 |
| Fund | | | | | |
| General Fund-State 001-1 | 0 | 0 | 0 | 38,463 | 68,394 |
| Public Safety and Education Account-State 02V-1 | 0 | 0 | 0 | 2,598 | 3,904 |
| Asbestos Account-State 03B-1 | 0 | 0 | 0 | 62 | 94 |
| Electrical License Account-State 095-1 | 0 | 0 | 0 | 66,806 | 118,618 |
| Worker and Community Right-to-Know Account-State 163-1 | 0 | 0 | 0 | 215 | 330 |
| Public Works Administration Account-State 234-1 | 0 | 0 | 0 | 10,715 | 19,066 |
| Accident Account-State 608-1 | 0 | 0 | 0 | 733,660 | 1,266,542 |
| Medical Aid Account-State 609-1 | 0 | 0 | 0 | 469,679 | 790,488 |
| Plumbing Certificate Account-State 885-1 | 0 | 0 | 0 | 3,115 | 5,528 |
| Pressure Systems Safety Account-State 892-1 | 0 | 0 | 0 | 9,220 | 16,394 |
| Total \$ | 0 | 0 | 0 | 1,334,533 | 2,289,358 |

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: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Carmen N Moore | Phone: 360-902-4206 | Date: 02/10/2005 |
| Agency Approval: Chris P Freed | Phone: 360-902-6698 | Date: 02/17/2005 |
| OFM Review: Deborah Feinstein | Phone: 360-902-0614 | Date: 02/18/2005 |

Part II: Narrative Explanation

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

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

See Attached.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

none.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

See Attached.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--------------------------------------|---------|---------|---------|-------------|-------------|
| FTE Staff Years | | | | 8.6 | 16.5 |
| A-Salaries and Wages | | | | 757,157 | 1,441,032 |
| B-Employee Benefits | | | | 192,241 | 365,876 |
| C-Personal Service Contracts | | | | | |
| E-Goods and Services | | | | 232,561 | 465,122 |
| G-Travel | | | | 8,664 | 17,328 |
| J-Capital Outlays | | | | 143,910 | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| Total: | \$0 | \$0 | \$0 | \$1,334,533 | \$2,289,358 |

III. B - 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 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|------------------------------|--------|---------|---------|---------|---------|---------|
| Admin Regs Anal 1 | 42,588 | | | | 2.5 | 5.0 |
| Admin Regs Anal 2 | 49,380 | | | | 1.5 | 3.0 |
| Economic Analyst 2 | 46,992 | | | | 1.3 | 2.5 |
| Ind Hygiene Spec 4 | 50,592 | | | | 0.8 | 1.5 |
| Industrial Ins Underwriter 4 | 40,512 | | | | 1.0 | 2.0 |
| ITAS 4 | 57,252 | | | | 0.3 | |
| Research Analyst 2 | 34,932 | | | | 0.5 | 1.0 |
| S&H Spec 4 | 46,992 | | | | 0.8 | 1.5 |
| Total FTE's | | | | | 8.6 | 16.5 |

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Part II: Explanation

Beginning July 1, 2009, the agency shall review all agency rules existing at the time of the enactment (August 1, 2005), to determine whether the rules should continue without change, be amended or rescinded. Rules adopted after the effective date of this bill shall be reviewed every five years thereafter to ensure that they minimize economic impact on small businesses.

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

THE FOLLOWING SECTIONS ARE INDETERMINATE:

Section 4: Requires the agency to identify and estimate the number of small businesses subject to a proposed rule. Currently the agency is only required to identify industries. Since the agency has no clear way to determine “gross annual sales” data for small businesses, any additional costs for this are indeterminate.

Section 6: Allows a small business adversely affected or aggrieved by final agency action to seek judicial review, but limits that right to seek review to one year from the date of final agency action. Because this is a new requirement the number of requests for review is impossible to estimate. Therefore, these costs are indeterminate.

Section 8: This section creates a small business advocacy committee. If this committee were to require agencies to hold an additional hearing, hearing costs could double, however, it is unknown what issues might require an additional hearing for L&I. Therefore, this analysis doesn't incorporate any additional hearing costs.

THE FOLLOWING ARE SECTIONS THAT WE CAN DETERMINE FISCAL IMPACT:

Section 2: The definition of rule. “Each agency statement of general applicability *without regard to its designation* that implements, *interprets...*” This definition is expanded by this bill. L&I has about 6100 WAC sections that fall under this definition of rule. It is also assumed that all of the agency's policy and interpretive statements (Provider Bulletins, WISHA Regional Directives and Employment Standards Policies), which are published in the Washington State Register are also included in this definition.

It is assumed that the following are **not** included in the definition of rule: Permits, Licenses, Registrations, Variances, and other Legal Granting Devices, Internal Operating Procedures, Letters of Interpretation, Memoranda/Correspondence, Technical Bulletins, Frequently Asked Questions, Posters, Other General Information Provided to Assist Workers and Businesses. However, if they were considered to be part of the definition this would increase the number of rules the agency would be required to review which would result in the need for additional resources and FTEs beyond what is mentioned.

Section 7: Requires that all agency rules existing as of August 1, 2005, and all rules thereafter, be reviewed every five years. This new requirement would increase administration costs within the agency to establish an administrative rule review process based on the expanded definition of rule and the newly established timeframe.

This bill is effective July 1, 2009.

It is assumed this bill requires Labor & Industries to conduct rule review, but that rulemaking would not be required.

II. B – Cash Receipt Impact

None.

II. C – Expenditures

Assumption:

L&I has 6100 rules (WAC sections.) This bill would require L&I to review all rules which have an economic impact on more than twenty percent of all industries or ten percent of the businesses in any one industry every 5 years.

Currently, one L&I Admin Regulations Analyst can complete 5 rulemakings per year. It is estimated that 15 rules are contained within each rulemaking. It is estimated that one Admin Regulations Analyst would be able to review about 75 rules per year.

(5 rulemakings x 15 rules = 75 rules per year for one FTE)

Because rule review is estimated to take half the time as rulemaking, it is further estimated that one full time Administrative Regulations Analyst could review twice as many rules or 150 rules per year. Also, because of the nature and complexity of L&I's rules, it would be necessary, in some divisions, to have technical staff particular to that division review their rules. It is assumed their review rate would be the same as an Administrative Regulations Analyst. (150 rules per year)

In order to meet the newly established timeframe for rule review, the department will need the following FTEs:

Administrative Services:

- 2.5 Economic Analyst 2 FTEs would review each rule specifically looking at their economic impact to small business. As necessary, these FTEs will look at each rule to ensure that they minimize economic impact on small business in a manner consistent with the Regulatory Fairness Act, chapter 19.85 RCW. The research required to produce a Small Business Economic Impact Statement requires an employee trained in economic and statistical theory. In order to conduct this analysis an individual must develop a theory of the economic environment in which an industry operates, and then take that information to develop a theory as to how a regulation will impact that industry. This requires knowledge of microeconomic and macroeconomic theory as well as statistical theory so that basic samples can be used to make assumptions about an entire population of businesses. It is assumed that an Economic Analyst 2 can do approximately 60 reviews with the needed Small Business Economic Impact Statement per year.
- 1.0 Research Analyst 2 FTE would assist with coordination of the rule review and help track the rule review.

Specialty Compliance Services:

- 2.0 Administrative Regulations Analyst 2 FTEs. SCS currently estimates 1,530 "rules" (1,479 rules and 51 policies) that would need reviewing under this bill. Using the estimated 150 rules per year/per FTE (1,530 rules to review divided by 5 years divided by 150 rules per year = 2 FTE

WISHA Services:

- 2.0 Administrative Regulations Analyst 1 FTEs are needed to review the general application/industry specific requirements and coordinate the review process.
- 1.5 Safety & Health Specialist 4 FTEs to review safety rules.
- 1.5 Industrial Hygiene 4 FTEs to review hygiene rules.

WISHA has approximately 3,400 WAC rules and 116 published policies. (3,516 "rules" divided by 5 years divided by 150 rules per year = 4.69 or 5 FTEs.)

Insurance Services:

- 2.0 Industrial Insurance Underwriter 4 FTEs would be needed to conduct studies and rule review

Because of the nature, complexity and size of the Insurance Services program rules, the 150 rules per year per FTE estimations could not be used to estimate the number of staff needed. Instead the review standard is estimated to be 100 a year per FTE due to needing to complete classification studies. It is estimated that the rule review requirement would triple the number of class studies that are done on our classification rules. Current staff is able to complete approximately three a year. A study can take a minimum of 6 months and often a year to complete.

- 4.0 Administrative Regulations Analyst 1 FTEs would be needed to review other rules. Approximately 3,000 rules to review divided by five years divided by 150 rules per year = 4.0 FTEs).

Information Services:

Rules Tracking System Costs

A tracking system would also need to be established to monitor when and how rules are reviewed. A new .Net database intranet system would need to be built. This would be a database system that would track rules so that they could be reviewed.

- 2.0 ITAS 4 FTEs working for about four months to create a database system to track the rules so that they could be reviewed. It is assumed that no incremental costs would be needed for equipment or other resources

Indirect Costs

In addition to the direct costs estimates with this decision package, L&I included funding to cover agency wide indirect costs for the Administrative Services and Information Services programs. For Insurance Services a rate of 6.7 percent in Fiscal Year 2006 and a rate of 7.0 percent in Fiscal Year 2007. For WISHA Services a rate of 1.9 percent in Fiscal Year 2006 and a rate of 1.6 percent in Fiscal Year 2007. And for Specialty Compliance Services a rate of 1.9 percent for Fiscal Year 2006 and a rate of 1.5 percent for Fiscal Year 2007 and beyond is applied to cost estimates for FTEs and the standard costs associated with the addition of new FTEs, the exception being the cost of equipment purchases. These indirect rates for programs are based on the cost allocation methodology adopted by L&I in 2003 (with the funding realignment approved in the 2004 Supplemental budget) and the model update completed in July 2004.

Depending on the needs of the agency, activities covered by the indirect funding include the handling and processing of vendor payments and payroll; equipment purchase, delivery, inventory, storage and set-up; technical assistance to employees; desk-top and network support; internal IT systems support; contract administration; legislative services

and public affairs; library; public disclosure; personnel and employee services; budget; accounting; facilities management; and other indirect support services functions.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

Individual State Agency Fiscal Note

Revised

| | | |
|-----------------------------|--------------------------------|--|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 240-Department of Licensing |
|-----------------------------|--------------------------------|--|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

| | | | | | |
|-----------------|--|--|--|--|--|
| FUND | | | | | |
| Total \$ | | | | | |

Estimated Expenditures from:

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|---|---------|---------|---------|---------|---------|
| FTE Staff Years | 2.3 | 2.2 | 2.3 | 2.2 | 2.2 |
| Fund | | | | | |
| General Fund-State 001-1 | 45,703 | 40,986 | 86,689 | 81,968 | 81,969 |
| Architects' License Account-State 003-1 | 2,765 | 2,479 | 5,244 | 4,956 | 4,956 |
| Cemetery Account-State 004-1 | 1,189 | 1,067 | 2,256 | 2,134 | 2,134 |
| Professional Engineers' Account-State 024-1 | 14,152 | 12,689 | 26,841 | 25,378 | 25,378 |
| Real Estate Commission Account-State 026-1 | 42,001 | 37,660 | 79,661 | 75,319 | 75,318 |
| Master License Account-State 03N-1 | 44,695 | 40,074 | 84,769 | 80,148 | 80,148 |
| Uniform Commercial Code Account-State 04E-1 | 14,134 | 12,674 | 26,808 | 25,348 | 25,348 |
| Real Estate Appraiser Commission Account-State 06G-1 | 6,002 | 5,378 | 11,380 | 10,756 | 10,756 |
| Funeral Directors And Embalmers Account-State 227-1 | 2,939 | 2,635 | 5,574 | 5,270 | 5,270 |
| Geologists' Account-State 298-1 | 1,347 | 1,208 | 2,555 | 2,416 | 2,416 |
| Total \$ | 174,927 | 156,850 | 331,777 | 313,693 | 313,693 |

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: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Haiping Zhang | Phone: (360) 902-4082 | Date: 02/16/2005 |
| Agency Approval: Larry Dzieza | Phone: 360-902-3633 | Date: 02/16/2005 |
| OFM Review: Garry Austin | Phone: 360-902-0564 | Date: 02/16/2005 |

Part II: Narrative Explanation

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

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

See Attachment

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| FTE Staff Years | 2.3 | 2.2 | 2.3 | 2.2 | 2.2 |
| A-Salaries & Wages | 96,129 | 95,026 | 191,155 | 190,052 | 190,052 |
| B-Employee Benefits | 25,755 | 25,504 | 51,259 | 51,008 | 51,008 |
| C-Personal Serv Contr | | | | | |
| E-Goods and Services | 32,269 | 31,222 | 63,491 | 62,232 | 62,232 |
| G-Travel | 3,405 | 3,405 | 6,810 | 6,810 | 6,810 |
| J-Capital Outlays | 17,160 | 2,006 | 19,166 | 4,012 | 4,012 |
| M-Inter Agency Fund Transfers | | | | | |
| N-Grants, Benefits Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursement | | | | | |
| T-Intra-Agency Reimbursement | | | | | |
| Total: | \$174,718 | \$157,163 | \$331,881 | \$314,114 | \$314,114 |

III. B - 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 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|-------------------------|--------|---------|---------|---------|---------|---------|
| Board FTE | | | | | | |
| Financial Analyst 2 | 40,512 | 0.2 | 0.1 | 0.2 | 0.1 | 0.1 |
| IT Systems Specialist 4 | 57,252 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Management Analyst 2 | 39,492 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Total FTE's | | 2.3 | 2.2 | 2.3 | 2.2 | 2.2 |

III. C - Expenditures By Program (optional)

| Program | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|
| Mgmt & Support Services (100) | 10,729 | 9,678 | 20,407 | 19,356 | 19,356 |
| Information Services (200) | 10,615 | 9,115 | 19,730 | 18,230 | 18,230 |
| Vehicle Services (300) | | | | | |
| Driver Services (600) | | | | | |
| Business and Professions (700) | 153,268 | 138,264 | 291,532 | 276,528 | 276,528 |
| Total \$ | 174,612 | 157,057 | 331,669 | 314,114 | 314,114 |

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Part II: Explanation

This bill requires that, prior to the adoption of any proposed rule that may have an adverse impact on small businesses, each agency shall prepare a small business economic impact statement.

This bill requires that, prior to the adoption of any proposed rule on and after July 1, 2005, each agency shall prepare a regulatory flexibility analysis in which the agency shall, where consistent with health, safety, and environmental and economic welfare, consider utilizing regulatory methods that will accomplish the objectives of applicable statutes while minimizing adverse impact on small businesses.

This bill requires that, beginning July 1, 2009, each agency shall review all agency rules existing at the time of the enactment to determine whether the rules should continue without change, or should be amended or rescinded, consistent with the stated objectives of this act.

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

Section 3 (3) – This legislation doesn't apply to the adoption of a rule described in RCW 34.05.310 (4) (f)¹.

Section 4 - Requires an agency to prepare a "Small Business Economic Impact Statement" (SBEIS) on any rule that may have an adverse impact on small business.

Section 5 - Require agencies to solicit ideas and comments to minimize adverse impact on small business.

Section 7 – Requires agencies to review all existing rules beginning July 1, 2009.

Section 12 - This legislative act takes effective August 1, 2005.

Business and Professions division (BPD) proposes and adopts about 12 rule packages each year. Six of these are adopting fees, which this bill does not apply to as stated in Section 3 (3). That leaves 6 proposed rules that could have a burdensome impact on small businesses. BPD assumes that the division would have to prepare an SBEIS for each of these 6 rule proposals.

| <u>Workload Indicator</u> | <u>FY 06</u> | <u>FY 07</u> | <u>05-07 Total</u> | <u>07-09 Total</u> | <u>09-11 Total</u> |
|-----------------------------|--------------|--------------|--------------------|--------------------|--------------------|
| Prepare SBEIS's for 6 bills | 6 | 6 | 12 | 12 | 12 |

II. B – Cash Receipt Impact

There is no revenue impact to the department.

II. C – Expenditures

This bill requires agencies to prepare a "Small Business Economic Impact Statement" (SBEIS) on any rule that may have an adverse impact on small business.

Based on BPD's previous records, it took at least 625 staff hours (or 0.3 FTE) to develop one SBEIS. The department estimates that it will take two management analysts 2 to develop six SBEIS per fiscal year.

The department assumes that three of the six rules relate to regulatory board programs and the rules hearing would have to be held by the board. The department also assumes that it costs an average of \$1500 per rule proposal for the board hearing related costs.

¹ RCW 34.05.310 (4) (f): "Rules that set or adjust fees or rates pursuant to legislative standards".
Department of Licensing

Travel cost has been included to cover the travel expenses needed for the board meetings.

Printing and postage costs are included for producing and distributing the new forms and guidelines.

48 hours of Attorney General (AG) costs are included. The department assumes that 4 hours of AG's cost per SBEIS at 6 per year for a total of 24 hours to advise and review rules. An additional 8 hours per SBEIS would be needed for each board program to attend hearings, meetings, etc. It is assumed that half of the six SBEIS would be board programs for a total of 24 hours.

In addition to the direct costs associated with this fiscal note, DOL included funding to cover agency wide indirect costs. Based on the cost allocation methodology adopted by DOL in 1999 (with funding realignment approved in the 2000 and 2002 Supplemental budgets as well as funding realignment requested in the 2004 Supplemental budget) administrative support is provided to the agency at a rate of 12 percent of the direct program costs proposed in this decision package. This 12 percent is split 7 percent for Management and Support Services functions and 5 percent for Information Services functions. These costs are allocated in object E to cover agency wide handling and processing of vendor payments; equipment purchase, delivery, storage and set-up; technical assistance to employees; desktop support; contract administration; security; handling of mail; and other indirect support services functions as needed. Thus, the total 2005-07 cost for the decision package is: direct (Business & Professions) program cost \$300,748 + information services direct cost \$8,379 + administrative indirect \$21,052 + information services indirect \$15,038 = \$345,217.

The amount received in either Management Support Services or Information Services may not be sufficient to actually hire a new staff person. However, depending on the needs of the division this indirect funding could be used to pay current staff for overtime or extending or increasing the use of temporary and seasonal employees. Expenditures of these types are reflected as FTE usage in the statewide AFRS reports.

Support services functions covered by the indirect FTEs include the handling and processing of vendor payments; equipment purchase, delivery, inventory, storage and set-up; technical assistance to employees; desk-top support; contract administration; handling of mail; personnel and payroll related tasks; and, other indirect support services functions.

Part III: Expenditure Detail

III. A – Expenditures by Object or Purpose

| | FY 06 | FY 07 | 05-07 Total | 07-09 Total | 09-11 Total |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| FTE Staff Years | 2.3 | 2.2 | 2.3 | 2.2 | 2.2 |
| Salaries and Wages | 96,129 | 95,026 | 191,155 | 190,052 | 190,052 |
| Employee Benefits | 25,755 | 25,504 | 51,259 | 51,008 | 51,008 |
| Personal Service Contracts | | | | | |
| Goods and Services | 32,216 | 31,169 | 63,385 | 62,232 | 62,232 |
| Travel | 3,405 | 3,405 | 6,810 | 6,810 | 6,810 |
| Equipment | 17,160 | 2,006 | 19,166 | 4,012 | 4,012 |
| Inter Agency Fund Transfers | | | | | |
| Grants and Subsidies | | | | | |
| Debt Service | | | | | |
| Interagency Reimbursement | | | | | |
| Intra-Agency Reimbursement | | | | | |
| Other | | | | | |
| Total | 174,665 | 157,110 | 331,775 | 314,114 | 314,114 |

III. A (1) – Detail of Expenditures by Sub-Object for Goods & Services

| Object E Breakdown: | FY 06 | FY 07 | 05-07 Total | 07-09 Total | 09-11 Total |
|-------------------------------|---------------|---------------|--------------------|--------------------|--------------------|
| EA Office Supplies | 1,591 | 1,591 | 3,182 | 3,182 | 3,182 |
| EN Personnel Services | 509 | 509 | 1,018 | 1,018 | 1,018 |
| EB Postage | 8,100 | 8,100 | 16,200 | 16,200 | 16,200 |
| EF Printing | 378 | 378 | 756 | 756 | 756 |
| EB Phone/Fax Install | 600 | | 600 | | |
| EB Phone/Fax/DP Lines | 840 | 840 | 1,680 | 1,680 | 1,680 |
| EK Facilities Costs | 11,066 | 11,066 | 22,132 | 22,132 | 22,132 |
| EM Attorney Gen Svcs | 4,272 | 4,272 | 8,544 | 8,544 | 8,544 |
| EZ Other Goods & Svcs | 4,860 | 4,413 | 9,273 | 8,720 | 8,720 |
| Total Goods & Svcs | 32,216 | 31,169 | 63,385 | 62,232 | 62,232 |

III. A (2) – Detail of Expenditures by Fund

Additional information about assumptions and impacts is available directly from the Department of Licensing at 902-3633.

III. B – FTE Detail

EXPENDITURE DETAIL – STAFF

| Job Classification | Salary | FY 06 | FY 07 | 05-07 Total | 07-09 Total | 09-11 Total |
|---------------------------|---------------|--------------|--------------|--------------------|--------------------|--------------------|
| Management Analyst 2 | 39,492 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Financial Analyst 2 | 40,512 | 0.2 | 0.1 | 0.2 | 0.1 | 0.1 |
| IT Systems Specialist 4 | 57,252 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Total FTEs | | 2.3 | 2.2 | 2.3 | 2.2 | 2.2 |

III. B – Expenditures by Program (optional)

| Program | FY 06 | FY 07 | 05-07 Total | 07-09 Total | 09-11 Total |
|-------------------------------|----------------|----------------|--------------------|--------------------|--------------------|
| 100 - Mgmt & Support Services | 10,729 | 9,678 | 20,407 | 19,356 | 19,356 |
| 200 - Information Services | 10,931 | 8,905 | 19,836 | 18,230 | 18,230 |
| 300 - Vehicle Services | | | | | |
| 600 - Driver Services | | | | | |
| 700 - Business & Professions | 153,268 | 138,264 | 291,532 | 276,528 | 276,528 |
| <i>Total</i> | 174,928 | 156,847 | 331,775 | 314,114 | 314,114 |

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

None

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--------------------------------|---|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 300-Dept of Social and Health Services |
|-----------------------------|--------------------------------|---|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Sarian Scott | Phone: (360) 902-7769 | Date: 02/10/2005 |
| Agency Approval: Sue Breen | Phone: 360-902-8183 | Date: 02/16/2005 |
| OFM Review: Cheri Keller | Phone: 360-902-0553 | Date: 02/16/2005 |

Part II: Narrative Explanation

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

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill requires the Department of Social and Health Services (DSHS) to solicit the ideas and comments of small businesses, to examine the impact of proposed and existing rules on such small businesses, and to review the continued need for existing rules. This bill is a significant revision to the Regulatory Fairness Act (RFA).

Section 2, (4) broadens the definition of a rule in the Administrative Procedure Act (APA).

Section 2, (5) substantially changes the definition of a small business to include those with 50 or fewer employees or having gross annual sales of less than six million dollars.

Section 4, (1) states that DSHS is required to prepare a Small Business Economic Impact Statement (SBEIS) for any proposed rule that may have an adverse impact on small businesses.

Section 5, (1) requires that prior to adoption of any proposed rule on or after July 1st, 2005, DSHS shall prepare a regulatory flexibility analysis that must consider five methods of reducing the impact of the rule on small businesses.

Section 5, (2) requires that DSHS notify the Joint Administrative Rules Review Committee (JARRC) before adopting a rule that may have an adverse impact on small businesses.

Section 6, (1) allows for small businesses that are adversely impacted to challenge in court the validity of the rule underlying the action.

Section 6, (2) limits the right to seek review to one year from the date of final agency action.

Section 7, (1) requires DSHS, beginning July 1st, 2009, to review all DSHS rules that exist at the time of the enactment of this bill, which is August 1st, 2005. DSHS is entitled to an extension by one year at a time for a total of not more than five years.

Section 7, (2) requires DSHS review rules adopted after August 1st, 2005 within five years of the publication of the final rule and every five years thereafter.

Section 8 creates a small business advisory committee that is charged with reviewing SBEIS. If measures proposed to reduce impact of the rule on small businesses are deemed insufficient, the committee shall recommend that the JARRC hold a public hearing on the proposed rule.

Section 12 states this bill takes effect August 1st, 2005.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Federal dollars are assumed to be Title XIX.

Delayed rulemaking process has the potential to affect federal funding.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Indeterminate.

The fiscal impact of this bill cannot be determined as DSHS has no available means to estimate costs.

This bill is a significant revision to the RFA. The current RFA requires agencies assess the impact of rules on small businesses, and, when appropriate, to publish a Small Business Economic Impact Statement (SBEIS) at the time the rules are proposed for adoption. Under section 4, (1) the bill requires a SBEIS be prepared for any proposed rule that may have an adverse impact on small businesses. Adverse impact is not defined in the bill. For illustration, of the 114 proposed rule notices filed in 2004 DSHS prepared 2 SBEIS. DSHS estimates an increase in SBEIS from 2 to at least 43 per year, potentially much more. Assumed increase is based on half of all proposed rule notices relating back to small businesses and of those 75% would now require a SBEIS $((114/2) \times 75\%)$.

SBEIS can be a cause for legal challenges to DSHS rules. The 2 SBEIS in 2004 were tied to lawsuits. DSHS assumes an increase in legal challenges due to the increased requirement for SBEIS.

The definition of a rule is expanded in section 2, (4) to include other policy statements/documents but exclude those concerning only internal management and not affecting private rights or procedures. For those statements that may have an adverse impact on small businesses, DSHS would need a SBEIS (section 4, (1)). An example of such a document would be an interpretive statement from a program within DSHS. DSHS has no available means to estimate this impact.

Section 2, (5) substantially changes the definition of a small business to those with 50 or fewer employees or having gross annual sales of less than six million dollars. DSHS, currently, has no available means to determine the gross annual sales of businesses. DSHS could poll potentially affected businesses, which would be at a cost to DSHS, but we can not guarantee all businesses would be willing to furnish their information. As such, DSHS can not estimate which rules could potentially impact those businesses.

Section 5 requires DSHS prepare a regulatory flexibility analysis prior to the adoption of any proposed rule. This is a new requirement and costs are unknown.

Section 7 institutes a rolling review of DSHS rules commencing July 1st, 2009. This creates significant workload impact to all programs within DSHS as well as the Rules and Policy Assistance Unit (RPAU). The RPAU would need funding to develop a system to record and track all DSHS rules.

Section 9 has potential to delay rule making given that the small business advocacy committee is charged with reviewing SBEIS and potentially recommending a public hearing on the proposed rule.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--------------------------------|---|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 303-Department of Health |
|-----------------------------|--------------------------------|---|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

| | | | | | |
|-----------------|--|--|--|--|--|
| FUND | | | | | |
| | | | | | |
| Total \$ | | | | | |

Estimated Expenditures from:

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--|---------|---------|---------|---------|---------|
| FTE Staff Years | 5.8 | 5.2 | 5.5 | 5.2 | 5.2 |
| Fund | | | | | |
| General Fund-State 001-1 | 462,000 | 378,000 | 840,000 | 771,000 | 756,000 |
| General Fund-Private/Local 001-7 | 1,000 | 1,000 | 2,000 | 2,000 | 2,000 |
| Health Professions Account-State 02G-1 | 70,000 | 67,000 | 137,000 | 136,000 | 134,000 |
| Total \$ | 533,000 | 446,000 | 979,000 | 909,000 | 892,000 |

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: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Ed Baker | Phone: 360-236-4531 | Date: 02/10/2005 |
| Agency Approval: Terry Davis | Phone: 360-236-4530 | Date: 02/16/2005 |
| OFM Review: Elise Greef | Phone: 360-902-0539 | Date: 02/17/2005 |

Part II: Narrative Explanation

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

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill amends the Regulatory Fairness Act (RFA) chapter that sets out the requirements for Small Business Economic Impact Statements (SBEIS). The findings section call for changes to the regulatory and enforcement culture of state agencies to ensure they are more responsive to small businesses without compromising the agencies' statutory missions. The finding section also identifies the practice of treating all regulated businesses the same as an inefficient use of regulatory agency resources, creating enforcement problems and inconsistency with the legislative intent of health, safety, environmental, and economic welfare legislation. The bill intends to reform the rule development process to require agencies to solicit the ideas and comments of small businesses, to examine the impact of proposed and existing rules on small businesses and to review the continued need for existing rules.

The bill adds three new definitions (agency, proposed rule, and rule) to the RFA. The definition of rule is not consistent with the definition of rule within the APA. The bill amends the definition of small business to include businesses with gross annual sales of less than six million dollars.

The bill replaces the current SBEIS purpose and content section with a new section that includes many of the existing requirements and also requires:

- identification and an estimate of the number of small businesses subject to the proposed rule (current requirements are for a list of industries);
- a brief description of the administrative costs required for complying with the rule, and the type of professional skills necessary for preparation of a report or record.;
- a statement of the probable effect including lost sales and revenue;
- a description of less intrusive or less costly alternative methods for achieving the purpose of the proposed regulation or a reasonable justification for not doing so;

The bill requires agencies to prepare a regulatory flexibility analysis, for all proposed rules. The flexibility analysis contains criteria similar to the criteria contained in current mitigation requirements; however the flexibility analysis requires the agency to consider replacing design or operational standards for performance standards. Additionally agencies are required to consider exempting small businesses from all or any part of the requirements contained in the proposed rule.

The bill allows small businesses adversely affected by final agency action to seek judicial review of the agency's compliance with the regulatory fairness act. The right to seek review extends until one year from the date of the final agency action.

The bill requires agencies to begin reviewing all existing rules, consistent with the objectives of the bill, by 2009 to determine whether the rules should be amended, rescinded or retained. If the agency head determines that completion of the review within the time frame is not possible, the agency must publish a statement to that effect. The agency may extend the completion date by one year at a time for up to five years. All rules adopted after August 2005 must be reviewed within 5 years, and every 5 years thereafter. In reviewing the rules, the agency must consider: continued need; comments or complaints from the public, complexity of the rule; overlap, duplication, or conflicts with other federal, state and local government rules; and the length of time of review or the degree to which technology, economic conditions, or other factors have changed in the area affected by the rule.

The bill creates a Small Business Advocacy Committee (SBAC) with representatives from the House, Senate, and three small business owners appointed by the Governor. The SBAC is responsible for reviewing SBEIC, and may recommend that a public hearing on the proposed rule be held if the committee finds the proposed rule will have an adverse impact on small businesses and the proposed mitigation is insufficient.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Depending on the impact of this bill and other new legislation that may also impact program expenditures, a fee increase or an exception to I-601 may be required for some programs but additional appropriation authority is required for all expenditures.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 2: Expands the definition of small businesses to potentially include large businesses with gross annual sales of less than six million dollars. The department assumes that the change in the definition of rule requires agencies to complete Small Business Economic Impact Statements (SBEIC) for policies and interpretive statements, and permits. Department of Revenue and Employment Security Department do not carry data on gross annual sales. Since this information is not readily available, we would need to obtain it from the businesses that we identify as affected by the rule.

Office of the Secretary (OS) will require 2.0 FTE of Economic Analysts 2 to assist the divisions within the Department of Health in completing the the SBEIC required under this section. These will be ongoing costs.

To prepare the required analyses, 0.6 FTE of a Health Service Consultant 3 will be required in each division as follows; Health Services Quality Assurance (HSQA) .4, Division of Environmental (DEH) .2. These will be ongoing costs.

Section 5: The bill adds a new regulatory flexibility analysis requirement. This new analysis will potentially apply to all proposed rules that currently are not exempted under current statute. The agency predicts that 40 such analyses are likely to occur each year and that the costs will be spread among the various divisions, the largest amount occurring in Health Systems Quality Assurance (HSQA). Two offices in HSQA, Health Professions Quality Assurance (HPQA) and Facilites and Services Licensing (FSL) will handle 50% and 15% respectively. We predict Division of Environmental Health (DEH) will handle 30%, with the balance spread amongst the other divisions.

OS will require 1.0 FTE of an Economic Analyst 2 to assist programs in completing the regulatory flexibility analysis requirement in this section. To prepare the required analyses, 0.7 FTE of a Health Service Consultant 3 will be required in each division as follows; Health Services Quality Assurance (HSQA) .3, Division of Environmental (DEH) .2. Community and Family Health (CFH) .1, and Epidemiology Health Statistics and Public Health Labratory (EHS & PHL) .1. These are all ongoing costs.

Section 7: The bill requires agencies to begin reviewing all existing rules, consistent with the objectives of the bill, by 2009 to determine whether the rules should be amended, rescinded or retained. The department has 172 chapters of rule. The department will need to review each section within that chapter to determine whether the rule affects small businesses. The department does not have a database that tracks every section of rule, whether or not it affects small business, or the last time it was amended. To establish a database that will enable the department to track the required information, OS will require 0.4 FTE of an Information Technology Applications Specialist 5 and .2 FTE Administrative Assistant 2. This would be a one time cost. To maintain the database , a 0.1 FTE of an Information Technology Applications Specialist 5 would be required. A 0.2 FTE of an Health Service Consultant 1 (HSC1) would be need to collect data each year. Maintenance of the database and data collection would be ongoing costs.

In addition, 0.6 FTE of a Financial Analyst 2 for administrative support.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|
| FTE Staff Years | 5.8 | 5.2 | 5.5 | 5.2 | 5.2 |
| A-Salaries & Wages | 294,000 | 263,000 | 557,000 | 526,000 | 526,000 |
| B-Employee Benefits | 63,000 | 56,000 | 119,000 | 112,000 | 112,000 |
| C-Personal Serv Contr | | | | | |
| E-Goods and Services | 138,000 | 112,000 | 250,000 | 226,000 | 224,000 |
| G-Travel | 6,000 | 5,000 | 11,000 | 10,000 | 10,000 |
| J-Capital Outlays | 23,000 | 1,000 | 24,000 | 17,000 | 2,000 |
| M-Inter Agency Fund Transfers | | | | | |
| N-Grants, Benefits Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursement | | | | | |
| T-Intra-Agency Reimbursement | 9,000 | 9,000 | 18,000 | 18,000 | 18,000 |
| Total: | \$533,000 | \$446,000 | \$979,000 | \$909,000 | \$892,000 |

III. B - 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 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|------------------------------|--------|------------|------------|------------|------------|------------|
| Administrative Assistant 1 | 30,312 | 0.2 | | 0.1 | | |
| Economic Analyst 2 | 51,864 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Financial Analyst - 2 | 40,512 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| Health Services Consultant 1 | 38,580 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Health Services Consultant 3 | 53,136 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Information Technology | 63,192 | 0.5 | 0.1 | 0.3 | 0.1 | 0.1 |
| Applications Specialist 5 | | | | | | |
| Total FTE's | | 5.8 | 5.2 | 5.5 | 5.2 | 5.2 |

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--------------------------------|---|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 405-Department of Transportation |
|-----------------------------|--------------------------------|---|

Part I: Estimates

No Fiscal Impact

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: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Marc Mixon | Phone: 360-705-7730 | Date: 02/14/2005 |
| Agency Approval: Richard Ybarra | Phone: 360-705-7400 | Date: 02/15/2005 |
| OFM Review: Tom Saelid | Phone: 360-902-0562 | Date: 02/15/2005 |

Part II: Narrative Explanation

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

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This legislation, an act relating to regulatory fairness for small business, requires an agency to consider adverse impact of rules and regulatory methods on small business. If rules are determined to have potential adverse impact, a small business impact statement must be completed. The legislation also requires agencies to review existing agency Washington Administrative Codes, beginning July 1, 2009, to determine whether the rules should continue without change, or should be amended or rescinded, to minimize adverse impact on small business.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

None.

Washington State Department of Transportation is not a regulatory agency and, therefore, there is no fiscal impact to the agency.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--------------------------------|--|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 461-Department of Ecology |
|-----------------------------|--------------------------------|--|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

| | | | | | |
|-----------------|--|--|--|--|--|
| FUND | | | | | |
| | | | | | |
| Total \$ | | | | | |

Estimated Expenditures from:

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|------------------------|-----------|---------|-----------|-----------|-----------|
| FTE Staff Years | 10.3 | 8.5 | 9.4 | 8.5 | 7.4 |
| Fund | | | | | |
| GF - State-State 001-1 | 1,088,282 | 854,662 | 1,942,944 | 1,693,550 | 1,465,970 |
| Total \$ | 1,088,282 | 854,662 | 1,942,944 | 1,693,550 | 1,465,970 |

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: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Bari Schreiner | Phone: 360-407-6998 | Date: 02/16/2005 |
| Agency Approval: Nancy Stevenson | Phone: (360) 407-7007 | Date: 02/23/2005 |
| OFM Review: Ann-Marie Sweeten | Phone: 360-902-0538 | Date: 02/23/2005 |

Part II: Narrative Explanation

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

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 2 of this bill would amend and add several definitions in Chapter 19.85 RCW, the Regulatory Fairness Act. A new definition of "rule" would be established (different from the existing definition in Chapter 34.05.010 of the Administrative Procedures Act, which would not be amended) so that this chapter would apply not only to rules, but also to agency "policy" statements. Ecology has about 100 "statements of general applicability" that would probably qualify for this new definition, and that would therefore need to be looked at under the analysis and review requirements in this bill. The definition of "small business" would also be expanded, which could change the way Small Business Economic Impact Statements would have to be calculated. In addition to basing the "small business" definition on having fifty or fewer employees, this bill would define the business as "small" if it had gross annual sales of less than six million dollars.

Section 4 would amend the required content of the Small Business Economic Impact Statement (SBEIS). Ecology believes that the new language would result in an analysis taking the same amount of time and resources as the existing requirements, assuming the necessary information could be obtained as readily as information used currently. Section 4 would also require that the SBEIS be applied to what would be defined as agency "policy" statements, in addition to formal administrative rules. (Ecology estimates having to do about 4 a year).

Section 5 of the bill would require Ecology to complete a "Regulatory Flexibility Analysis" (RFA) when completing an SBEIS. Ecology assumes that this new analysis would require the application of the ratios described in Section 4(1) (e) of the bill to be applied to the items that are required to be considered in Section 5. As this would be a new detailed analysis, there would be new costs to implement it. These costs are analyzed in this fiscal note. Ecology averages four SBEISs a year, so an additional four RFAs would need to be completed. An RFA would also need to be prepared for "agency policy statements" (also estimated to be an average of 4 a year).

Section 7 would require Ecology to conduct a review of all rules and "policy" statements every five years beginning in 2010. This review would require additional resources. Please see the assumptions and analysis included below.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 4, Small Business Economic Impact Statement (SBEIS):

This bill would require agencies to complete an SBEIS for "policy statements," as described in the bill.

-Ecology issues an average of 4 statements that would qualify as "policy statements" each year.

-The SBEIS for these would take about half the time as an analysis for a rule.

To complete a SBEIS for each policy would require :

.06 FTE of an Economic Analyst 3 x 4 policies = .24 FTE per year

.12 FTE of an Environmental Specialist 4 x 4 policies = .48 FTE per year to complete the SBEIS.

Section 5 Regulatory Flexibility Analysis

Assumptions:

-Ecology assumes that this analysis would take less time than the analysis required to complete the Small Business Economic Impact Statement (SBEIS).

- The agency averages 4 SBEIS and 4 statements that would qualify as "policy statements" each year.
- The RFA for "policy statements" would take half as long as those conducted for rules as defined in 34.05.010.

First, to complete an "RFA" for each SBEIS would require :

.15 FTE of an Economist Analyst 3 x 4 SBEIS = .60 FTE per year

.31FTE of an Environmental Specialist 4 x 4 SBEIS = 1.24 FTEs per year

Second, to complete an "RFA" on each "policy" as defined by the bill would require:

.08 FTE of an Economic Analyst 3 x 4 "policies" = .32 FTE per year

.15 FTE of an Environmental Specialist 4 x 4 "policies" = .60 FTE per year

Section 7, Five-Year Rule Review:

Assumptions:

The bill would require Ecology to review to rules and policy statements on a five-year cycle beginning in 2010.

- This would mean that Ecology would need to review 140 rules.
- We would divide the rule reviews evenly over a five year period (28 rules per year).
- Work on the reviews would require:

.06 FTE of an Economic Analyst 3 x 28 reviews = 1.68 FTEs per year

.12 FTE of an Environmental Specialist 4 x 28 reviews = 3.36 FTEs per year

Additional assistance could be required but would be covered under current resources.

Total cost per rule review would be \$13, 060. Conducting 28 reviews per year would result in costs of \$365, 680 per year.

Rule Amendments Required to Implement Review Results:

After the review was completed, Ecology assumes 95% of the follow-up rulemaking that would be necessary would be folded into other rulemaking efforts that are already planned. Ecology also assumes about 5% of the rules (7 rules over the five-year period, 2 per year for FY 10-12 and 1 for FY 13) would need to be updated separately from other rulemaking efforts. The content of this 5% is assumed to be more straight-forward, limited to a few elements raised in the earlier review process allowing for a quicker rulemaking than the average. Ecology assumes these would take only 9 months (about half of the average 18 month rulemaking process). These rulemakings would still require a small business economic impact statement and other analyses required for significant legislative rules.

To complete the rule making would require:

.50 FTE of an Environmental Specialist 4 for 9 months = .38 FTE x 2 rules = .76 FTE per year for FY 10-12 and

.50 FTE of an Environmental Specialist 4 for 9 months = .38 FTE x 1 rule = .38 for FY 13

.27 FTE of an Economic Analyst 3 x 2 rules = .54 FTE per year for FY 10-12 and

.27 FTE of an Economic Analyst 3 x 1 rule = .27 FTE for FY 13

This would be \$53,247 per rule. Costs would be spread over the five-year review cycle beginning in 2010.

Due to the changes that would be made to the definition of "rule" this bill would make this review also apply to policy statements.

- Ecology has about 100 estimated policy statements that would need to be reviewed under this bill every 5 years beginning in 2010.
- We would divide the policy statement reviews evenly over a five year period (20 policy statements per year).
- Ecology assumes that they would take half as much time to review as a rule.
- Economist Analyst 3 (.03 FTE per policy statement review) and an Environmental Specialist 4 (.06 FTE per policy statement review) This time would also include updating the policy statement.

FTE Detail:

Sections 4 would require :

.06 FTE of an Economic Analyst 3 x 4 policies = .24 FTE per year

.12 FTE of an Environmental Specialist 4 x 4 policies = .48 FTE per year to complete the SBEIS.

Section 5

To complete the RFA's for SBEIS's would require:

15 FTE of an Economist Analyst 3 x 4 SBEIS = .60 FTE per year
 .31FTE of an Environmental Specialist 4 x 4 SBEIS = 1.24 FTEs per year
 and to complete the RFA's for policies would require:

.08 FTE of an Economic Analyst 3 x 4 policies = .32 FTE per year
 .15 FTE of an Environmental Specialist 4 x 4 policies = .60 FTE per year

Section 7

Rule Review would require: 06 FTE of an Economic Analyst 3 x 28 reviews = 1.68 FTEs per year
 .12 FTE of an Environmental Specialist 4 x 28 reviews = 3.36 FTEs per year

Rule Amendment would require:

.50 FTE of an Environmental Specialist 4 for 9 months = .38 FTE's x 2 rules = .76 FTE for FY 10-12 and .38 FTE x 1 rule for FY 13
 .27 FTE's of an Economic Analyst 3 x 2 rules = .54 FTE for FY 10-12 and .27 x 1 rule for FY 13

Salaries and Wages Detail: Direct program salaries are calculated at step K.

Employee Benefits for direct program staff are calculated at the agency average of 23.6% of salaries.

Goods and Services are calculated at the agency average of \$3,454 per direct FTE. Standard agency administrative overhead costs are also included.

Travel Expenditures are calculated at the agency average rate of \$1,438 per direct program FTE.

Equipment Detail: \$6,067 for start-up equipment is budgeted for each new direct FTE, based on current costs for an office chair, 1/5 motor pool vehicle, and basic computer equipment.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|-----------------|-------------|-----------|-------------|-------------|-------------|
| FTE Staff Years | 10.3 | 8.5 | 9.4 | 8.5 | 7.4 |
| A- | 565,054 | 466,498 | 1,031,552 | 932,996 | 807,706 |
| B- | 133,353 | 110,094 | 243,447 | 220,188 | 190,618 |
| C- | | | | | |
| E- | 312,424 | 257,931 | 570,355 | 515,862 | 446,478 |
| G- | 14,840 | 12,252 | 27,092 | 24,504 | 21,168 |
| J- | 62,611 | 7,887 | 70,498 | | |
| N- | | | | | |
| P- | | | | | |
| S- | | | | | |
| Total: | \$1,088,282 | \$854,662 | \$1,942,944 | \$1,693,550 | \$1,465,970 |

III. B - 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 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|-----------------------|--------|---------|---------|---------|---------|---------|
| Economic Analyst 3 | 60,180 | 3.4 | 2.8 | 3.1 | 2.8 | 2.6 |
| Environmental Spec. 4 | 52,040 | 6.9 | 5.7 | 6.3 | 5.7 | 4.8 |
| Total FTE's | | 10.3 | 8.5 | 9.4 | 8.5 | 7.4 |

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

As a result of the rule review some agency rulemaking may be required. This fiscal note assumes we would need to amend 7 rules, independent of other rulemaking, over the five-year review period.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--------------------------------|--|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 490-Department of Natural Resources |
|-----------------------------|--------------------------------|--|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

| | | | | | |
|-----------------|--|--|--|--|--|
| FUND | | | | | |
| | | | | | |
| Total \$ | | | | | |

Estimated Expenditures from:

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|-----------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Fund | | | | | |
| All Other Funds-State 000-1 | 54,900 | 49,000 | 103,900 | 98,000 | 98,000 |
| General Fund-State 001-1 | 28,300 | 40,300 | 68,600 | 65,600 | 65,600 |
| Total \$ | 83,200 | 89,300 | 172,500 | 163,600 | 163,600 |

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: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Lori Anthonson | Phone: (360) 902-1380 | Date: 02/15/2005 |
| Agency Approval: Bonnie Bunning | Phone: (360) 902-1603 | Date: 02/16/2005 |
| OFM Review: Linda Steinmann | Phone: 360-902-0573 | Date: 02/16/2005 |

Part II: Narrative Explanation

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

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

New Section 1 asks state agencies to achieve statutory goals as effectively and efficiently as possible without imposing unnecessary burdens on small employers. Regulatory and reporting requirements can impose disproportionately burdensome demands upon small businesses with limited resources. The state rules process should be reformed to require input from small businesses.

New Section 4 requires agencies to prepare a small business economic impact statement (SBEIS) prior to adopting any proposed rule that may have an adverse impact on small businesses.

New Section 5 requires agencies to prepare a regulatory flexibility analysis, considering less stringent or simplified requirements that will accomplish the objectives of statutes while minimizing adverse impact on small businesses.

New Section 7 requires a five-year review of all existing rules.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 4 requires agencies to prepare a small business economic impact statement (SBEIS) prior to adopting any proposed rule that may have an adverse impact on small businesses.

Section 5 requires agencies to prepare a regulatory flexibility analysis, considering less stringent or simplified requirements that will accomplish the objectives of statutes while minimizing adverse impact on small businesses.

Section 7 requires a five-year review of all existing rules.

For Department rule-making, the above changes would require one additional FTE at the N.R. Program Coordinator level (range 52) to provide extensive SBEIS analysis and regulatory flexibility analysis for all proposed rule-making activity, and five-year review and SBEIS analysis of all existing rules. This FTE would require a standard PC and work space, as well as average goods and services and travel.

For Forest Practices Board rule-making, the above changes would require contracting with a professional economist to prepare the SBEIS (assuming one non-substantive rule-making with a SBEIS per biennium).

Administration costs are added at a rate of 22%.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--------------------------------------|-----------------|-----------------|------------------|------------------|------------------|
| FTE Staff Years | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| A-Salaries and Wages | 43,600 | 43,600 | 87,200 | 87,200 | 87,200 |
| B-Employee Benefits | 11,200 | 11,200 | 22,400 | 22,400 | 22,400 |
| C-Personal Service Contracts | | 15,000 | 15,000 | 15,000 | 15,000 |
| E-Goods and Services | 5,900 | 5,900 | 11,800 | 11,800 | 11,800 |
| G-Travel | 200 | 200 | 400 | 400 | 400 |
| J-Capital Outlays | 8,900 | | 8,900 | | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| 9-Administration Costs | 13,400 | 13,400 | 26,800 | 26,800 | 26,800 |
| Total: | \$83,200 | \$89,300 | \$172,500 | \$163,600 | \$163,600 |

III. B - 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 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--------------------------|--------|------------|------------|------------|------------|------------|
| Natural Resource Program | 43,644 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Coordinator | | | | | | |
| Total FTE's | | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 4 could potentially require revising existing rules based on SBEIS analysis. Five-year review of all existing rules (Section 7) has the potential to require revisions to existing rules.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--------------------------------|--|
| Bill Number: 1445 HB | Title: Small businesses | Agency: 495-Department of Agriculture |
|-----------------------------|--------------------------------|--|

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

| | | | | | |
|-----------------|--|--|--|--|--|
| FUND | | | | | |
| | | | | | |
| Total \$ | | | | | |

Estimated Expenditures from:

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Fund | | | | | |
| General Fund-State 001-1 | 69,000 | 63,000 | 132,000 | 126,000 | 126,000 |
| Total \$ | 69,000 | 63,000 | 132,000 | 126,000 | 126,000 |

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: | Phone: | Date: 02/10/2005 |
| Agency Preparation: Dannie McQueen | Phone: 360-902-1809 | Date: 02/16/2005 |
| Agency Approval: Kristin Bettridge | Phone: 360-902-1989 | Date: 02/17/2005 |
| OFM Review: Linda Steinmann | Phone: 360-902-0573 | Date: 02/17/2005 |

Part II: Narrative Explanation

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

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Provides that, prior to the adoption of any proposed rule on and after July 1, 2005, each agency will prepare a small business economic impact statement and the rule must minimize adverse impact on small business. Adverse impact is not defined in the bill.

Beginning July 1, 2009, each agency shall review all agency rules existing at the time of the enactment to determine whether the rules should continue without change, or should be amended or rescinded, consistent with the stated objectives of this act.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The agency would need to hire 1.0 FTE of an Economic Analyst 1 to carry out the requirements of this legislation. Goods & Services included are agency average based on FTE and \$2,000 per year for travel has been included. In the first year one time equipment costs of \$6,000 are shown for the purchase of a computer, modular office and chair.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--------------------------------------|----------|----------|-----------|-----------|-----------|
| FTE Staff Years | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| A-Salaries and Wages | 44,000 | 44,000 | 88,000 | 88,000 | 88,000 |
| B-Employee Benefits | 11,000 | 11,000 | 22,000 | 22,000 | 22,000 |
| C-Personal Service Contracts | | | | | |
| E-Goods and Services | 6,000 | 6,000 | 12,000 | 12,000 | 12,000 |
| G-Travel | 2,000 | 2,000 | 4,000 | 4,000 | 4,000 |
| J-Capital Outlays | 6,000 | | 6,000 | | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| Total: | \$69,000 | \$63,000 | \$132,000 | \$126,000 | \$126,000 |

III. B - 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 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|--------------------|--------|---------|---------|---------|---------|---------|
| Economic Analyst 1 | 44,000 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Total FTE's | | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.