

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2050 HB	<b>Title:</b> Excluding from employment services performed by language translators and interpreters for others through agents and brokers.
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## Estimated Cash Receipts

Agency Name	2007-09		2009-11		2011-13	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Labor and Industries	0	(136,000)	0	(272,000)	0	(272,000)
Employment Security Department	0	(225,000)	0	(450,000)	0	(450,000)
<b>Total \$</b>	0	(361,000)	0	(722,000)	0	(722,000)

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

## Estimated Expenditures

Agency Name	2007-09			2009-11			2011-13		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Labor and Industries	.0	0	(136,000)	.0	0	(272,000)	.0	0	(272,000)
Employment Security Department	.3	0	87,000	.0	0	0	.0	0	0
<b>Total</b>	0.3	\$0	\$(49,000)	0.0	\$0	\$(272,000)	0.0	\$0	\$(272,000)

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

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<b>Prepared by:</b> John Shepherd, OFM	<b>Phone:</b> 360-902-0538	<b>Date Published:</b> Final 1/25/2008
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID: 18718

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2050 HB	<b>Title:</b> Excluding from employment services performed by language translators and interpreters for others through agents and brokers.	<b>Agency:</b> 235-Department of Labor and Industries
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

FUND	FY 2008	FY 2009	2007-09	2009-11	2011-13
Accident Account-Non-Appropriated 608-6		(31,000)	(31,000)	(62,000)	(62,000)
Medical Aid Account-Non-Appropriated 609-6		(27,000)	(27,000)	(54,000)	(54,000)
Supplemental Pension Account-Non-Appropriated 881-6		(78,000)	(78,000)	(156,000)	(156,000)
<b>Total \$</b>		(136,000)	(136,000)	(272,000)	(272,000)

### Estimated Expenditures from:

Fund	FY 2008	FY 2009	2007-09	2009-11	2011-13
Accident Account-Non-Appropriated 608-6	0	(31,000)	(31,000)	(62,000)	(62,000)
Medical Aid Account-Non-Appropriated 609-6	0	(27,000)	(27,000)	(54,000)	(54,000)
Supplemental Pension Account-Non-Appropriated 881-6	0	(78,000)	(78,000)	(156,000)	(156,000)
<b>Total \$</b>	0	(136,000)	(136,000)	(272,000)	(272,000)

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/13/2008
Agency Preparation: Melody Porter	Phone: 360-902-4618	Date: 01/16/2008
Agency Approval: Chris P Freed	Phone: 360-902-6698	Date: 01/16/2008
OFM Review: John Shepherd	Phone: 360-902-0538	Date: 01/16/2008

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.

See Attached.

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 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		(136,000)	(136,000)	(272,000)	(272,000)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$0	\$(136,000)	\$(136,000)	\$(272,000)	\$(272,000)

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.

## **Part II: Explanation**

This bill amends current law<sup>1</sup> to exempt from mandatory workers' compensation coverage persons performing language translation or interpreter services through an agent or broker. A similar change is included in the bill for unemployment insurance.

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

**Section 2(14):** Excludes from mandatory workers' compensation coverage a person performing language translator and interpreter services for others through an agent or broker.

### **II. B – Cash Receipt Impact**

This bill would eliminate translators and interpreters from mandatory coverage if they work through an agent or broker. L&I's database that contains companies registered with the workers' compensation program identified 96 firms that provide interpreting or translation services. We estimate these businesses employ 516 individuals. This is based on converting their reported hours to FTEs using:

- Average quarterly hours reported by these firms was 247,466 (989,864 annually).
- Full-time, salaried workers must report 480 quarterly hours to L&I.

The premium rate for the work performed by these employees averages about 14 cents per hour (\$0.0347 Accident Fund, \$0.0302 Medical Aid Fund X the average experience factor of .91 + \$.0782 Supplemental Pension Fund rate). The annual industrial insurance premiums revenue is estimated at \$136,000. If this group of workers is not provided with coverage, the department would not receive that premium.

We expect premium collection would be reduced by \$136,000 due to the reduction of 989,864 hours for interpreting and translation work that would no longer be reported. This reduction in revenue would begin in Fiscal Year 2009. This impacts the Accident Fund (\$31,000), Medical Aid Fund (\$27,000) and Supplemental Pension Fund (\$78,000).

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<sup>1</sup> RCW 51.12.020  
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## **II. C – Expenditures**

Since this group of workers is not provided with coverage, it is expected industrial insurance benefit costs would be reduced by \$136,000. These injured worker claims would not be accepted. This impacts the Accident Fund (\$31,000), Medical Aid Fund (\$27,000) and Supplemental Pension Fund (\$78,000).

## **Part IV: Capital Budget Impact**

None.

## **Part V: New Rule Making Required**

None.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2050 HB	<b>Title:</b> Excluding from employment services performed by language translators and interpreters for others through agents and brokers.	<b>Agency:</b> 540-Employment Security Department
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

FUND	FY 2008	FY 2009	2007-09	2009-11	2011-13
Unemployment Compensation Account-Non-Appropriated 620-6		(225,000)	(225,000)	(450,000)	(450,000)
<b>Total \$</b>		(225,000)	(225,000)	(450,000)	(450,000)

### Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	0.0	0.7	0.3	0.0	0.0
<b>Fund</b>					
Unemployment Compensation Administration Account-Federal 119-2	0	87,000	87,000	0	0
<b>Total \$</b>	0	87,000	87,000	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:

- ☒ 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: 01/13/2008
Agency Preparation: Christopher Smith	Phone: 360-902-9694	Date: 01/24/2008
Agency Approval: Charm Reimer	Phone: 360-902-9425	Date: 01/25/2008
OFM Review: Tammy Hay	Phone: 360-902-0553	Date: 01/25/2008

## 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. Exempts interpreter and translator services provided to others through a broker or agent from the definition of employment under unemployment law.

Section 1 of this legislation does not conform to 3304(a)(6)(A) of the Federal Unemployment Tax Act (FUTA), because it does not contain an exemption for employees of state and local governments, certain nonprofit organizations, and federally recognized Indian tribes. The Department of Labor has informed us that any employment for these entities, unless specifically exempted in federal law, must be covered by the state to maintain conformity. The requirements may place our administrative grant and employer tax credits at risk.

### II. B - Cash receipts Impact

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

The Trust Fund would lose approximately \$225,000 each year in state unemployment taxes that would not be collected from the employers of translators/interpreters who are exempt from unemployment per this legislation. This is based on average collections from the industry for the period beginning 4th quarter of CY 2005 through 3rd quarter of CY 2007.

### 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.*

This bill will require one-time information technology modifications to ESD's tax systems and benefits systems and its interfaces. There will also be changes to Tax Status and Benefit manuals, the coordination/drafting of Tax Branch Memos, and staff training.

The following estimate is for the total hours for the implementation:

640 hours - ITS 3.

## Part III: Expenditure Detail

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

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years		0.7	0.3		
A-Salaries and Wages		43,000	43,000		
B-Employee Benefits		13,000	13,000		
C-Personal Service Contracts		23,000	23,000		
E-Goods and Services		8,000	8,000		
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>	\$0	\$87,000	\$87,000	\$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 2008	FY 2009	2007-09	2009-11	2011-13
ITS 3	64.737		0.7	0.3		
<b>Total FTE's</b>			0.7	0.3		0.0

## Part IV: Capital Budget Impact

No capital budget impacts

## 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 rule changes