

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden
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## Estimated Cash Receipts

Agency Name	2005-07		2007-09		2009-11	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Attorney General	0	3,531,542	0	3,451,542	0	3,451,542
Department of Social and Health Services	Non-zero but indeterminate cost. Please see discussion."					
<b>Total \$</b>	0	3,531,542	0	3,451,542	0	3,451,542

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

## Estimated Expenditures

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

\*\* See local government fiscal note

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	.0	0	0	.0	0	0	.0	0	0
Office of the Governor	Fiscal note not available								
Commission on Asian Pacific American Affairs	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	16.0	0	3,531,542	16.0	0	3,451,542	16.0	0	3,451,542
Department of Financial Institutions	Non-zero but indeterminate cost. Please see discussion.								
Community, Trade, and Economic Development	.5	80,655	80,655	.5	79,580	79,580	.5	79,580	79,580
Office of Financial Management	Fiscal note not available								
Washington Economic Development Finance Authority	.0	0	0	.0	0	0	.0	0	0
Commission on Hispanic Affairs	.0	0	0	.0	0	0	.0	0	0
Department of Retirement Systems	.0	0	0	.0	0	0	.0	0	0
State Investment Board	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.3	24,300	24,300	.3	22,600	22,600	.3	22,600	22,600
Housing Finance Commission	Fiscal note not available								
Department of General Administration	.3	42,735	42,735	.0	0	0	.0	0	0
Office of Insurance Commissioner	Non-zero but indeterminate cost. Please see discussion.								
Liquor Control Board	Fiscal note not available								
Utilities and Transportation Commission	2.1	0	426,166	2.1	0	426,166	2.1	0	426,166
Criminal Justice Training Commission	.0	0	0	.0	0	0	.0	0	0
Traffic Safety Commission	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.5	268	76,556	.5	268	76,556	.5	268	76,556
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	Non-zero but indeterminate cost. Please see discussion.								
Department of Health	9.4	1,169,000	1,868,000	9.4	1,160,000	1,856,000	9.4	1,142,000	1,830,000
Department of Veterans Affairs	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	1.3	493,908	493,908	1.3	493,908	493,908	1.3	493,908	493,908
Department of Fish and Wildlife	.0	0	0	.0	0	0	.0	0	0
Department of Natural Resources	1.5	177,100	354,000	1.3	147,800	295,400	1.0	122,400	244,600
<b>Total</b>	31.9	\$1,987,966	\$6,897,862	31.4	\$1,904,156	\$6,701,752	31.1	\$1,860,756	\$6,624,952

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

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

\*\* See local government fiscal note

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<b>Prepared by:</b> Robin Campbell, OFM	<b>Phone:</b> 360-902-0575	<b>Date Published:</b> Preliminary 3/ 2/2005
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

# Judicial Impact Fiscal Note

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 055-Office of Administrator for Courts
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## Part I: Estimates

☒ **No Fiscal Impact**

*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: Yvonne Pettus	Phone: (360) 705-5314	Date: 02/10/2005
Agency Approval: Jeff Hall	Phone: 360-357-2131	Date: 02/11/2005
OFM Review: Garry Austin	Phone: 360-902-0564	Date: 02/11/2005

**Part II: Narrative Explanation**

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

This bill would add the county of the petitioner's residence or place of business and any county where property owned by the petitioner may be affected by the rule as additional venue for petitions for declaratory judgment. Thurston County remains as a possible venue for these actions.

**II. B - Cash Receipts Impact**

**II. C - Expenditures**

In each of the past two calendar years, there were approximately 240 civil cases filed in Thurston County in which the state of Washington was named as the defendant. It is unknown how many of these were petitions for declaratory judgment regarding the validity of an agency's rules. Some of these petitions may be moved from Thurston County to other counties in the state. This would lessen the workload in Thurston County Superior Court and increase the workload in the courts to which the cases are transferred. Since it is unknown to which counties these cases might be transferred, it is not possible to determine the impact on an individual county.

**Part III: Expenditure Detail**

**Part IV: Capital Budget Impact**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 087-Comm on Asian Pacific Amer Affairs
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## 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: Debra Trickler	Phone: 360-664-7703	Date: 02/15/2005
Agency Approval: Debra Trickler	Phone: 360-664-7703	Date: 02/15/2005
OFM Review: Tristan Wise	Phone: 360-902-0546	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 measure has no fiscal impact.

**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.*

**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

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 100-Office of Attorney General
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

FUND	FY 2006	FY 2007	2005-07	2007-09	2009-11
Legal Services Revolving Account-State 405-1	1,805,771	1,725,771	3,531,542	3,451,542	3,451,542
<b>Total \$</b>	1,805,771	1,725,771	3,531,542	3,451,542	3,451,542

### Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	16.0	16.0	16.0	16.0	16.0
<b>Fund</b>					
Legal Services Revolving Account-State 405-1	1,805,771	1,725,771	3,531,542	3,451,542	3,451,542
<b>Total \$</b>	1,805,771	1,725,771	3,531,542	3,451,542	3,451,542

*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:	Phone:	Date: 02/10/2005
Agency Preparation: Cam Comfort	Phone: 3606649429	Date: 02/10/2005
Agency Approval: John Fricke	Phone: 360 753-2516	Date: 02/15/2005
OFM Review: Robin Campbell	Phone: 360-902-0575	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 creates a new “Office of Regulatory Reform” to oversee state agencies’ regulatory processes, including permit procedures, and to review existing and proposed rules. The bill gives the director of the office certain powers and responsibilities, including the power to develop “procedures”.

The bill uses the Administrative Procedure Act (APA) definition of “agency” but does not contain the current exclusion that exists in the APA for the State Militia, the Board of Clemency and Pardons, the Department of Corrections, and certain payment rates adopted by the Department of Social and Health Services. Also, the new requirements for existing and proposed rules would apply to all rules, not just to the “significant legislative rules” of the ten agencies listed in RCW 34.05.328(5)(a).

The bill provides authority to the director to analyze or require agencies to analyze the impact of their existing rules on matters such as public health, safety, welfare, and job creation and recommend simplification. The director may also request an agency to prepare a cost-benefit analysis, risk assessment, and analysis of a rule’s effect on the creation and retention of jobs, and recommend to the Governor, the Attorney General, and the director of OFM that the agency be directed to prepare such analyses. The director may also recommend to these officials that an agency be directed to amend or repeal a rule that may be obsolete, harmful to the economy, or “excessive” in view of state or federal laws.

The bill also authorizes the director to issue determinations regarding whether an action taken by an agency should be adopted as a rule.

Section 4 of the bill sets out 12 new criteria under which the director may evaluate rules. These criteria appear to impose significant new requirements for all rules adopted by any agency. It is unclear whether these criteria apply just to new rules, or also to existing rules.

Section 5 of the bill requires that before publishing a notice of proposed rule making, agencies must submit to the director the text of the rule, along with a regulatory impact statement, cost-benefit analysis, risk assessment, analysis of the rule’s effect on the creation and retention of jobs, and results of a policy dialogue or negotiated rule making. Once the director determines the submittal is complete, he or she submits it to the Governor, Attorney General, and director of OFM for approval or disapproval. They may authorize the agency to move ahead with adopting the rule, prohibit such action, or prohibit it unless changes are made. If the agency moves forward with rule making, it must again submit its rule and accompanying documents to the director. If the Governor, Attorney General, and director of OFM have already reviewed the rule, it is only reviewed for changed circumstances or new information. Otherwise, it is reviewed for compliance with all the criteria in section 4. If the director determines a rule does not meet the criteria in section 4, the director again notifies the Governor, Attorney General, and director of OFM, who decide whether to allow or prevent rule making.

The bill shifts the burden to the agency to prove that its action was “authorized by law.” Currently, a person who challenges in court any type of agency action under the APA has the burden to prove the action is invalid. In addition, the bill broadens the APA’s venue provision by allowing a rule challenge to be brought in any county where the petitioner resides, has a principal place of business, or owns property affected by the rule.

The bill prohibits agencies from relying solely on their enabling statutes or the intent section in a statute as authority to adopt a rule. This is very similar to language that was enacted during the 1995 regulatory reform process and applied to a group of larger agencies.

The bill requires the signature of the Governor on all rules.

The bill also provides that unless the legislature specifically states otherwise, an agency's delegation of authority is limited to: (1) the minimum necessary to administer the legislation's "clear and unambiguous directives," and (2) the administration of circumstances and behaviors foreseeable at the time of the legislation's enactment.

This bill imposes significant new costs on the AGO. First, along with the Governor and the director of OFM, the AGO will be required to review all new rules for approval or disapproval. The AGO also appears to be required to act on recommendations concerning existing rules. In addition, the AGO will need to advise clients to help them determine what the new criteria for rules mean. It is hard to determine the exact amount, but given that there are many agencies that adopt numerous rules each year, it is reasonable to assume that the increased workload will be significant. The bill also will result in additional costs to the AGO in that it is likely to lead to increased rule challenges since it expands the criteria that rules must meet as well as where rule challenges may be filed, and shifts the burden of proof to agencies to prove that their actions were authorized by law. Although it is extremely difficult to quantify the workload impact of this bill, at least 10.0 new attorney FTEs, 4.0 legal assistant FTEs, and 2.0 office assistant FTEs will be required, if not many more FTEs.

## 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.*

Legal services billings through the revolving fund to all client agencies that adopt, amend or consider rule making under this new law, and the newly-established Office of Regulatory Reform. It is not possible to determine which client agencies will require what amounts of new 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.*

It is not possible to precisely estimate the fiscal impact of this bill, but the impact on legal services provided to agencies, the Governor and the new office are expected to be significant. It is also not possible to determine which client agencies will require what amount of additional advice and other legal services to implement this bill. Additional hearings and litigation activity is expected because the bill shifts the burden of proof to agencies to prove that their actions were authorized by law. Although it is extremely difficult to quantify the workload impact of this bill, it would require at a minimum at least 10.0 new attorney FTEs, 4.0 legal assistant FTEs, and 2.0 office assistant FTEs, and may require a lot more.

Furniture will be required for these new staff.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	16.0	16.0	16.0	16.0	16.0
A-Salaries & Wages	930,960	930,960	1,861,920	1,861,920	1,861,920
B-Employee Benefits	204,811	204,811	409,622	409,622	409,622
C-Personal Serv Contr					
E-Goods and Services	500,000	500,000	1,000,000	1,000,000	1,000,000
G-Travel	50,000	50,000	100,000	100,000	100,000
J-Capital Outlays	120,000	40,000	160,000	80,000	80,000
M-Inter Agency Fund Transfers					
N-Grants, Benefits Services					
P-Debt Service					
S-Interagency Reimbursement					
T-Intra-Agency Reimbursement					
<b>Total:</b>	\$1,805,771	\$1,725,771	\$3,531,542	\$3,451,542	\$3,451,542

Request # 05-034-1

**III. B - Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

<b>Job Classification</b>	<b>Salary</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>
Attorney	73,200	10.0	10.0	10.0	10.0	10.0
Legal Assistant	34,932	4.0	4.0	4.0	4.0	4.0
Office Assistant	29,616	2.0	2.0	2.0	2.0	2.0
<b>Total FTE's</b>		16.0	16.0	16.0	16.0	16.0

**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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 102-Dept of Financial Institutions
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

<b>FUND</b>					
<b>Total \$</b>					

### 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: Nick Klucarich	Phone: (360) 902-8780	Date: 02/14/2005
Agency Approval: Michael Schmidlkofer	Phone: 360-902-8792	Date: 02/15/2005
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 02/15/2005

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.

House Bill 1673, An Act relating to regulatory reform.

Section 37.

The bill requires a specific grant of legislative authority for rules adopted by the Department of Financial Institutions (DFI) after July 1, 2005, if a pre-existing specific grant does not exist. However, the Department is uncertain what the bill means by a "specific grant of authority" and, whether existing general grants of rulemaking authority satisfy this test. It is also unclear whether amendments to rules existing prior to July 1, 2005 could be undertaken without additional legislative authorization.

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.

Should the term "specific grant of authority" be interpreted narrowly, DFI would incur some costs in obtaining needed legislative authority to adopt rules. Therefore the fiscal impact of the bill is indeterminate as the Department is unable to determine the number of rules which would require a specific grant of legislative authority.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

This bill does not have a 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

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 103-Community, Trade & Economic Develop
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

FUND					
<b>Total \$</b>					

### Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
<b>Fund</b>					
General Fund-State 001-1	40,865	39,790	80,655	79,580	79,580
<b>Total \$</b>	40,865	39,790	80,655	79,580	79,580

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

Legislative Contact:	Phone:	Date: 02/10/2005
Agency Preparation: Heather Ballash	Phone: 360-725-3046	Date: 02/11/2005
Agency Approval: Sue Mauermann	Phone: 360 725-2804	Date: 02/24/2005
OFM Review: Robin Campbell	Phone: 360-902-0575	Date: 03/02/2005

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 require state agencies to prepare a cost-benefit analysis, risk assessment, and/or an analysis of a proposed rule's effect on the public health, safety and welfare and job creation. Any cost-benefit analysis or risk assessment would undergo a peer review, and a policy dialogue or negotiated rulemaking with interested parties.

Proposed rules must be submitted to the director of Regulatory Reform in the Governor's office, who must review the rule for completeness. If the rule is incomplete, it will be sent back to the agency. If it is complete, it will be submitted to the Governor, Attorney General, and the Director for the Office of Financial Management for approval. The rule requires the signature of the Governor.

The burden of proof regarding a challenge to an agency rule is amended to include a burden on the agency to demonstrate that the agency action was authorized by law, which must consider the limited delegation section of the minimum rulemaking needed to implement legislation.

Rules must be adopted before December 1 of any year and may not take effect until the end of the legislative session in the following year.

The combined effect of these provisions would be to significantly slow down and lengthen the rulemaking process, as well as increasing the amount of agency resources needed to complete a rulemaking. CTED adopts one or two rules per year. The agency would need to employ .5 of an FTE at Program Manager Tech Specialist 3 level for a rules coordinator to conduct a cost-benefit analysis or risk assessment with peer review and policy dialogue for each rulemaking.

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.*

Not applicable.

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 employ .5 of an FTE at Program Manager Tech Specialist 3 level for a rules coordinator to conduct a cost-benefit analysis or risk assessment and oversee the rulemaking process with peer review and policy dialogue for each rulemaking. It is expected that program staff would do travel to engage stakeholders in the policy dialogue and any negotiated rulemaking process. The rules coordinator would be responsible for rules process support and any required cost benefit analysis and risk assessment.

Goods and services would be at half of the standard cost of an FTE in the amount of \$900 per fiscal year for normal daily cost, supplies, etc.. CTED would also need to purchase equipment at \$1,750 (monitor, Pentium IV) and full office of modular furniture at \$3,200 for this position in the first fiscal year. There would be no overhead cost associated to this FTE since it would be part of Program 100 - Agency Administration except for workstation assessment in the amount of \$3,100.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
A-Salaries and Wages	28,632	28,632	57,264	57,264	57,264
B-Employee Benefits	7,158	7,158	14,316	14,316	14,316
C-Personal Service Contracts					
E-Goods and Services	900	900	1,800	1,800	1,800
G-Travel					
J-Capital Outlays	1,075		1,075		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	3,100	3,100	6,200	6,200	6,200
<b>Total:</b>	\$40,865	\$39,790	\$80,655	\$79,580	\$79,580

**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
Program Manager Tech Specialist 3	57,252	0.5	0.5	0.5	0.5	0.5
<b>Total FTE's</b>		0.5	0.5	0.5	0.5	0.5

### III. C - Expenditures By Program (optional)

Program	FY 2006	FY 2007	2005-07	2007-09	2009-11
Agency Administration (100)	40,865	39,790	80,655	79,580	79,580
<b>Total \$</b>	40,865	39,790	80,655	79,580	79,580

## 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

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 106-Wa Econ Develop Finance Authority
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## Part I: Estimates

☒ **No Fiscal Impact**

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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: Jonathan Hayes	Phone: 206-587-5634	Date: 02/15/2005
Agency Approval: Jonathan Hayes	Phone: 206-587-5634	Date: 02/15/2005
OFM Review: Doug Jenkins	Phone: 360-902-0563	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.

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

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 required

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 118-Wa State Comm On Hispanic Affairs
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## 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: Debra Trickler	Phone: 360-664-7703	Date: 02/15/2005
Agency Approval: Debra Trickler	Phone: 360-664-7703	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.*

This measure has no fiscal impact.

**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.*

**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

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 124-Department of Retirement Systems
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## 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: Dave Nelsen	Phone: (360) 664-7304	Date: 02/11/2005
Agency Approval: John Charles	Phone: (360) 664-7312	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.*

Section 5 of the bill establishes additional procedures for the rule making process. It is not anticipated that the procedures will have a direct fiscal impact on the Department of Retirement Systems (DRS); however, delays in updating pension rules could present compliance issues with Internal Revenue Service regulations. For example, when Congress passed the Economic Growth and Tax Relief Reconciliation Act of 2001, DRS acted quickly to update various rules for the state’s Deferred Compensation Program (DCP), as the DCP WACs represent the official plan document.

**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.*

**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

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 126-State Investment Board
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## 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: Erwin Vidallon	Phone: 360-956-4740	Date: 02/14/2005
Agency Approval: Erwin Vidallon	Phone: 360-956-4740	Date: 02/15/2005
OFM Review: Deborah Feinstein	Phone: 360-902-0614	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 creates a permanent office of regulatory reform within the executive branch to review all state rules and determine which rules duplicate or contradict each other, are no longer needed, or do more harm than good to the public interest. It directs agencies to analyze the costs and benefits of their rules and to consider using regulatory approaches designed to avoid overly burdensome impacts on regulated parties, the economy, and the administration of state and local governmental agencies.

Section 21:

Amends RCW 43.33A.110 and 1994 c 154 s 310 to read as follows:

The state investment board may ((make)) adopt appropriate rules ((and regulations)) for the performance of its duties.

For rules adopted under the provisions of this chapter after July 1, 2005, the state investment board may adopt only rules derived from a specific grant of legislative authority. The rules must include the specific statutory section or sections from which the grant of authority is derived, and may not rely solely on a section of law stating a statute's intent or purpose or the general enabling provisions establishing the state investment board.

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.*

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.*



# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

<b>FUND</b>					
<b>Total \$</b>					

### Estimated Expenditures from:

	<b>FY 2006</b>	<b>FY 2007</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>
FTE Staff Years	0.3	0.3	0.3	0.3	0.3
<b>Fund</b>					
GF-STATE-State 001-1	13,000	11,300	24,300	22,600	22,600
<b>Total \$</b>	13,000	11,300	24,300	22,600	22,600

*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: Don Taylor	Phone: 360-570-6083	Date: 02/15/2005
Agency Approval: Don Gutmann	Phone: 360-570-6073	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.*

Sections 1 through 4. Creates a new Office of Regulatory Reform (ORR). All agency rulemakings must be submitted to the ORR for review. The director of this office is authorized to review rule proposals for compliance with the bill's requirements. The director may also require a rule's cost-benefit analysis or risk assessment to be peer-reviewed. It is unclear who would arrange for or perform this review. The director may also exclude certain rules or types of rules from the bill's requirements.

Sections 5 through 7. After reviewing a rule proposal, the ORR Director finds whether the proposal is complete or not. If it is complete, the director submits it to the Governor, the Attorney General and the Director of the Office of Financial Management (OFM) with his recommendation to approve or disapprove the rule. The OFM Director may authorize the agency to adopt the rule, prohibit adoption, or require amendments to the rule. If the rule proposal is found to be incomplete, the OFM Director notifies the proposing agency and directs it to amend or prepare a regulatory impact analysis, cost-benefit analysis, risk assessment, or analysis of the rule's effects on employment in the state. In addition, agencies have to bear the burden of proof that an agency action was authorized by law. Rule challenges may be filed where the petitioner resides or has a principal place of business or in any county where property affected by the rule is located.

Sections 8 and 9 Establishes that all agency rules are subject to legislative scrutiny and must wait until the end of a regular legislative session before taking effect.

Sections 10 through 12 amend specific agency's statutory powers to require that any new rules meet specific criteria.

Section 13 Amends chapter 43.17 RCW to clarify that agencies may adopt rules under that chapter only when a specific grant of legislative authority exists. Chapter 43.17 RCW permits agencies (including the Department of Revenue) to adopt rules governing the government of the department, the conduct of officers and employees, the disposition and performance of its business, and the custody, use, and preservation of the department's records and property.

Sections 14 through 45 amend specific agency's statutory powers to require that any new rules meet specific criteria.

Section 46 sets forth these criteria.

Section 47 restricts agencies' abilities to interpret the requirements of the bill on administering the act.

Sections 48 and 49 are ministerial.

Section 50 would make July 1, 2005 the effective date for 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.*

#### ASSUMPTIONS/DATA SOURCES

This bill could result in delayed effective dates for some administrative rules that are promulgated by the Department of Revenue, because of the additional layers of review (by the Office of Regulatory Reform, OFM, the Governor, the Attorney General and ultimately the Legislature) which are required. Administrative rules issued by the Department generally are done so for purposes of clarifying the intent of tax law. However, in some instances a new rule may result in either increased or decreased revenues, as taxpayers become informed about the application of the law. Therefore, it is

possible that this bill could result in potential increases or decreases in state revenues because of the delayed implementation resulting from the requirements imposed by this bill.

There is no way to quantify these possible impacts on state revenues. For purposes of this fiscal note, it is assumed that the impact of such changes would net out to zero.

## 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 would incur approximately \$24,300 during the 2005-2007 Biennium. Fiscal year 2006 costs include:

1. 0.25 FTE at a Hearing Scheduler level to process and track rules associated with the Office of Regulatory Reform.

The Department will incur approximately \$11,300 during fiscal year 2007 and \$22,600 during the 2007-2009 and 2009-2011 biennium. Ongoing costs are relate to the Hearing Scheduler discussed above.

The Department will absorb these costs. However, should this bill and other similar bills pass, the net impact may result in costs above the level the Department can reasonably absorb. In that event, the Department will need additional resources 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	0.3	0.3	0.3	0.3	0.3
A-	7.800	7,800	15,600	15,600	15,600
B-	1.900	1,900	3,800	3,800	3,800
E-	1.600	1,600	3,200	3,200	3,200
J-	1.700		1,700		
<b>Total \$</b>	<b>\$13,000</b>	<b>\$11,300</b>	<b>\$24,300</b>	<b>\$22,600</b>	<b>\$22,600</b>

**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
HEARINGS SCHEDULER	31,032	0.3	0.3	0.3	0.3	0.3
<b>Total FTE's</b>		0.3	0.3	0.3	0.3	0.3

## 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

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 150-Dept of General Administration
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

<b>FUND</b>					
<b>Total \$</b>					

### Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.5	0.0	0.3	0.0	0.0
<b>Fund</b>					
General Fund-State 001-1	42,735	0	42,735	0	0
<b>Total \$</b>	42,735	0	42,735	0	0

*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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- ☒ 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: Martin Casey	Phone: 360-902-7208	Date: 02/16/2005
Agency Approval: Grant Fredricks	Phone: 360-902-7203	Date: 02/16/2005
OFM Review: Tristan Wise	Phone: 360-902-0546	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.*

Section 3 of the bill creates a permanent office of regulatory reform within the executive branch to review all state rules in accordance with criteria and procedures set forth in Sections 4 and 5 of the bill. Section 5's procedures include direction to agencies to analyze the costs and benefits of their rules and to consider using regulatory approaches designed to avoid undue deleterious or overly burdensome impacts on regulated parties, the economy, and the administration of state and local governmental agencies, to the extent consistent with the objectives of applicable statutes.

### 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.*

It is assumed we could not charge customers to cover these costs

### 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.*

General Administration has roughly 230 sections of rules organized in 16 Chapters in Title 236 WAC governing several main topics, including traffic and access on the capitol campus, requirements for commemorative works on the capitol campus, the small works roster for public works construction projects, competitive contracting under the Personnel System Reform Act of 2002, and state purchasing and contracting for goods and services.

General Administration is making the following assumptions about implementation of this bill:

- 1) The Office of Regulatory Reform would not be an allocated revolving fund activity.
- 2) We assume costs only for review of existing rules. Any costs for new rulemaking would be in response to future legislation and would be quantified in the fiscal notes for that legislation
- 3) The proposed Office of Regulatory Reform would order an analysis of 25% of the sections in existing GA rules, and 10% of those might be found to require revision per the criteria in Section 4 of the bill.

Therefore, a portion of our existing rules would be required to be analyzed and assessed for cost/benefit and risk as it related to the creation and retention of jobs in Washington. Based on these assumptions, we estimate approximately 58 analyses at 4 hours per rule analysis, and 6 revisions at 120 hours for revising a rule. Overall, this would require 0.5 FTE at a WMS Band 2 level in FY 2006.

These costs cannot be absorbed within existing resources.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.5		0.3		
A-Salaries and Wages	32,250		32,250		
B-Employee Benefits	6,600		6,600		
C-Personal Service Contracts					
E-Goods and Services	3,885		3,885		
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					
<b>Total:</b>	\$42,735	\$0	\$42,735	\$0	\$0

**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
WMS2	64,500	0.5		0.3		
<b>Total FTE's</b>		0.5		0.3		0.0

## 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.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 160-Office of Insurance Commissioner
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## Part I: Estimates

☒ No Fiscal Impact

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.*

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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).
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- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/10/2005
Agency Preparation: Kacy Scott	Phone: (360) 725-7041	Date: 02/15/2005
Agency Approval: Kacy Scott	Phone: (360) 725-7041	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.*

**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.*

Sec. 3 (7) requires peer review of any cost-benefit-analysis or risk assessment prepared for a rule. Due to a lack of experience in this area, it is not possible to determine what the cost of this peer review would be.

**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

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 215-Utilities and Transportation Comm
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

<b>FUND</b>					
<b>Total \$</b>					

### Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	2.1	2.1	2.1	2.1	2.1
<b>Fund</b>					
Public Service Revolving Account-State 111-1	191,775	191,775	383,550	383,550	383,550
Pipeline Safety Account-State 297-1	21,308	21,308	42,616	42,616	42,616
<b>Total \$</b>	213,083	213,083	426,166	426,166	426,166

*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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- ☐ 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: 02/14/2005
Agency Approval: Debra Wilhelmi	Phone: 360-664-1205	Date: 02/15/2005
OFM Review: Deborah Feinstein	Phone: 360-902-0614	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.*

Sec. 3 Establish new Office of Regulatory Reform. Director may require agencies to take actions whose implementation could impose costs on the agency or extend the time for agency action. These include requiring studies on existing rules; requiring peer review of studies; requiring negotiated rulemaking; or proposing rules for repeal.

Sec. 4. Establishes 12 criteria for rule evaluation. 12 Criteria for rule evaluation. Include: 1) within delegated authority; 2) consistent with & necessary for legislative purpose; 3) clearly written; 4) doesn't unnecessarily duplicate or exceed existing federal or state laws or rules; 5) consistent with existing state rules; 6) public benefits will outweigh costs on those affected; 7) imposes no unfunded mandate on local governments or schools; 8) methodologies or requirements allow flexibility and encourage innovation; 9) based on credible risk assessments; 10) uses least burdensome requirements to achieve legislative purpose; 11) based on best reasonably available scientific and economic information; and 12) favors market-oriented solutions over command and control regulation.

Agency assumes costs by demonstrating compliance, and may require additional steps during development and in making the demonstration. Some may require additional research, additional process, additional analysis and additional preparation. May add additional hours to rule making process.

Sec. 5 Procedures. (1) Before any proposed rule may be filed (CR-102) for publication, the Director of Reg. Reform (DRR) must review the package (including all studies) and determine whether it is complete and consistent with the requirements of the chapter; then (2) forward it to the Governor, the AG, and the OFM director, who must authorize filing, prohibit the filing, or prohibit it unless specified changes are made. (3) If the Director finds the filing incomplete or not in accordance with the goals, criteria, and requirements of the chapter, s/he must return it to the agency with instructions to a) prepare or amend an analysis, or b) conduct a policy dialogue or negotiated rulemaking.

Agency assumes that a cost benefit analysis will be completed for every rule making, which on average consists of 9 rule makings per year.

Sec. 5(5) When a notice (CR-102) is submitted to the code reviser (except when the rule was previously reviewed under sub (1) above), the agency must submit a complete copy (including studies) to the Director, who must then review the rulemaking for compliance with Sec. 4 criteria. If the rulemaking does not meet the criteria, the Director must tell the agency within 45 days after publication and the agency may not adopt the rule until 30 days after it responds to the Director. If the Director notifies the agency of noncompliance, it may give the Director further clarification or justification of the rule or studies or submit a revised rulemaking; the director may within 15 days after receiving that information notify the agency not to adopt the proposal on a temporary basis.

Assume that rule makings would be done correctly and would not require additional actions by the Director.

Sec. 7 Preserves burden of proving invalidity of agency action (on the challenger) except that the agency bears the burden of demonstrating that the action was authorized by law. Expands venue for rule challenges beyond Thurston County to add county of petitioner's residence or principal place of business and any county in which the petitioner owns property that's affected by the rule under contest.

Agency assumes that a shift in burden of proof will require time for consideration and documentation. Expansion of venue will require staff and AG travel to sites of challenges.

Sec. 45 Limits Commission rulemaking authority to specific grants, not including authority in the enabling legislation. Would prevent the Commission from promulgating rules in some areas, especially relating to transportation, that are outside grants in 80.04.160 and 81.04.160 or other specific sections.

Do not anticipate any increased costs.

Sec. 46 Requires the signature of the Governor on every adopted rule. Would require delay to allow governor's review of the proposal and decision whether to sign, and expense in gathering, providing, and presenting information to the governor.

There is anticipated expenses, but there is not a way to determine that amount at this time.

## 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 5(3)(a) - Costs are based on an incremental increase of hours for rule makings. Agency estimates 9 rule makings per year. Assumes that a cost benefit analysis will be completed for each rule making. Agency assumes that a study (per section 4) will be completed before each rule making to ensure that all twelve (12) requirements are met.

Section 7 - Expansion of venue outside of Thurston County will require staff and AG travel to sites of challenges.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	2.1	2.1	2.1	2.1	2.1
A-Salaries and Wages	120,789	120,789	241,578	241,578	241,578
B-Employee Benefits	25,365	25,365	50,730	50,730	50,730
C-Personal Service Contracts					
E-Goods and Services	37,698	37,698	75,396	75,396	75,396
G-Travel	29,231	29,231	58,462	58,462	58,462
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
<b>Total:</b>	<b>\$213,083</b>	<b>\$213,083</b>	<b>\$426,166</b>	<b>\$426,166</b>	<b>\$426,166</b>

**III. B - Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

<b>Job Classification</b>	<b>Salary</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>
Assistant Director	69,504	0.5	0.5	0.5	0.5	0.5
Consumer Program Specialist 3	47,616	0.1	0.1	0.1	0.1	0.1
Legal Secretary 3	36,264	0.1	0.1	0.1	0.1	0.1
Office Assistant Senior	28,560	0.1	0.1	0.1	0.1	0.1
Policy Research Specialist 2	51,240	0.5	0.5	0.5	0.5	0.5
Program Manager/Consultant	58,032	0.5	0.5	0.5	0.5	0.5
Regulatory Services Director	79,956	0.1	0.1	0.1	0.1	0.1
Review Judge	64,008	0.2	0.2	0.2	0.2	0.2
Senior Policy Strategist	63,900	0.2	0.2	0.2	0.2	0.2
<b>Total FTE's</b>		2.1	2.1	2.1	2.1	2.1

## 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

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 227-Wa St Criminal Justice Train Comm
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## 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: Brian Elliott	Phone: 360-486-2436	Date: 02/10/2005
Agency Approval: Brian Elliott	Phone: 360-486-2436	Date: 02/15/2005
OFM Review: Garry Austin	Phone: 360-902-0564	Date: 02/15/2005

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 228-Wash Traffic Safety Commission
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## 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: Steve Lind	Phone: 360-753-6538	Date: 02/11/2005
Agency Approval: Steve Lind	Phone: 360-753-6538	Date: 02/11/2005
OFM Review: Garry Austin	Phone: 360-902-0564	Date: 02/11/2005

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 235-Department of Labor and Industries
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

<b>FUND</b>					
<b>Total \$</b>					

### Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
<b>Fund</b>					
General Fund-State 001-1	134	134	268	268	268
Public Safety and Education Account-State 02V-1	318	318	636	636	636
Asbestos Account-State 03B-1	8	8	16	16	16
Electrical License Account-State 095-1	310	310	620	620	620
Worker and Community Right-to-Know Account-State 163-1	27	27	54	54	54
Public Works Administration Account-State 234-1	31	31	62	62	62
Accident Account-State 608-1	16,402	16,402	32,804	32,804	32,804
Medical Aid Account-State 609-1	21,002	21,002	42,004	42,004	42,004
Plumbing Certificate Account-State 885-1	15	15	30	30	30
Pressure Systems Safety Account-State 892-1	31	31	62	62	62
<b>Total \$</b>	38,278	38,278	76,556	76,556	76,556

*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: 02/16/2005
Agency Approval: Chris P Freed	Phone: 360-902-6698	Date: 02/18/2005
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.

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.

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	0.5	0.5	0.5	0.5	0.5
A-Salaries and Wages	23.787	23,787	47,574	47,574	47,574
B-Employee Benefits	6.040	6,040	12,080	12,080	12,080
C-Personal Service Contracts					
E-Goods and Services	8.189	8,189	16,378	16,378	16,378
G-Travel	262	262	524	524	524
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$38,278	\$38,278	\$76,556	\$76,556	\$76,556

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 Anal 2	46.992	0.3	0.3	0.3	0.3	0.3
Regulatory Anal 2	48.156	0.3	0.3	0.3	0.3	0.3
Total FTE's		0.5	0.5	0.5	0.5	0.5

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**

This bill seeks to examine state agencies rules and rulemaking process to assure that they faithfully execute the laws of the state without unduly burdening the state's economy and imposing needless costs and requirements on the businesses, local governments, and citizens of this state.

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

#### **Section 3:**

Gives the director of the new Office of Regulatory Reform authority to look at agency “actions” and make a determination that the agency “action” should be taken pursuant to a rule.

This section further gives the Regulatory Reform Director authority to require an agency to prepare a cost-benefit analysis, risk assessment, and/or an analysis of the rule's effect on the creation and retention of jobs in the state. Since the bill does not define what a risk assessment or an analysis of the rule's effect on the creation and retention of jobs in the state involves, these costs cannot be determined. As a result the fiscal impact is indeterminate.

Section 4 (New Section) adds a section in chapter 34.05 RCW that lays out the criteria the Regulatory Reform Director may use to evaluate rules.

This will add to and increase the rulemaking requirements Labor & Industries (L&I) must meet to adopt a rule. This will slow the rulemaking process and require rulemaking timelines to be extended. This would also place a burden on agency resources.

### **II. B – Cash Receipt Impact**

None.

### **II. C – Expenditures**

Gives the director of the new Office of Regulatory Reform authority to look at agency “actions” and make a determination that the agency “action” should be taken pursuant to a rule.

Since it is not clear what “actions” would be considered by the director under this definition, the fiscal impact is indeterminate.

This bill further gives the Regulatory Reform Director authority to require an agency to prepare a cost-benefit analysis, risk assessment, and/or an analysis of the rule's effect on the creation and retention of jobs in the state.

It is estimated that 0.25 of an Economic Analyst 2 to perform these analyses as required by the Regulatory Reform Director.

This bill adds a section in chapter 34.05 RCW that lays out the criteria the Regulatory Reform Director may use to evaluate rules.

This will add to and increase the rulemaking requirements Labor & Industries (L&I) must meet to adopt a rule as well as slow the rulemaking process. This will also require rulemaking timelines to be extended.

It is estimated 0.25 of a Regulatory Analyst 2 would be need to assist the Rules Coordinator to meet rulemaking deadlines.

**Part IV: Capital Budget Impact**

None.

**Part V: New Rule Making Required**

All 81 WAC chapters since this bill will affect all rulemaking.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 240-Department of Licensing
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## 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: Erik Hansen	Phone: 360-902-0120	Date: 02/11/2005
Agency Approval: Larry Dzieza	Phone: 360-902-3633	Date: 02/15/2005
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.*

This bill directs agencies to analyze the costs and benefits of their rules and to consider using regulatory approaches designed to avoid undue deleterious or overly burdensome impacts. It also creates a permanent office of regulatory reform within the executive branch to review all state 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.*

**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

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 300-Dept of Social and Health Services
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## 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: 02/18/2005
OFM Review: Cheri Keller	Phone: 360-902-0553	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.*

This bill intends to reform the current rule-making process for state agencies, and give the Legislative/Executive branches more control over the volume and content of agency rules. The Office of Regulatory Reform (ORR), within the executive branch, will be created.

Section 5, (1) states that prior to submitting a notice of proposed or revised rule making for publication, the Department of Social and Health Services (DSHS) head will submit the complete text of the proposed rule, any regulatory impact statement, and any cost-benefit analysis, risk assessment, analysis of the rule's effect on the creation and retention of jobs in the state, and/or the results of a policy dialogue or negotiated rule making undertaken in conjunction with the development of the rule.

Section 5, (2) states that the Governor, the Attorney General, and the director of the Office of Financial Management (OFM) shall approve/disapprove rules recommended to them by the director of the ORR.

Section 5, (5), (b) states that DSHS will be notified within 45 days of submission of the publication if the proposed or revised rule making does not meet the necessary criteria.

Section 5, (5), (c) allows for DSHS to provide additional clarification/justification for a proposed rule. DSHS will be notified within 15 days to not adopt the proposed or revised rule on a temporary basis.

Section 7, (1), (a) removes the burden of proof from the challenger and shifts it to DSHS. DSHS is required to demonstrate that its action was authorized by law.

Section 7, (2), (b), (i) expands the venue for filing a court petition to challenge the validity of a rule.

Section 9, (4) stipulates that significant legislative rules must be made by December 1st, but that they may not take effect prior to the end of the legislative session in the next year.

Section 13 adds a new section to the DSHS enabling statute requiring that rules specifically cite statutory authority and limits rules to those derived from a specific grant of legislative authority.

Section 46, (1) requires all rules be signed by the Governor.

Section 47 adds a new Administrative Procedure Act (APA) section that limits agency rule making authority to the minimum delegation necessary to administer the underlying legislations "clear and unambiguous intent", and "foreseeable circumstances or behaviors" at the time the legislation was enacted.

Section 50 states this bill takes effect July 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.*

Indeterminate.

Delayed rule-making has potential to impact 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.*

DSHS has no means to determine the fiscal impact of this bill.

This bill may fundamentally alter rule-making by all DSHS administrations. The requirement of having all proposed agency rules reviewed by the proposed ORR and all significant rules approved by the Governor and reviewed by the Legislature will delay the implementation date of new rules and add additional steps to the rule making process. For example, a final significant rule filed on December 2nd, 2005 could not be effective until late April 2007. The delay of future rules and the impact of that delay on the care and services provided to DSHS clients is unknown, as is the possible degree of increased tort liability from this issue. New federal regulations that require corresponding rule changes may be delayed with this new process and may put in jeopardy the federal financial participation if state regulations do not meet federal standards.

The requirement that expands where the validity of rules could be petitioned (beyond Olympia, Bellingham, Spokane and Yakima currently) would very likely increase the number of petitions as well as increase cost staff and AAG time to travel to different counties. The requirement of submitting to ORR the complete text of the proposed rule, regulatory impact statement, risk assessment or cost benefit analysis, analysis of the rules effect on job retention/creation, and the results of policy discussions before the rule making filing in the Washington State Register may require a duplication of workload efforts as it relates to stakeholder comments and involvement. Proposed rule text may need to be reviewed again by outside stakeholders before the official proposal if it had to be rewritten to satisfy ORR needs.

Limiting rules to factors foreseeable at the time a law is enacted may prevent programs from revising rules to meet changing conditions, implement court orders or to adopt revisions developed with affected stakeholders without passing new laws.

## 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

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 303-Department of Health
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

<b>FUND</b>					
<b>Total \$</b>					

### Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	9.4	9.4	9.4	9.4	9.4
<b>Fund</b>					
General Fund-State 001-1	598,000	571,000	1,169,000	1,160,000	1,142,000
General Fund-Private/Local 001-7	96,000	92,000	188,000	187,000	184,000
Health Professions Account-State 02G-1	259,000	252,000	511,000	509,000	504,000
<b>Total \$</b>	953,000	915,000	1,868,000	1,856,000	1,830,000

*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.*

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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:	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: 02/17/2005
OFM Review: Elise Greef	Phone: 360-902-0539	Date: 02/19/2005

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.*

Sections 1-5 create an office of regulatory reform and empowers the director of the newly created office to review proposed and existing rules. For proposed rules, the director may require an agency to prepare a Cost Benefit Analysis, risk assessment and/or analysis of the rules affect on the creation and retention of jobs in the state. The director may request an agency prepare a Cost Benefit Analysis, risk assessment or an analysis of the rules effect on the creation and retention of jobs, and may recommend to the Governor, Attorney General and Office of Financial Management that an agency be directed to prepare this analysis for existing rules. The director may propose to any agency that it consider for amendment or repeal any existing rule that may be obsolete, harmful to the state’s economy or job growth, excessive in view of state or federal statutes or regulations and may recommend to the Governor, Attorney General and Director of OFM that the agency be directed to amend or repeal these rules. The Director may extend or exclude any rule or category of rules from the bill’s requirements.

Criteria for Rule evaluation: The bill sets the criteria for evaluation of all proposed rules to include: statutory authority, clarity, and duplication or exceed existing federal or state statutes or rules. Additionally, the evaluation must determine that the rule's benefits exceed costs and that the rule: does not impose a mandate on local governments or school districts that is not fully funded (unless required by statute); prescribes methodologies or requirements that allow regulated parties flexibility and encourage innovation in meeting the legislative or administrative requirements; is based on credible assessments using recognized standards of the degree and nature of the risks that may be regulated including a comparison with everyday risks familiar to the public; is based upon the best scientific, technical and economic information that can reasonably and affordably be obtained; and, if possible and practical, favors market-oriented solutions and performance standards over command-and control regulation.

Approval of Proposed rules: The bill requires agencies to submit to the Director of the regulatory reform office: proposed rule text, any regulatory impact statement, cost benefit analysis, risk assessment, analysis of the rule’s effect on the creation and retention of jobs in the state and or the results of a policy dialogue or negotiated rulemaking undertaken in conjunction with the development of the rule. When the Director determines the submission is complete, the director shall submit it with a recommendation to the governor, attorney general and the director of OFM. The Governor, AG, and OFM may approve the proposed rule, prohibit the agency from proposing the rule, or require changes to the proposal. If the submission is incomplete, the Director may require the agency to complete a regulatory impact analysis, cost benefit analysis, risk assessment or analysis of the rule’s effect on the creation and retention of jobs in the state, undertake a policy dialogue or negotiated rulemaking. When submitting rule documents with the code reviser, the agencies must submit the same information to the Director.

Section 7 shifts the burden of proof for agency actions to the agency and expands the number of venues where rules may be challenged to the county of the petitioner’s residence, principal place of business or a county where property is owned by the petitioner and affected by the contested rule. The bill requires the court to consider whether a rule exceeds the limited delegation of authority when considering whether a rule is invalid.

Section 9 requires agencies to adopt all significant rules before December 1 of each year, and delays the effective date of the rule until the end of the regular legislative session the following year. The bill requires state agencies to provide to the office of regulatory reform a list citing other federal and state laws that regulate the same activity or subject matter as the agencies rules.

Sections 10 through 45 limit specific agencies’ authority to adopt rules to specific grants of authority. The bill requires rules to include the specific statutory sections for rule adoption. An agency may not rely solely on a section of law stating a statute’s intent or purpose of the general enabling provisions.

Section 46 requires the governor’s signature on all rule adoptions.

Section 47 limits the legislature’s authority to delegate its authority to the minimum delegation “necessary to administer the legislation’s clear and unambiguous directives; and the administration of circumstances and behaviors foreseeable at the time of the legislation’s enactment.”

Section 50 declares an emergency and makes the bill effective immediately.

## **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 although appropriation authority is still 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.*

Under sections 3-5, the department assumes that the director of the office of regulatory reform will not review every proposed rule, but will focus reviews on rules that are the most controversial. The department adopts 18-30 significant rules each year, and assumes that up to 15 proposed significant rules will be reviewed. Additionally, the department estimates that 11 non-significant proposed rules will be reviewed due to level of controversy. The department assumes that the director will require additional information and analysis such as risk assessments, or an analysis on the creation and retention of jobs. This is a new cost to the agency, and will require additional staff.

It is assumed that the peer review required under Sec. 3 (7) will not differ significantly from the review process already in place in the department.

With regard to existing rules, the department assumes that the director will review 7 existing rules each year and may require the agency to provide additional analysis such as risk assessments, or an analysis on the creation and retention of jobs. This is also a new cost to the agency and will require additional cost.

Office of the Secretary (OS): 2.0 FTE Economic Analysts 2, and 1.0 FTE Economic Analyst 1 to assist staff in analysis development and to conduct new analyses.

Division of Environmental Health (DEH): 1.0 FTE Health Services Consultant 3 (HSC3).

Community and Family Health (CFH): 0.30 FTE.

Health Systems Quality Assurance (HSQA), Facilities and Services Licensing (FSL) 1.0 FTE HSC3 and Health Professions Quality Assurance (HPQA) 2.0 FTE HSC3 .

Epidemiology, Health Statistics, and Public Health Laboratory (DOH-EHSPHL) assumes it will have one significant rule that will need to have additional reviews as required under Sections 3-5 of this bill. This will require 0.1 FTE of an HSC3.

The Division of Environmental Health (DEH) assumes that there will likely be 1 analysis each year that will require expertise not available in house for risk assessment or regulatory impact. This will require an outside consultant at an average cost of \$50,000 per year.

The department assumes that the director may require the agency to utilize a negotiator on 2 rules each year. The department estimates that it will hire a negotiator at \$45,000 for 12 meetings. This will occur twice per year. and will be

an ongoing cost. All costs related to Sections 3-5 are ongoing costs.

Section 7: HB 1673 shifts the burden of proof for agency actions to the agency and expands the number of venues where rules may be challenged to the county of the petitioner's residence, principal place of business or a county where property is owned by the petitioner and affected by the contested rule. The bill requires the court to consider whether a rule exceeds the limited delegation of authority when considering whether a rule is invalid. It is anticipated that this will require 0.5 FTE of a Public Health Advisor 3, 0.2 FTE of a Health Service Consultant 3, 0.1 FTE of a Secretary Administrative, and 0.1 FTE of an Administrative Assistant 2. All costs would be ongoing.

Section 9: The bill requires agencies to adopt all significant rules before December 1 of each year, and delays the effective date of the rule until the end of the regular legislative session the following year. The bill requires state agencies to provide to the office of regulatory reform a list citing other federal and state laws that regulate the same activity or subject matter as the agencies rules and to meet with the Office of Financial Management by the end of January in even numbered years. This will require 0.1 FTE of a Health Service Consultant 1 in each year and will be an ongoing cost.

In addition, the agency will require a 0.05 FTE of an Executive Director-WMS3 to administer and 0.9 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	9.4	9.4	9.4	9.4	9.4
A-Salaries & Wages	465,000	465,000	930,000	930,000	930,000
B-Employee Benefits	104,000	104,000	208,000	208,000	208,000
C-Personal Serv Contr	140,000	140,000	280,000	280,000	280,000
E-Goods and Services	183,000	176,000	359,000	356,000	352,000
G-Travel	18,000	18,000	36,000	36,000	36,000
J-Capital Outlays	31,000		31,000	22,000	
M-Inter Agency Fund Transfers					
N-Grants, Benefits Services					
P-Debt Service					
S-Interagency Reimbursement					
T-Intra-Agency Reimbursement	12,000	12,000	24,000	24,000	24,000
<b>Total:</b>	<b>\$953,000</b>	<b>\$915,000</b>	<b>\$1,868,000</b>	<b>\$1,856,000</b>	<b>\$1,830,000</b>

#### 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 2	32,544	0.1	0.1	0.1	0.1	0.1
Economic Analyst 1	43,644	1.0	1.0	1.0	1.0	1.0
Economic Analyst 2	51,864	2.0	2.0	2.0	2.0	2.0
Executive Director	67,200	0.1	0.1	0.1	0.1	0.1
Financial Analyst - 2	40,512	0.9	0.9	0.9	0.9	0.9
Health Services Consultant 1	38,580	0.1	0.1	0.1	0.1	0.1
Health Services Consultant 2						
Health Services Consultant 3	53,136	4.6	4.6	4.6	4.6	4.6
Public Health Advisor 3	53,136	0.5	0.5	0.5	0.5	0.5
Secretary Administrative	35,808	0.1	0.1	0.1	0.1	0.1
<b>Total FTE's</b>		<b>9.4</b>	<b>9.4</b>	<b>9.4</b>	<b>9.4</b>	<b>9.4</b>

### 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

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 305-Department of Veterans Affairs
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## 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: Kenneth Malmin	Phone: 360-725-2165	Date: 02/10/2005
Agency Approval: Kenneth Malmin	Phone: 360-725-2165	Date: 02/10/2005
OFM Review: Tom Lineham	Phone: 360-902-0543	Date: 02/10/2005

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 350-Supt of Public Instruction
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## 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: Renee Lewis	Phone: 360-725-6181	Date: 02/10/2005
Agency Approval: Renee Lewis	Phone: 360-725-6181	Date: 02/18/2005
OFM Review: Julie Salvi	Phone: 360-902-0542	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.*

Section 1 (2)(a) Directs agencies to analyze the costs and benefits of their rules and to consider using regulatory approaches designed to avoid undue deleterious or overly burdensome impacts on regulated parties, the economy and the administration of state and local governmental agencies, to the extent consistent with the objectives of applicable statutes.

**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.*

**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

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 405-Department of Transportation
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## 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 reform, requires an agency to analyze the costs and benefits of their rules and consider regulatory approaches that avoid deleterious or burdensome impacts. Establishes in the executive branch a permanent office of regulatory reform and grants its director oversight of regulatory reform including the power to require an agency to prepare cost-benefit analyses, risk assessments, and/or an analysis of a rule’s effect on the creation and retention of jobs in the state. Establishes procedures that require agencies to submit to the director of the office of regulatory reform proposed rules for review before publication in the Washington State Register.

This legislation also requires that rules adopted before December 1st of any year may not take effect until the end of the next years legislative session to assure that the legislature can carefully review rules that impose significant requirements on citizens before the rule takes effect.

The legislation further requires agencies to only adopt rules derived from a specific grant of legislative authority and requires the signature of the Governor on all adopted 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.

None.

Section 9 (6). Restrictions on the timing of adoption of rules that set or adjust fees are exempt.

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.

Existing procedure at WSDOT is to do analysis and justification prior to filing new rules and only adopt rules derived from specific grants of legislative authority.

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

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 461-Department of Ecology
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

<b>FUND</b>					
<b>Total \$</b>					

### Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	1.3	1.3	1.3	1.3	1.3
<b>Fund</b>					
GF - State-State 001-1	246,954	246,954	493,908	493,908	493,908
<b>Total \$</b>	246,954	246,954	493,908	493,908	493,908

*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: 02/15/2005
Agency Approval: Nancy Stevenson	Phone: (360) 407-7007	Date: 02/17/2005
OFM Review: Ann-Marie Sweeten	Phone: 360-902-0538	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.*

There are several sections of HB 1673 that would result in a fiscal impact; however some of the impact related to risk assessment can not be estimated at this time, since we have not been able to adequately scope these requirements based on the bill text.

Sections 1 through 5 would create the Office of Regulatory Reform (ORR). As a part of the Director's duties he/she would be responsible for reviewing agency rules. This would result in the possibility of agencies having to submit documents to the Director for review. It appears that the only document that would be required is a copy of the proposed rule. Currently, Ecology also completes a cost-benefit analysis as part of the significant legislative rulemaking requirements, which we would also provide to the Director. If the Director were to request the risk assessment documents described in the bill, it could result in significant fiscal impact for the agency because these would be new, additional analyses. At this time, we can not estimate the costs associated with completing the risk assessment, as definitive details about what would have to be included in the analyses are not outlined in the bill. However, we can estimate what the cost would be for completing the analysis of the rule's effect on the creation and retention of jobs in the state.

Section 7: This section would amend RCW 34.05.570 (Judicial Review) by removing the burden of proof upon parties challenging actions in superior court. One of the assumptions of this fiscal note is that, as a result of this bill, agencies would assume the burden of proof when the validity of agency actions is challenged.

This section would also amend RCW 34.05.570 (2)(b) to allow for petitions to be heard in the county of the petitioner's residence or principal place of business, or in a county where property owned by the petitioner and affected by the contested rule is located, in addition to Thurston County. Currently the validity of agency rules can only be determined in superior court in Thurston County.

It is anticipated that passage of the proposed language in Section 7 would encourage challenges to agency actions, as the plaintiff would no longer have to prove invalidity of the action or could have their case heard outside of Thurston County. Since it is unknown how many additional suits would be filed, the costs to implement this bill are indeterminate. However, in previous years, for bills with similar language, we have assumed that the proposed language would result in an increase in case load by 50%. We are using this assumption again this year.

Section 9: This section would amend RCW 34.05.328 to require that significant legislative rules must be adopted before December 1 of any calendar year and could not become effective until the end of the regular Legislative session of the following calendar year. The intent is to give the Legislature the opportunity to review these rules before they take effect. We do not expect a fiscal impact as a result of this review.

The section would create potential administrative inefficiencies in the use of agency rule development resources and in cases where the adoption and/or effective dates of rules are subject to agreements, Federal requirements, or court orders. We have no basis for quantifying these potential inefficiencies. No specific fiscal impacts are identified.

### 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.*

### Assumptions:

#### Sections 1 through 5, Risk Assessment:

-As noted above, the Director of ORR could evaluate how well the rules met risk assessment standards, but these standards are not defined or described in sufficient detail to estimate costs. (There would be a SIGNIFICANT BUT INDETERMINATE COST for risk assessment.)

#### Section 5, Analysis of the rule's effect on the creation and retention of jobs in the state:

- This would be a new analysis that Ecology would need to complete.
- Ecology assumes that the Director of ORR would request this analysis on all significant legislative rules.
- Ecology averages about 4 significant legislative rules a year.
- Ecology assumes that researching and conducting the analyses on the four significant legislative rules each year would require an Economic Analyst 3 @ 0.5 FTE/year and an Environmental Specialist 4 @ 0.5 FTE/year.

#### Section 7, Burden of Proof:

- This bill would impact all agency actions challenged in superior court calling for judicial review.
- Agencies would assume the burden of proof when defending challenges to the validity of agency actions.
- Currently, Ecology defends an estimated average of 11.5 appeals of administrative cases to superior court in a year.

#### New cases:

- We assume that this bill would result in an increase in challenges to the validity of agency actions by 50% over current levels. This assumption would translate to an additional 6 cases during an average year for Ecology. (Bringing the total to 17.5 cases per year).
- Each of these new cases would take an average of 200 billable Assistant Attorney General (AAG) hours. With an increase of 6 cases this would mean an additional .56 AAG FTE would be needed (based on activity estimates from the Attorney Generals Office (AGO)).
- An average of ten days' support activity by agency staff would be needed per additional case. There are 218 work days per year, which means all 6 new cases would require an additional .27 FTE for an Environmental Specialist 4 -- about 0.05 FTE for each case. (New cases = 10 days/case X 6 cases = 60 days = 0.27 Env. Spec. 4 FTEs.)

#### Existing cases:

- Further, additional AAG time would be needed if agencies are to assume the burden of proof requirement on each of the cases that are part of the existing yearly average for the agency (11.5 cases a year). Because it depends on the complexity of the case we arrived at an estimated average, in consultation with the AGO. For this fiscal note we are estimating an additional 1.5 days per existing yearly average case for an additional .06 AAG FTE per case ( $1.5 \times 11.5 = 17.25 / 280 = .06$  AAG FTE).
- Section 7 staff time would be 0.27 FTE @ Environmental Specialist 4 (new cases only).
- Section 7 AAG time would be 0.62 FTE (new and existing cases).

#### Section 7 Change of Venue: Increased travel expenses would be incurred for actions heard outside of Thurston County. Based on activity estimates from the AGO:

- An average of 50% of all cases would be from outside Thurston County (9 cases a year)
- For each court case changing its venue to outside Thurston County, average travel time would increase for 3 Ecology staff for two days and one night. (The cost estimates for staff travel are based on average travel cost reimbursement rates of \$41 per day for meals and \$75.25 for lodging per person ((\$157.25 per person for each case, total of \$471.75 per case)). For nine cases this would be a total of \$4245.75. These rates are the average of the different rates that apply in different areas of the state, corresponding to regional variations in actual meal and lodging costs.)

#### Ecology FTEs: Summary by section:

Section 5 Analysis of effects on job: Econ. Analyst 3 @ 0.5 FTE/year  
 Env. Specialist 4 @ 0.5 FTE/year

Section 7 Burden of Proof: Env. Specialist 4 @ 0.27 FTEs/year

Section 7 Change of Venue: 0 new FTE.

AAG Summary of costs by section: (Note: Ecology's costs for AAG support are shown in object E - Goods & Services. AAG FTEs are shown in the AGO fiscal note.)

Section 7, Burden of Proof: 0.56 AAG FTEs/year

Section 7, Change of Venue 0.06 AAG FTEs/year

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. Attorney General costs are included in Goods and Services. AAG costs are based on 176 work hours per month, and budgeted at \$189,132 per year per 1.0 AG FTE, or \$15,761 per month. Minimal levels of AGO paralegal support, administrative support, and AAG travel are included within AAG costs. Ecology's cost reimbursement payments are shown in this fiscal note. AGO FTEs are shown by the AGO.

The cost estimates for staff travel are based on average travel cost reimbursement rates of \$41 per day for meals and \$75.25 for lodging per person (\$157.25 per person for each case, total of \$471.75 per case). For nine cases this would be a total of \$4245.75. These rates are the average of the different rates that apply in different areas of the state, corresponding to regional variations in actual meal and lodging costs.

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	1.3	1.3	1.3	1.3	1.3
A-	70,161	70,161	140,322	140,322	140,322
B-	16,558	16,558	33,116	33,116	33,116
C-					
E-	155,989	155,989	311,978	311,978	311,978
G-	4,246	4,246	8,492	8,492	8,492
J-	7,705		7,705		
N-					
P-					
S-					
<b>Total:</b>	\$254,659	\$246,954	\$501,613	\$493,908	\$493,908

**III. B - Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

<b>Job Classification</b>	<b>Salary</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>
Economic Analyst 3	60,180	0.8	0.8	0.8	0.8	0.8
Environmental Spec. 4	52,040	0.5	0.5	0.5	0.5	0.5
<b>Total FTE's</b>		1.3	1.3	1.3	1.3	1.3

**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

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 477-Department of Fish and Wildlife
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## 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: Lembit Ratassepp	Phone: 360-902-2447	Date: 02/11/2005
Agency Approval: James Lux	Phone: 360-902-2444	Date: 02/11/2005
OFM Review: Jim Skalski	Phone: 360-902-0654	Date: 02/14/2005



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1673 HB	<b>Title:</b> Business regulatory burden	<b>Agency:</b> 490-Department of Natural Resources
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

<b>FUND</b>					
<b>Total \$</b>					

### Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	1.5	1.5	1.5	1.3	1.0
<b>Fund</b>					
General Fund-State 001-1	91,000	86,100	177,100	147,800	122,400
Forest Development Account-State 014-1	36,400	34,400	70,800	59,100	49,000
Resources Management Cost Account-State 041-1	36,400	34,400	70,800	59,100	49,000
Surface Mining Reclamation Account-State 04H-1	18,100	17,200	35,300	29,400	24,200
<b>Total \$</b>	181,900	172,100	354,000	295,400	244,600

*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: Marcia Wendling	Phone: (360) 902-1259	Date: 02/14/2005
Agency Approval: Bonnie Bunning	Phone: (360) 902-1603	Date: 02/23/2005
OFM Review: Linda Steinmann	Phone: 360-902-0573	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.*

HB 1673 amends the Administrative Procedure Act.

Section 1 creates the Office of Regulatory Reform to review all state rules and determine which rules duplicate or contradict each other, are no longer needed, or do more harm than good.

Section 3 part 5 requires agencies to prepare a cost benefit analysis, risk assessment, and/or an analysis of the effect on the creation and retention of jobs for any new rule.

Section 3 part 6 allows the Office of Regulator Reform to request agencies to prepare a cost benefit analysis, risk assessment, and/or an analysis of the effect on the creation and retention of jobs for any existing rule.

Section 5 part 1 lays out the procedures for submitting a rule. These include; a complete text of the proposed rule, any regulatory impact statement, any cost benefit analysis, risk assessment, analysis of the effect on the creation and retention of jobs in the state, and/or results of a policy dialogue or negotiated rule making undertaken in conjunction with the development of the rule.

Section 7 part 1a places the burden of demonstrating that an agency action was authorized by law on the agency.

Section 7 part 2b expands the location of where the validity of any rule may be addressed. Current law limits it to the superior court of Thurston County. Proposed language will allow rules to be addressed based on the county of the petitioner's residence or business, or the county where the petitioner's property is located that is affected.

Section 9 part 4 establishes guidelines on when a rule must be made and when it may take effect.

Section 46 part 1 requires the signatures of the governor.

Section 50 establishes an effective date of July 1, 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.*

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.*

It is anticipated that an additional staff person at the NR Program Coordinator level would be needed to provide required analysis per section 3 and to ensure compliance with the new procedures outlined in section 5 for any new rules. A half time project position would be used over three years to prepare required analysis for existing rules as requested by the office of regulatory reform per section 3. Additional funds are included under contracts for more extensive analysis as needed.

Attorney General support is expected to increase in defense of department rules per section 7. An increase of ¼ of an assistant attorney general was used as a placeholder assuming that some rules would be challenged and that some of these

would be challenged in a court outside of Thurston County.

Staffing is at step F with benefits added at current rates.

Goods and services include: averages per FTE, space rent, and \$45,000 per year in AG support.

Travel is based on program averages.

Equipment includes a workstation and standard PC for the new position.

Administrative overhead was added at 22%.

Fund split is based on programs impacted by the bill.

All costs have been rounded to the nearest \$100.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	1.5	1.5	1.5	1.3	1.0
A-Salaries and Wages	65,500	65,500	131,000	109,100	87,200
B-Employee Benefits	16,800	16,800	33,600	28,000	22,400
C-Personal Service Contracts	12,000	11,000	23,000	12,000	
E-Goods and Services	54,500	54,500	109,000	105,800	102,600
G-Travel	4,200	4,200	8,400	7,000	5,600
J-Capital Outlays	8,800		8,800		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-Administrative Overhead	20,100	20,100	40,200	33,500	26,800
<b>Total:</b>	<b>\$181,900</b>	<b>\$172,100</b>	<b>\$354,000</b>	<b>\$295,400</b>	<b>\$244,600</b>

#### 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
NR Program Coordinator	43,644	1.5	1.5	1.5	1.3	1.0
<b>Total FTE's</b>		<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.3</b>	<b>1.0</b>

### 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.*

The potential exists that rules would need to be revised based on the review of the office of regulatory reform per section 3.