

Multiple Agency Fiscal Note Summary

Bill Number: 2826 S HB	Title: Underground economy
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Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost. Please see discussion."					
Department of Labor and Industries	38,870	38,870	11,943,694	0	12,986,106	0
Total \$	38,870	38,870	11,943,694	0	12,986,106	0

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

Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Administrative Office of the Courts	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.0	32,400	32,400	.0	(7,671,841)	0	.0	(8,139,056)	0
Department of Corrections	.0	0	0	.0	0	0	.0	0	0
Sentencing Guidelines Commission	.0	0	0	.0	0	0	.0	0	0
Total	0.0	\$32,400	\$32,400	0.0	\$(7,671,841)	\$0	0.0	\$(8,139,056)	\$0

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

Estimated Capital Budget Impact

Agency Name	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Department of Labor and Industries						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	\$0	\$0	\$0	\$0	\$0	\$0

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

** See local government fiscal note

FNPID 26168

FNS029 Multi Agency rollup

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

Prepared by: Chris Stanley, OFM

Phone:
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Date Published:
Final

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

** See local government fiscal note

Judicial Impact Fiscal Note

Bill Number: 2826 S HB	Title: Underground economy	Agency: 055-Admin Office of the Courts
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2010	FY 2011	2009-11	2011-13	2013-15
Counties					
Cities					
Total \$					

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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

The 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: Joan Elgee	Phone: 360-786-7106	Date: 02/02/2010
Agency Preparation: Brian Backus	Phone: 360-705-5320	Date: 02/05/2010
Agency Approval: Dirk Marler	Phone: 360-705-5211	Date: 02/05/2010
OFM Review: Cherie Berthon	Phone: 360-902-0659	Date: 02/05/2010

Request # -1

Part II: Narrative Explanation

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

Section 1 amends provisions related to penalties for certain registration violations by contractors. Because these violations are handled under an administrative process provided in RCW Chapter 18.27, this amendment does not affect the courts.

Section 6 creates a new class C felony for a person to work as a contractor while unregistered if, after receiving a third or subsequent final infraction for working as a contractor while unregistered or while his or her registration is suspended or revoked, or under a registration issued to another contractor, he or she works as a contractor.

Section 7 creates new violations based on a contractors' relationships to others at a job site. Because these violations would be handled under an administrative process provided in RCW Chapter 18.27, this amendment does not affect the courts.

II. B - Cash Receipts Impact

II. C - Expenditures

It is not known how many new cases would be filed for the class C working as a contractor while registered in Section 6. However, it is expected that only a few cases would be filed and, therefore, the expenditure impact would be small.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Individual State Agency Fiscal Note

Bill Number: 2826 S HB	Title: Underground economy	Agency: 090-Office of State Treasurer
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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:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
Account					
Total \$					

Estimated Capital Budget Impact:

Total \$					

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

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Joan Elgee	Phone: 360-786-7106	Date: 02/02/2010
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 02/03/2010
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 02/03/2010
OFM Review: Mike Steenhout	Phone: 360-902-0554	Date: 02/03/2010

Request # 078-1

Part II: Narrative Explanation

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

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

SHB 2826 creates the contractor registration account. Earnings from investments will be credited to the general fund.

Earnings from investments:
Estimated earnings from investments are indeterminable. Without projected cash flows, OST is unable to estimate the earnings from investments. The amount of earnings by an account is a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period in question. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average daily balances, and hence different earnings.

Based on the November 2009 Revenue Forecast, the net rate for estimating earnings for FY 10 is 0.90% and FY 11 is 0.90%. Approximately \$9,000 in FY 10 and \$9,000 in FY 11 in net earnings and \$5,000 in OST management fees would be gained or lost annually for every \$1 million increase or decrease in average daily balance.

Debt Limit:
There may be an impact on the debt service limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

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.

SHB 2826 creates the contractor registration account. Earnings from investments will be credited to the general fund.

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

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
Total:					

Part IV: Capital Budget Impact

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 2826 S HB	Title: Underground economy	Agency: 235-Department of Labor and Industries
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Part I: Estimates



No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2010	FY 2011	2009-11	2011-13	2013-15
General Fund-State 001-1		38,870	38,870	11,943,694	12,986,106
Contractor Registration Acct-State New-1				(11,943,694)	(12,986,106)
Total \$		38,870	38,870		

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
Account					
General Fund-State 001-1	0	32,400	32,400	(7,671,841)	(8,139,056)
Contractor Registration Acct-State New-1	0	0	0	7,671,841	8,139,056
Total \$	0	32,400	32,400	0	0

Estimated Capital Budget Impact:

	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	\$0	\$0	\$0	\$0	\$0	\$0

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

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact:	Joan Elgee	Phone: 360-786-7106	Date: 02/02/2010
Agency Preparation:	Steven D Elwanger	Phone: 360-902-6319	Date: 02/08/2010
Agency Approval:	Victoria Kennedy	Phone: 360-902-4997	Date: 02/08/2010
OFM Review:	Chris Stanley	Phone: (360) 902-9810	Date: 02/08/2010

Request # S HB 2826-2

Bill # 2826 S HB

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.

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 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services		32,400	32,400		
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					
9-					
Total:	\$0	\$32,400	\$32,400	\$0	\$0

III. C - Expenditures By Program (optional)

Program	FY 2010	FY 2011	2009-11	2011-13	2013-15
Specialty Compliances (060)		32,400	32,400		
Total \$		32,400	32,400		

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.

See attached.

Part II: Explanation

This legislation:

- Authorizes Labor and Industries (L&I) to continue to reduce fines for a first time unregistered contractor violator if they meet certain requirements.
- Allows L&I to conduct and approve contractor training classes and charge a fee for the class.
- Authorizes a new dedicated contractor registration account to be created and revenue from the contractor registration to be deposited into the new account beginning July 1, 2011.
- Increases the minimum public works contract amount from \$20,000 to \$35,000.
- Adds a citable violation to RCW 18.27.
- Creates a class C felony for an unregistered contractor that is caught working a fourth time.

This bill takes effect as follows:

Effective	Description
July 1, 2011	Depositing fees from contractor registration into the Contractor Registration Account.
July 1, 2011	The creation of the Contractor Registration Account with the State Treasurer's Office.
July 1, 2011	Penalties and class fees will be deposited into the Contractor Registration Account.
90 days from sine die	The remaining portions of the bill.

This fiscal note is different from the HB 2826 Fiscal Note submitted January 25, 2010 as follows:

- \$36,000 of penalty revenue is collected each fiscal year starting Fiscal Year 2011 for failure to comply with RCW 18.27.
- The revenue from contractor training decreases from \$39,000 per fiscal year to \$2,870 per fiscal year and is effective in Fiscal Year 2011.
- Information Services contract programming costs have increased from \$30,600 to \$32,400 and are effective Fiscal Year 2011 instead of Fiscal Year 2012.

II. A – Brief Description of what the Measure does that has Fiscal Impact

Section 1 (3) Allows for the reduction of the minimum penalty under RCW 18.27.200 to be reduced from \$1,000 to \$500 if:

- It is the contractor's first offense.
- The contractor registers for an L&I approved contractor training class within ten days of receiving a notice of infraction.
- Completes the class within one hundred twenty days of receiving the notice of infraction.
- Pays any required class fees upon class registration.

Section 1 (4) Beginning July 1, 2011, all penalties and class fees collected shall be deposited in the contractor registration account.

Section 2 L&I may conduct or approve contractor training classes and charge a fee for the classes.

Section 3 (3) L&I will deposit all contractor registration fees in the contractor registration account effective July 1, 2011.

Section 4 The Contractor Registration Account with the State Treasurer's Office is created effective July 1, 2011.

Section 5 Increases the minimum public works contract amount from \$20,000 to \$35,000 for priority liens on the contract retainage for any taxes owed to the Department of Revenue.

Section 6 (6) A person is guilty of a class C felony if they have three infractions for working as an unregistered contractor and are found working in violation of this chapter a fourth time.

Section 7 Adds a new section to RCW 18.27 as follows:

- 1) A contractor commits a violation under this chapter and is subject to an infraction if, on a single job site, the contractor works on a task that is performed together by:

- a) More than two sole proprietor contractors, at least one of which has no workers subject to coverage of Title 51 RCW on that job site.
- b) More than one contractor other than a sole proprietorship, at least one of which has no workers subject to coverage of Title 51 RCW on that job site.
- 2) If contractors are working in the same trade or craft on a single job site, the contractors have the burden of proof to show that they are not working together on the same task.
- 3) The violation is committed by all contractors who are parties to the contract.

II. B – Cash Receipt Impact.

As a result of this legislation, the following assumptions are made regarding revenues:

The Department of Labor and Industries (L&I) will collect revenues and deposit them into the new Contractor Registration Account according to Sections 1, 3, 4, and 8 of this bill effective July 1, 2011 (Fiscal Year 2012). Currently all revenues are deposited into the General Fund State Account.

Contractor Training Fees

Section 1 requires an unregistered contractor to complete a contractor training class in order for an unregistered contractor's penalty to be reduced. This section gives L&I the authority to charge a fee for this class. Revenue from contractor training class fees is based on the following assumptions:

- 600 unregistered contractors each year are assessed an unregistered contractors penalty for a first time violation.
- Of the 600 unregistered contractors, five percent of the contractors will take the contractor training class in order to reduce their penalty.
- Thirty contractors will take the contractor training class each year ($600 * 5\% = 30$).

Section 7 gives L&I the authority to issue additional infractions pertaining to unregistered contractor issues. Revenue from these infractions is based on the following assumptions:

- Based on historical data, it is estimated that L&I will issue a total of four additional infractions per month for a total of 48 additional infractions per year.

- Of these 48 infractions, approximately 50 percent of the unregistered contractors will attend the contractor training class to receive a reduced penalty, for a total of 24 contractors.

Therefore, a total of 54 participants (30 + 24) will attend the contractor training class to receive a reduced penalty each fiscal year. The department will charge thirty dollars per person for the contractor training class to cover the costs of providing the training. A class fee will be charged to first time unregistered contractors only. So a total of \$1,620 of additional revenue will be received from unregistered contractors taking the contractor training class (54 contractors x \$30 class fee = \$1,620).

Course Provider Fees

Section 2 gives L&I the authority to approve contractor training classes provided by other entities or individuals (course providers). Revenue from course provider fees is based on the following assumptions:

- With the amount of revenue from course provider fees limited to \$1,620 each year, we assume that no more than five course providers each year will submit a request to L&I for approval to provide the contractor training course.
- A \$250 fee will be charged for each course provider approved by L&I.
- \$1,250 will be collected each year from course provider fees (5 providers x \$250 provider fee = \$1,250).

Therefore, the total revenue collected for contractor training will be \$2,870 per fiscal year (\$1,620 per fiscal year for first time unregistered contractor participants + \$1,250 per fiscal year for course provider approval fees).

Revenue from Contractor Training and Course Provider Fees

Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
001-1	2,870				
New Acct-1		2,870	2,870	2,870	2,870

Revenue from Penalties

Section 1 allows L&I to reduce penalties for first time violation infractions. The Contractor Compliance Program at L&I already reduces penalties for a first time violation infraction from \$1,000 to \$500. Our assumption is the five percent of contractors who become registered and take the classes will be the same as contractors who, without the law change, will become registered and have their penalty reduced to \$500. Therefore, there is no impact to penalty revenue for reducing penalties under Section 1 of this bill.

Section 7 of this bill gives L&I the authority to issue additional infractions pertaining to unregistered contractor issues. Additional revenue from these penalties is based on the following assumptions:

- Based on historical data, it is estimated that L&I will issue an additional four unregistered contractor infractions per month for a total of 48 additional infractions per year.
- Of these 48 infractions, 24 unregistered contractors will attend the contractor training class to receive a reduced penalty of \$500. The remaining 24 unregistered contractors will receive a penalty of \$1,000.
- A total of \$36,000 of unregistered contractor penalty revenue will be collected each fiscal year effective July 1, 2010:

Description	# of Penalties	Penalty Amount	Total
# of Reduced Unregistered Contractor Penalties	24	\$500	\$12,000
# of Standard Unregistered Contractor Penalties	24	\$1,000	24,000
Total			\$36,000

Revenue from Additional Unregistered Contractor Penalties

Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
001-1	36,000				
New Acct		36,000	36,000	36,000	36,000

Fund Summary

Below is a summary of the fund impact of revenue being deposited into the new Contractor Registration Account and the corresponding impact to the General Fund State Account. This includes the \$2,870 per year in additional contractor training fees and \$36,000 per year in penalty revenue:

Impact of Revenue Transferring from General Fund State Acct to new Contractor Registration Acct

Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
001-1	0	(5,846,973)	(6,096,721)	(6,357,209)	(6,628,897)
New Acct	0	5,846,973	6,096,721	6,357,209	6,628,897
Total	0	0	0	0	0

Revenue is increasing year to year based on fiscal growth factors. Beyond Fiscal Year 2012 the fiscal growth factor is an average of 4.3 percent per fiscal year.

Public Works Contracts

The increase in the public works contract amount from \$20,000 to \$35,000 for priority liens over all other liens will not have an impact to revenue for the Contractor Compliance Program. No additional outstanding premium revenue was collected from the retainage of public works contracts during the last fiscal year where the contract amount was \$20,000 to \$35,000.

II. C – Expenditures

According to Section 4 of this legislation, expenditures will take place within the new Contractor Registration Account. Below is a summary of the fund impact of expenditures that will be expensed against the new Contractor Registration Account and the corresponding impact to the General Fund State Account.

Impact of Expenditures Transferring from General Fund State Acct to new Contractor Registration Acct

Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
001-1	0	(3,779,232)	(3,892,609)	(4,009,387)	(4,129,669)
New Acct	0	3,779,232	3,892,609	4,009,387	4,129,669
Net Total		0	0	0	0

Expenditures are increasing year to year based on an average inflation rate of three percent. Fiscal Year 2011 is based on the total allotted expenditures for the General Fund State to administer and operate the Contractor Registration and Compliance Program at L&I.

Information Technology Costs

The following information technology resources are needed to carry out the functions of this bill:

- Three hundred sixty hours of contract programming will involve a one-time programming project involving the QuickCards information system and Front Counter Revenue Recording application.
- The updates to the QuickCards Infraction Citation Writer system and the Front Counter Revenue Recording application must be completed by July 1, 2011 (before Fiscal Year 2012) according to Section 8 of this bill. Therefore, the contract programming costs need to be completed within Fiscal Year 2011.
- 0.25 of an existing FTE – Information Technology Specialist 5 to coordinate changes between the QuickCards Infraction Citation Writer system and Front Counter Revenue Recording application.

Contract Programming Costs

# of Hours	Hourly Rate	Total	Task
360	\$90	\$32,400	Update QuickCards/Infraction Citation Writer system and Front Counter Revenue Recording application: <ul style="list-style-type: none">• Add new infraction status code.• Add new work lists.• Add new reporting changes.• Update to add new general ledger codes for the dedicated contractor accounts and fee schedule.• Add Fee schedule item for the training class.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Yes. Chapter 296-200A WAC

Individual State Agency Fiscal Note

Bill Number: 2826 S HB	Title: Underground economy	Agency: 310-Department of Corrections
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Part I: Estimates

☒ No Fiscal Impact

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

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

Check applicable boxes and follow corresponding instructions:

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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: Joan Elgee	Phone: 360-786-7106	Date: 02/02/2010
Agency Preparation: Dawn Deck	Phone: (360) 725-8510	Date: 02/04/2010
Agency Approval: Susan Lucas	Phone: (360) 725-8277	Date: 02/04/2010
OFM Review: Adam Aaseby	Phone: 360-902-0539	Date: 02/04/2010

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 - Adds subsection (3) a contractor found to have committed an infraction under RCW 18.27.200 for failure to register or under section 7 of this act. It also adds that for the first offense, the director may reduce the penalty for failure to register but no case below five hundred dollars if the person becomes registered within ten days of receiving a notice of infaction and registers for a department approved contractor training class under section 2 of this act within 10 days of receiving a notice of infaction and completes the class within one hundred twenty days of receiving the notice of infraction and pays any required class fees upon class registration. S ubsection 4 adds that until July 1, 2011 all monetary penalties collected under this chapter shall be deposited in the general fund and beginning July 1, 2011 monetary penalties and class fees collected under this chapter shall be deposited in the contractor registration account.

New Section 2 – a new section is added to chapter 18.27 RCW is added that the Department may approve or conduct contractor training classes and charge a fee, payable upon class registration that covers the costs of administering the class. The Department may adopt rules relating to the number of classes to be offered by the Department, the locations of these classes, class fees, and criculum.

Section 3 adds subsection 3 states that the Department shall deposit all fees in the contractor registration account.

New Section 4 – A new section is added to RCW 18.27- states the Contractor Registration account is created in the state treasury. The Department shall deposit in the account all moneys from registrations, renewals, or civil penalties assessed and collected under this chapter. Appropriations from this account may be made only for the purposes of administration of the chapter including conducting contractor training classes under Section 2 of this act.

Section 5 – changes the contract price from “twenty” to “thirty-five” thousand dollars.

Section 6 – subsection (5) changes the word “citation” to “notice of infaction”. Subsection (6) is added and states a person is guilty of a class C felony if after receiving a third or subsequent final infraction for working as a contractor while unregistered, while his or her reistration is suspended or revoked, or a under a registration issued to another contractor, he or she works as a contractor while unregistered while his or her reistration is suspended or revoked or under a registration issued to another contractor.

New Section 7 – adds the following to RCW 18.27

Subsection (1) A contractor commits a violation under this chapter amd is subject to an infraction if, on a single job site, the contractor works on a task that is performed together by” (a) More than two sole proprietor contractors at least one of which has no workers subject to coverage of Title 51 RCW on that job site;(b) More than one contractor other than a sole proprietorship, at least one of which has no workers subject to coverage of Title 51 on that job site. Subsection (2) If contractors are working in the same trade or craft on a single job site, the contractors have the burden of proof to show that they are not working together on the same task. Subsection (3) the violation is committed by all contractors who are parties to the contract for the performance of that task. Subsection (4) For the purpose of this section ‘job site’ means a single physical address or mutiple addresses of the addresses are covered by the same general contract.

New Section 8 – Sections 3 and 4 of this act take effect July 1, 2011.

II. B - Cash receipts Impact

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

II. C - Expenditures

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

The Sentencing Guidelines Commission (SCG) has no information with which to predict how the changes proposed by HB 2826 will affect the number of sentences per fiscal year for the new offense and therefore, cannot reliably estimate bed impacts. The new Class C felony, not ranked on the adult felony sentencing grid, and is punishable by a term of confinement of 0 to 12 months in jail. Therefore, any impact will be on jail beds, unless an exceptional sentence is ordered which results in a prison sentence.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 2826 S HB	Title: Underground economy	Agency: 325-Sentencing Guidelines Commission
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT					
Total \$					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
Account					
Total \$					

Estimated Capital Budget Impact:

Total \$					

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

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Joan Elgee	Phone: 360-786-7106	Date: 02/02/2010
Agency Preparation: Keri-Anne Jetzer	Phone: 360-407-1070	Date: 02/04/2010
Agency Approval: Keri-Anne Jetzer	Phone: 360-407-1070	Date: 02/04/2010
OFM Review: Adam Aaseby	Phone: 360-902-0539	Date: 02/04/2010

Request # 325-10-041-2

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 modification of the Commission’s database and data entry programs. The agency’s budget does not have funding for updating the database or data entry programs. We estimate it would take approximately 10 hours to update the database or data entry programs to reflect the change in this bill. Using a fee estimate of \$110/hr, the cost would be \$1,100.

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

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
Total:					

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.

SHB 2826
CONCERNING UNDERGROUND ECONOMY
325 – Sentencing Guidelines Commission
February 3, 2010

SUMMARY

A brief description of what the measure does that has fiscal impact

Section 6 Amends RCW 18.27.020 and 2007 c 436 s 2 to reflect the following:

Makes a third or subsequent final infraction for working as an unregistered contractor, while registration is revoked or suspended, or while working under another contractor's registration, when unregistered, when his or her registration is suspended or revoked, a Class C Felony.

EXPENDITURES

Assumptions

None

Impact on the Sentencing Guidelines Commission

This bill would require modification of the Commission's database and data entry programs. The agency's budget does not have funding for updating the database or data entry programs. We estimate it would take approximately 10 hours to update the database or data entry programs to reflect the change in this bill. Using a fee estimate of \$110/hr, the cost would be \$1,100.

Impact on prison and jail beds

This bill creates a new class C felony offense for a third or subsequent final infraction. Currently, all infractions are gross misdemeanors. The Sentencing Guidelines Commission does not track gross misdemeanor data and, therefore, is unable to provide bed impact analysis. Unranked class C felonies have a standard range of 0 to 12 months and a statutory maximum of 60 months. Any impact would affect jail beds only.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 2826 S HB	Title: Underground economy
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☐ Cities:
- ☒ Counties: Superior court, prosecutor, defense and jail costs; see Administrative Office of the Courts fiscal note for court impacts
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☒ Key variables cannot be estimated with certainty at this time: Number of class C felonies after three state registration citations

Estimated revenue impacts to:

Jurisdiction	FY 2010	FY 2011	2009-11	2011-13	2013-15
City					
County					
Special District					
TOTAL \$					
GRAND TOTAL \$					

Estimated expenditure impacts to:

Jurisdiction	FY 2010	FY 2011	2009-11	2011-13	2013-15
City					
County					
Special District					
TOTAL \$					
GRAND TOTAL \$	0				

Part III: Preparation and Approval

Fiscal Note Analyst: Anne Pflug	Phone: 509-925-2608	Date: 02/09/2010
Leg. Committee Contact: Joan Elgee	Phone: 360-786-7106	Date: 02/02/2010
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 02/09/2010
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 02/09/2010

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This bill amends current law making construction contractors subject to a class C felony after a third citation from the Department of Labor and Industries related to business registration.

SECTIONS WITH POTENTIAL IMPACT ON LOCAL GOVERNMENT

Sec. 6 A contractor who receives a third citation from the Department for failing to register as a contractor is guilty of a class C felony if that person works as a contractor while unregistered, while his or her registration is suspended or revoked, or under a registration issued to another contractor.

Sec. 5 Amends existing statutes related to lien priorities on retainage on public works contracts making the provision uniformly applicable to contracts of \$35,000 or more.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

This bill would have a minor impact on county expenditures from the creation of a new class C felony with county jail sentence sanctions. See Administrative Office of the Courts fiscal note for impact on Superior Court (minor). The Administrative Office of the Courts estimated that the number of cases under the new felony provision would be very small with minor impacts. Since the number of cases would be small the impact on county prosecutor, public defense and jail costs would also be minor.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

This bill would have no impact on local government revenue or revenue authority.



Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
2826 S HB	Underground economy

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts (Dollars in Thousands)

Agency Name	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	2010-19 TOTAL
Admin Office of the Courts	0	0	0	0	0	0	0	0	0	0	0
Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Department of Labor and Industries	0	2,870	2,870	2,870	2,870	2,870	2,870	2,870	2,870	2,870	25,830
Department of Corrections	0	0	0	0	0	0	0	0	0	0	0
Sentencing Guidelines Commission	0	0	0	0	0	0	0	0	0	0	0
Department of Commerce	0	0	0	0	0	0	0	0	0	0	0
Total	0	2,870	2,870	2,870	2,870	2,870	2,870	2,870	2,870	2,870	25,830



Ten-Year Analysis

Bill Number 2826 S HB	Title Underground economy	Agency 055 Admin Office of the Courts
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Brian Backus	Phone: 360-705-5320	Date: 2/5/2010 10:36:33 am
Agency Approval: Dirk Marler	Phone: 360-705-5211	Date: 2/5/2010 10:36:33 am
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 2/8/2010 11:26:41 am



Ten-Year Analysis

Bill Number 2826 S HB	Title Underground economy	Agency 090 Office of State Treasurer
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☐ **No Cash Receipts** ☐ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

Biennial Totals

Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 2/3/2010 8:15:16 am
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 2/3/2010 8:15:16 am
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 2/8/2010 11:26:41 am



Ten-Year Analysis

Bill Number 2826 S HB	Title Underground economy	Agency 235 Department of Labor and Industries
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☐ **No Cash Receipts**
☐ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	2010-19 TOTAL
Class Registration	001		2,870									2,870
Class Registration	New			2,870	2,870	2,870	2,870	2,870	2,870	2,870	2,870	22,960
Total			2,870	2,870	2,870	2,870	2,870	2,870	2,870	2,870	2,870	25,830
Biennial Totals			2,870	5,740	5,740	5,740	5,740	5,740	5,740	5,740		25,830

Agency Preparation: Steven D Elwanger	Phone: 360-902-6319	Date: 2/8/2010 11:20:21 am
Agency Approval: Victoria Kennedy	Phone: 360-902-4997	Date: 2/8/2010 11:20:21 am
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 2/8/2010 11:26:41 am



Ten-Year Analysis

Bill Number 2826 S HB	Title Underground economy	Agency 310 Department of Corrections
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Dawn Deck	Phone: (360) 725-8510	Date: 2/4/2010 4:16:52 pm
Agency Approval: Susan Lucas	Phone: (360) 725-8277	Date: 2/4/2010 4:16:52 pm
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 2/8/2010 11:26:41 am



Ten-Year Analysis

Bill Number 2826 S HB	Title Underground economy	Agency 325 Sentencing Guidelines Commission
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Keri-Anne Jetzer	Phone: 360-407-1070	Date: 2/4/2010 12:25:22 pm
Agency Approval: Keri-Anne Jetzer	Phone: 360-407-1070	Date: 2/4/2010 12:25:22 pm
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 2/8/2010 11:26:41 am