

Multiple Agency Fiscal Note Summary

Bill Number: 1005 S HB	Title: Public disclosure commission
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Estimated Cash Receipts

Agency Name	2013-15		2015-17		2017-19	
	GF- State	Total	GF- State	Total	GF- State	Total
Public Disclosure Commission	0	1,214,480	0	1,214,480	0	1,214,480
Office of Attorney General	0	(427,302)	0	(427,302)	0	(427,302)
Total \$	0	787,178	0	787,178	0	787,178

Estimated Expenditures

Agency Name	2013-15			2015-17			2017-19		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Commission on Judicial Conduct	.0	0	0	.0	0	0	.0	0	0
Public Disclosure Commission	7.8	1,896,204	1,896,204	8.0	1,774,676	1,774,676	8.0	1,774,676	1,774,676
Office of Attorney General	(2.0)	0	(427,302)	(2.0)	0	(427,302)	(2.0)	0	(427,302)
Total	5.8	\$1,896,204	\$1,468,902	6.0	\$1,774,676	\$1,347,374	6.0	\$1,774,676	\$1,347,374

Local Gov. Courts *									
Local Gov. Other **	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Impact

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

Prepared by: Cherie Berthon, OFM	Phone: 360-902-0659	Date Published: Preliminary 2/19/2013
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Individual State Agency Fiscal Note

Bill Number: 1005 S HB	Title: Public disclosure commission	Agency: 050-Commission On Judicial Conduct
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Part I: Estimates

No Fiscal Impact

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

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: Danielle Cruver	Phone: 360-786-7157	Date: 02/13/2013
Agency Preparation: Tanya Calahan	Phone: 360-753-4585	Date: 02/14/2013
Agency Approval: Reiko Callner	Phone: (360) 753-4585	Date: 02/14/2013
OFM Review: Monica Jenkins	Phone: (360) 902-0561	Date: 02/18/2013

Request # 1005 SHB-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.

This proposed bill will have no fiscal impact on the CJC.

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.

No cash receipts

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.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

No impact on this agency

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 new rules are required for this agency due to this bill

Request # 1005 SHB-1

Individual State Agency Fiscal Note

Bill Number: 1005 S HB	Title: Public disclosure commission	Agency: 082-Public Disclosure Commission
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2014	FY 2015	2013-15	2015-17	2017-19
Public Disclosure Electronic Filing Account-Private/Local NEW-7	607,240	607,240	1,214,480	1,214,480	1,214,480
Total \$	607,240	607,240	1,214,480	1,214,480	1,214,480

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	7.5	8.0	7.8	8.0	8.0
Account					
General Fund-State 001-1	1,008,866	887,338	1,896,204	1,774,676	1,774,676
Total \$	1,008,866	887,338	1,896,204	1,774,676	1,774,676

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

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:

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- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Danielle Cruver	Phone: 360-786-7157	Date: 02/13/2013
Agency Preparation: Suemary Trobaugh	Phone: 360-753-1985	Date: 02/19/2013
Agency Approval: Andrea Doyle	Phone: (360) 753-1111	Date: 02/19/2013
OFM Review: Cherie Berthon	Phone: 360-902-0659	Date: 02/19/2013

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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.

Substitute House Bill 1005 calls for the mandatory electronic filing of lobbyist reports by public agencies, private lobbyists, and lobbyist employers. The bill also requires certain categories of filers to pay annual filing fees to the PDC to support the design, development, implementation, and maintenance of the PDC's electronic filing systems. Further, the bill transfers ethics enforcement responsibilities of the Executive Ethics Board to the Public Disclosure Commission. Specifically, the bill provides that the PDC will assume jurisdiction over enforcement of Chapter 42.52 RCW (Ethics in Public Service Act) and rules adopted under it with respect to:

- members and employees of the legislature,
- statewide elected officers,
- all other officers and employees in the executive branch, boards and commissions, and institutions of higher education.

Section 1 provides the intent of the legislation to restructure ethics functions under the PDC and to require that lobbyists and lobbyist employers use the PDC's electronic filing system to file their required lobbying reports.

Electronic Filing & Fees

Section 2 requires public agencies to electronically file the lobbying reports they must file with the PDC. It also requires that lobbyists and lobbyist employers use the PDC's electronic filing system to file their required lobbying reports beginning no later than January 1, 2014.

Section 3 requires certain filers to pay annual fees to the Commission as follows:

- All political committees, including candidates' authorized committees: \$200
- Lobbyists earning \$10,000 or more on behalf of one or more clients: \$200
- Lobbyist employers spending \$10,000 or more on lobbying through one or more lobbyists: \$200
- Governmental entities required to file public agency lobbying reports, and that employ more than 50 FTEs: \$150
- Elected officials who receive a salary for duties in excess of \$10,000 and are required to file a personal financial affairs disclosure statement: \$200.

Section 3 also provides that no person must pay more than one fee per calendar year; that any person may appeal a fee if they are imposed more than one fee per year; and that the Commission must adopt rules and procedures to implement the registration fee program.

Section 4 creates a new e-filing account in the custody of the state treasurer and provides that the annual fees collected under this bill be deposited into that account. It limits the authorized uses of the fund to only those costs incurred in the design, development, implementation, and maintenance of the Commission's electronic filing applications and publicly accessible database query systems. It also provides that only the PDC executive director or designee may authorize expenditures from the account, and specifies that while the account is subject to the allotment process, it does not require legislative appropriation.

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Ethics Merger

Section 5 amends the definitions in the ethics in public service act, RCW 42.52.010.

Section 6 transfers the powers, duties, and functions of the Executive Ethics Board to the PDC.

Section 7 transfers to the PDC the current power, duties, and functions of the Executive Ethics Board with respect to university research employees.

Sections 8 & 9 amend existing ethics board authority for holding hearings, administering oaths, and issuing and enforcing subpoenas, by inserting the PDC in place of the Executive Ethics Board.

Sections 10, 11, and 12 amend current ethics laws to provide that the PDC will assume jurisdiction over receiving and filing complaints, investigating complaints, making reasonable cause determinations, and issuing orders of dismissal, that are all currently handled by the Executive Ethics Board.

Sections 13 through 23 substitute the PDC in place of the Executive Ethics Board in several procedural and substantive provisions of the ethics in public service act.

Section 24 provides that as of July 1, 2013, all pending ethics board complaints, investigations, and proceedings, and all files, will be transferred to the PDC and the PDC will assume full jurisdiction over the ethics in public service act.

Section 25 substitutes the PDC in place of the Executive Ethics Board, for purposes of providing approval before any member of the Indeterminate Sentencing Review Board (ISRB) may engage in any other business or profession or hold any other public office other than the ISRB.

Section 26 amends the PDC enabling provisions to increase the number of PDC Commissioners from five to seven members, to require staggered terms of two and five years for the two new members, and to increase the quorum requirement from three members to four. It also removes existing prohibitions on Commissioner political activity by permitting Commission members to make contributions to a candidate or a proposition so long as such contributions are reported to the Commission and posted on the Commission's web site.

Section 27 removes from the list of "executive state officers" references to the Executive Ethics Board.

Section 28 substitutes the PDC in place of the Executive Ethics Board for purposes of defining public officials authorized to receive Whistle Blower Act reports.

Section 29 abolishes the Executive Ethics Board and its powers, duties, functions, records, and tangible property are transferred to the public disclosure commission.

Section 30 repeals RCW 42.52.340 (Transfer of jurisdiction); and RCW 42.52.350 (Executive ethics board).

Section 31 directs that Sections 2 through 4 (Electronic filing & fees) takes effect January 1, 2014.

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Section 32 directs that the remainder of the bill (Ethics merger) takes effect July 1, 2013.

General assumptions for electronic filing and fee collection:

1. PDC will begin collecting fees in January 2014. During 2013, PDC will need to develop or acquire an on-line payment system because the agency currently has no billing or collection systems in place to process credit card or on-line payments.
2. PDC's existing e-filing system for public agency lobbying reports (launched May 2011) will be adequate to accommodate mandatory e-filing of L-5 reports by public agencies, but will need on-going maintenance and periodic upgrades over time.
3. PDC's existing e-filing system for lobbyists and lobbyist employers (launched February 2002) is minimally capable of accommodating mandatory e-filing of L-1, L-2, and L-3 reports by all lobbyists and lobbyist employers, but a replacement application is needed to achieve the functionality, accessibility, and ease-of-use expected of a modern system. System replacement will include re-design of the user interface to allow for improved data collection and access to the data contained in the required lobbying activity reports.
4. PDC assumes that 3.5 FTEs will be needed to assume these new responsibilities related to fee collection and an increase to electronic filing. Please see details of staffing in section II.C of the fiscal note. Costs associated with new employee workstations are estimated using standard guidelines from OFM/DES (furniture, computers, etc.).
5. Beginning January 1, 2014, and until such time as a replacement application can be designed, built, and implemented, PDC anticipates a marked increase in workload providing technical assistance to the approximate 900 lobbyists and lobbyist employers who do not yet e-file and who will be transitioning to the current e-filing system.
6. The revenues collected from the filing fees required by this bill will be used to fund the design, development, and implementation of a replacement lobbyist e-filing system. Based on a 2007 feasibility study performed by TSG, it is estimated that approximately 5,200 hours of development time will be needed to design and develop the new application. After implementation, the filing fee revenues will be applied toward the on-going maintenance and enhancement of all the PDC's electronic filing applications and other database and query systems used to make PDC data readily available to the public for review and analysis.

General assumptions for transfer of ethics functions:

1. No later than July 1, 2013, PDC will need to hire additional staff to perform the increased workload related to ethics advisory, outreach/education/training, investigative, and regulatory work previously performed by the Executive Ethics Board.
2. Based on information provided by the Executive Ethics Board from 2011, it is assumed that the transferred workload will include:
 - Conducting approximately 33 active case investigations pending at any one time;

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- Conducting approximately 4 additional days of hearing per year;
- Preparing materials for and conducting an average of 41 training sessions (100-150 hours) per year;
- Researching and writing approximately 5-15 advisory opinions and/or policy reviews per year;
- Researching and providing informal advice in response approximately 5 requests per day from executive branch employees;
- Reviewing approximately 45 contracts between state employees and state agencies per year;
- Maintaining and updating the ethics-related website materials on a weekly basis, including adding all newly assumed statutes, rules, rulemakings, advisory opinions, policy reviews, training sessions, and the disposition of ethics investigations.

3. PDC assumes that 4.5 FTEs will be needed to assume these new responsibilities related to executive ethics. Please see details of staffing in section II. C of the fiscal note. Costs of transferring workstations and furniture are estimated in the moving costs, and new employee computers are estimated using standard guidelines from OFM/DES.

4. PDC assumes that the agency's utilization of legal services from the Attorney General's Office will increase by approximately .7 FTE of an AAG for enforcement advice, case litigation, and other activities related to executive ethics enforcement matters and .5 for office support, totaling 1.2 FTE. Based on information from the AGO, we assume the costs associated with this increased utilization of AG services will be \$131,433 annually (see AGO fiscal note). PDC's General Counsel will absorb the increased workload in providing independent legal advice to the Commission and preparing Commission orders after enforcement hearings.

6. Because the PDC does not employ hearing examiners or administrative law judges, the PDC will need to contract with the Office of Administrative Hearings to conduct the executive ethics hearings that are required by RCW 42.52.500 to be conducted by an ALJ. Based on information from the Executive Ethics Board in 2011, we assume the cost to contract with OAH will be approximately \$8,000 per year.

7. We assume two new Commission members will be appointed beginning July 1, 2013, and will receive the same travel reimbursement and per diem rates as current PDC Commissioners.

8. We assume that additional regular Commission meetings will be needed (beyond the PDC's current 1 meeting per month) to fulfill the additional workload related to advisory opinions, enforcement, rulemaking, and policymaking responsibilities in connection with assuming jurisdiction over executive ethics matter. At the Commission's choosing, we assume the agency would either extend the regular meetings by an additional day per month (increasing from 1 day to 2 days), or hold two regular meetings per month. In addition, we assume executive ethics enforcement hearings will require an additional 4 hearing days per year, with associated per diem and travel reimbursements for Commission members.

9. PDC's existing compliance case tracking system is generally adequate to accommodate the added ethics-related caseload, but will need some modification/upgrades and on-going maintenance. We assume this work can be performed by existing staff.

10. PDC's existing training resources are inadequate to absorb the increase in jurisdiction and resulting responsibility for ethics manuals and other ethics-related training materials. Based on information regarding the current levels of training provided by the Executive Ethics Board, we assume an additional cost of \$7,000 per year will be needed for training

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materials development and printing for executive ethics materials; and \$2,000 per year for executive ethics training-related travel.

11. PDC's current office space is not adequate to co-locate additional ethics staff. PDC assumes it can lease a small office adjacent to PDC's existing space for approximately \$11,760/year (670 square feet @ \$17.55 s/f).

12. We assume the one-time moving/relocation costs associated with transferring the minutes of meetings, investigative files, records of proceedings, exhibits, expense records, and other relevant records, as well as file cabinets and employee workstations of the Executive Ethics Boards will be \$2,500.

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.

The PDC estimates that annual revenues from fees paid by all categories of filers will total approximately \$607 thousand annually. This amount assumes a 95% collection rate from the approximately 3,500 filers who would be required to pay annual registration fees under this bill.

Section 3 of SHB 1005 requires the following filers to pay annual fees to the Commission. Estimated numbers of PAC, lobbyist, government entities and elected officials filers are based on PDC's recent filer data, using collected salary survey information to determine estimated totals of elected officials with salaries of over \$10 thousand annually.

- All political committees, including in-state and out-of-state, and candidates: $782 \times \$200 = \$156,400$
- Lobbyists earning \$10,000 or more on behalf of one or more clients: $402 \times \$200 = \$80,400$
- Lobbyist employers spending \$10,000 or more on lobbying through one or more lobbyists: $772 \times \$200 = \$154,400$
- Governmental entities required to file public agency lobbying reports, and that employ more than 50 FTEs: $100 \times \$150 = \$15,000$
- Elected officials who receive a salary of \$10,000 or more and are required to file a personal financial affairs disclosure statement: $1,414 \times \$200 = \$233,000$

Total = $\$639,200 \times 95\% = \$607,240$ (Compliance with payment provisions anticipated at 95%, with approximately 180 filers failing to pay.)

Filers must pay the fees annually, on a calendar year basis, beginning January 1, 2014. PDC anticipates the majority of the fees will be paid during the first two quarters of each calendar year (last two quarters of the fiscal year), beginning CY 14/FY 14.

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.

ON-LINE PAYMENT SYSTEM AND REQUIRED ELECTRONIC LOBBYIST FILING

Section 3 will require the PDC to develop or acquire an on-line payment system (the agency currently has no billing or collection systems in place to process credit card or on-line payments). Section 2 will require all lobbyists and lobbyist employers to electronically file and for the PDC to accomodate that increase to our filing systems.

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Labor Costs.

Time and effort equates to 3.5 new FTEs in FY 14 and beyond. In FY 14, development or acquisition of the on-line payment system will also require a total of 3 months (.25) of a current IT professional (totaling \$25,531 in salary and benefits) and 3 months (.25) of the agency's existing Administrative Officer (totaling \$21,335 in salary and benefits) responsible for designing fee collection payment process and on-line application for credit card or bank payment during fall 2013 to be ready to deploy the on-line payment system by January 1, 2014. New staff of 3.5 FTE includes one fiscal staff (Fiscal Analyst 1); one filer outreach and compliance staff (PFS 2), 0.5 FTE Administrative Support and 1.0 IT staff (ITS5). These costs are incurred for the on-going fiscal and on-line electronic system management, including monitoring receipts, revenues, and expenditures of fees, providing filer assistance, outreach and training, monitoring compliance, and ensuring enforcement of the requirements through group enforcement proceedings. PDC assumes a 95% voluntary compliance rate, meaning that enforcement and/or collection actions will be needed to address approximately 180 filers who fail to pay their annual registration fees and/or fail to electronically file.

First Year (FY14) and on-going new staff costs: \$251,377 for salaries and benefits. An additional cost of \$46,866 for existing staff will be incurred in FY 14.

Other Costs.

Additional expenditures associated with the on-line payment system will include bank card service fees. PDC estimates that approximately 25% of filers will use the on-line checking system available through the State Treasurer, and 75% will use the bank card process. Assuming bank card fees of between 2-2.5%, the PDC estimates that it will cost approximately \$13,500 annually to process on-line payments of registration fees required by this bill, some or all of which may be recovered if the Commission adopts by rule a convenience fee to be paid by the bank card user whenever a credit or debit card is used to pay the annual registration fee.

One-time Equipment Costs for Collection fiscal, filer assistance and IT staff (Furniture, Workstation Hardware): \$15,711

On-line payment system PROJECT TOTAL: FY14=\$334,159; FY15=\$273,944

Initial expenses for this project will be covered temporarily from the agency's GF-S appropriation until fees begin to be collected in January 2014, at which time initial costs will be paid via internal transfer from the new PDC Electronic Filing Fee account.

ETHICS FUNCTIONS

First Year.

Expenditures to implement the provisions in SHB 1005, which would become effective July 1, 2013, are estimated to total \$642,143 for FY 2014.

Staff Costs - Ethics.

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Of that amount, staff salary and benefits total \$402,705 for 4.5 FTEs. New FTE of 4.5 staff include one Assistant Director (Counsel), responsible for overseeing ethics-related advisory opinions, investigations, charging and disposition recommendations, and negotiating settlements; one Ethics Officer (Regulatory Analyst 3); one Trainer/Investigator (PFS 4), 0.5 FTE Administrative Support and 1.0 IT staff (ITS3). These costs include staff to perform the following: overseeing ethics-related advisory opinions, investigations, charging and disposition recommendations, and negotiating settlements; conducting educational/training, investigative, and regulatory work; website updates, helpdesk and administrative support.

Other Costs - Ethics.

Annual expenditures in addition to the 4.5 FTEs to implement the provisions of SHB 1005 are estimated to total approximately \$222,399, which includes: Costs for stipend, travel and per diem for two new Commission members, and costs for stipend, travel and per diem for current five Commissioners for additional day per month meeting, Administrative Law Judges costs, increased AAG services, staff travel to conduct trainings; leased office space to accommodate up to 4.5 employees; printing costs for training materials. Additional one-time costs include goods & services associated with new employee set-up and moving.

Second Year and on-going.

In FY 2015, and thereafter, overall costs are estimated to be \$613,307.

INFRASTRUCTURE HARDWARE/SOFTWARE

One time costs to accomodate the increase to PDC server capacity with regard to electronic filing and database functions, and standard software costs for new staff total \$31,723.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	7.5	8.0	7.8	8.0	8.0
A-Salaries and Wages	541,966	506,140	1,048,106	1,012,280	1,012,280
B-Employee Benefits	173,806	167,566	341,372	335,132	335,132
C-Personal Service Contracts					
E-Goods and Services	59,136	40,595	99,731	81,190	81,190
G-Travel	33,604	33,604	67,208	67,208	67,208
J-Capital Outlays	60,921		60,921		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements	131,433	131,433	262,866	262,866	262,866
T-Intra-Agency Reimbursements	8,000	8,000	16,000	16,000	16,000
9-					
Total:	\$1,008,866	\$887,338	\$1,896,204	\$1,774,676	\$1,774,676

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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 2014	FY 2015	2013-15	2015-17	2017-19
Administrative Officer (WMS1)	64,476	0.3		0.1		
Assistant Director (WMS/EMS3)	103,000	1.0	1.0	1.0	1.0	1.0
Fiscal Analyst 1(40L)	41,460	1.0	1.0	1.0	1.0	1.0
IT Specialist 3 (58L)	64,668	1.0	1.0	1.0	1.0	1.0
IT Specialist 5 (66L)	78,900	0.3	1.0	0.6	1.0	1.0
Office Assistant 2 (28L)	31,200	1.0	1.0	1.0	1.0	1.0
Political Finance Specialist 2 (47L)	49,328	1.0	1.0	1.0	1.0	1.0
Political Finance Specialist 4 (50L)	53,088	1.0	1.0	1.0	1.0	1.0
Regulatory Analyst 3 (62L)	69,756	1.0	1.0	1.0	1.0	1.0
Total FTE's	555,876	7.5	8.0	7.8	8.0	8.0

Part IV: Capital Budget Impact

NONE

No 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.

Electronic filing and fees

Section 3(3) requires the Commission to adopt rules and procedures to implement the annual registration fees required by the legislation. New rules may be needed to address definitions of compensation/expenses, etc., for purposes of determining when lobbyists, lobbyist employers, and elected officials meet the thresholds established in the bill that will trigger the filing fee.

New rules may also address procedures to allow use of credit and debit cards for payment of fees, including the establishment of a convenience fee to be paid by the bank card holder whenever a credit or debit card is chosen as the method of payment.

New rules may also be needed to allow lobbyists to seek an exception from the mandatory e-filing requirement on a case-by-case basis when e-filing is technologically infeasible for a particular lobbyist or lobbyist employer (same as currently available to campaigns).

Ethics merger

The Commission will need to adopt new procedural rules for processing ethics-related complaints that are consistent with the statutory requirements of the ethics in public service act.

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Individual State Agency Fiscal Note

Bill Number: 1005 S HB	Title: Public disclosure commission	Agency: 100-Office of Attorney General
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2014	FY 2015	2013-15	2015-17	2017-19
Legal Services Revolving Account-State 405-1	(213,651)	(213,651)	(427,302)	(427,302)	(427,302)
Total \$	(213,651)	(213,651)	(427,302)	(427,302)	(427,302)

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Account					
Legal Services Revolving Account-State 405-1	(213,651)	(213,651)	(427,302)	(427,302)	(427,302)
Total \$	(213,651)	(213,651)	(427,302)	(427,302)	(427,302)

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

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.

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- 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: Danielle Cruver	Phone: 360-786-7157	Date: 02/13/2013
Agency Preparation: Cam Comfort	Phone: (360) 664-9429	Date: 02/18/2013
Agency Approval: Brendan VanderVelde	Phone: 360 586-2104	Date: 02/18/2013
OFM Review: David Dula	Phone: (360) 902-0547	Date: 02/19/2013

Request # 13-052-1

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.

Section 1 is a new section stating the intent to restructure ethics functions under the Public Disclosure Commission (PDC) and to increase disclosure by requiring electronic filing by lobbyists.

Section 2 adds a new section to RCW 42.17A to require electronic filing by all agencies required to report under RCW 42.17A.635 and, no later than January 1, 2014, by all lobbyists and lobbyists' employees required to file reports under RCW 42.17A.600, .615, .625, and .630.

Section 3 adds a new section to RCW 42.17A requiring various annual fees be paid to PDC by various persons and individuals. PDC is required to adopt rules and procedures to implement this section.

Section 4 is a new section added to RCW 42.17A creating the Public Disclosure Electronic Filing Account.

Section 5 amends RCW 42.52.010 to add a definition for "commission" and redefine "ethics board" to mean the "legislative ethics board" (LEB).

Section 6 amends RCW 42.52.360 to require that PDC enforce this chapter and rules adopted under it. Subsections (3)-(5), related to the Executive Ethics Board (EEB), are deleted.

Section 7 amends RCW 42.52.380 to delete subsection (1) related to the EEB.

Sections 8 through 23 and 25 amend various chapters by replacing "board" with "ethics board" and adding references to the "public disclosure commission," "commission on judicial conduct," "commission," "commissions," and/or "the appropriate commission."

Section 24 amends RCW 42.52.550 to remove a reference to the EEB.

Section 26 amends RCW 42.17A.100 to expand PDC membership from five to seven members. Commission members are authorized to make contributions to a candidate or to a proposition but must report such contributions.

Section 27 amends RCW 42.17A.705 to delete references to the EEB.

Section 28 amends RCW 42.40.020 to change a reference from the EEB to the PDC.

Section 29 is a new section abolishing the EEB. All reference in the code to the EEB shall be construed to mean the PDC.

Section 30 is a new section repealing RCW 42.52.340 and .350.

Section 31 provides that sections 2 through 4 take effect January 1, 2014.

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Section 32 provides that sections 1 and 5 through 30 take effect July 1, 2013.

The Attorney General's Office (AGO) estimates a net workload impact of -0.3 Assistant Attorney General (AAG), 0.5 Office Assistant (OA), -1.0 Investigator (INV), -1.0 Confidential Secretary (CS), and -0.15 Ethics Board Member (EBM) at a cost of \$-231,651 in Fiscal Year (FY) 2014 and each FY thereafter. The increase in staffing is to provide legal services for PDC EEB casework and hearings scheduled for each board meeting, and for advice on rule making.

This bill is assumed effective July 1, 2013, except sections 2, 3, and 4 which are assumed effective on January 1, 2014.

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.

Funds are assumed to be appropriated Legal Service Revolving Account dollars. Legal services costs incurred by the AGO will be billed through the revolving fund to the client agency.

The client agency is assumed to be PDC. The AGO will bill PDC for legal services rendered.

Please note that these cash receipts represent the AGO authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agencies fiscal note. Appropriation authority is necessary in the AGO budget.

Assumptions:

1. We assume the enactment of this bill will result in the EEB budget funding and FTE being reduced out of the AGO budget equal to the EEB AGO budget for FY2013.
2. We assume the budget for the EEB at -1.0 AAG, -1.0 INV, -1.0 CS, and -0.15 EBM per FY and \$-345,084 in FY2014 and in each FY thereafter.
3. We assume a cost for legal services provided to the PDC for legal services for enforcement. This amounts to the AGO billing the PDC \$131,433 in FY2014 and in each FY thereafter.

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 AGO estimates a net workload impact of -0.3 AAG, 0.5 OA, -1.0 INV, -1.0 CS, and -0.15 EBM at a cost of \$-231,651 in FY2014 and each FY thereafter.

EEB Assumptions:

1. We assume the budget for the EEB at -1.0 AAG, -1.0 INV, -1.0 CS, and -0.15 EBM and \$-345,084 in FY2014

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and in each FY thereafter.

2. We assume the workload will be at least the same, if not more, in future years for PDC EEB staff.

3. In 2012, EEB opened 78 new investigations almost doubling the amount opened in 2011. EEB Completed 49 investigations, settling 29 of them with agreed stipulations, doubling the number of agreed orders from 2011.

- A. 62% of the cases investigated in 2012 were for use of public resources for personal gain
- B. 6% of the cases investigated in 2012 were for political use of resources.
- C. 14% of the cases regarded a special privilege.
- D. 8% of the cases regarded post-state employment.

4. EEB staff responded to 1,421 questions from agencies regarding ethical issues

- A. 797 of these required a written response to an e-mail.
- B. 634 were answered via phone calls.

5. EEB held three formal administrative hearings in 2012; two lasting 2 days and one lasting 1 day.

6. EEB has 4 hearings scheduled in the next 6 months, with 2 more awaiting scheduling.

Legal Services Impact Assumptions:

1. We assume a legal services workload equivalent of 0.7 AAG and 0.5 OA at a cost of \$131,433 in FY2014 and in each FY thereafter. Enforcement efforts are much higher now than in past years.

2. Legal service workload is for rulemaking (section 3) and for ongoing enforcement.

3. We assume that the extensive case preparation work currently conducted by the EEB Director (who is an AAG) will not be conducted by PDC staff, which will result in additional legal services requirements.

4. We assume no savings to the State of Washington through the enactment of this bill. The PDC does not have staff members who perform similar functions, so they would have to increase staffing and hire investigators.

5. We assume legal service advice will be provided internal to the PDC, and will not require AGO legal services of our GCE division.

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Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
A-Salaries and Wages	(155,523)	(155,523)	(311,046)	(311,046)	(311,046)
B-Employee Benefits	(42,068)	(42,068)	(84,136)	(84,136)	(84,136)
C-Professional Service Contracts	(948)	(948)	(1,896)	(1,896)	(1,896)
E-Goods and Other Services	9,542	13,042	22,584	26,084	26,084
G-Travel	(2,660)	(2,660)	(5,320)	(5,320)	(5,320)
J-Capital Outlays	5,750	2,250	8,000	4,500	4,500
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	(27,744)	(27,744)	(55,488)	(55,488)	(55,488)
9-					
Total:	\$(213,651)	\$(213,651)	\$(427,302)	\$(427,302)	\$(427,302)

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 2014	FY 2015	2013-15	2015-17	2017-19
Assistant Attorney General	82,284	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Confidential Secretary	62,412	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Ethics Board Member	1,000	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Investigator/Analyst	67,688	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Office Assistant	33,464	0.5	0.5	0.5	0.5	0.5
Total FTE's	246,848	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)

III. C - Expenditures By Program (optional)

Program	FY 2014	FY 2015	2013-15	2015-17	2017-19
Executive Ethics Board (EEB)	(345,084)	(345,084)	(690,168)	(690,168)	(690,168)
Government Compliance & Enforcement Division (G)	131,433	131,433	262,866	262,866	262,866
Total \$	\$(213,651)	\$(213,651)	\$(427,302)	\$(427,302)	\$(427,302)

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.

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