

# Multiple Agency Fiscal Note Summary

|                             |  |
|-----------------------------|--|
| <b>Bill Number:</b> 5111 SB | <b>Title:</b> Liquor sales privatization |
|-----------------------------|--|

## Estimated Cash Receipts

| Agency Name             | 2011-13          |                  | 2013-15             |                      | 2015-17             |                      |
|-------------------------|------------------|------------------|---------------------|----------------------|---------------------|----------------------|
|                         | GF- State        | Total            | GF- State           | Total                | GF- State           | Total                |
| Liquor Control Board    | 7,658,329        | 7,658,329        | (65,774,584)        | (313,948,068)        | (65,774,584)        | (313,948,068)        |
| Washington State Patrol | 0                | 8,450            | 0                   | 16,900               | 0                   | 16,900               |
| <b>Total \$</b>         | <b>7,658,329</b> | <b>7,666,779</b> | <b>(65,774,584)</b> | <b>(313,931,168)</b> | <b>(65,774,584)</b> | <b>(313,931,168)</b> |

## Estimated Expenditures

| Agency Name             | 2011-13     |            |                     | 2013-15        |            |                        | 2015-17        |            |                        |
|-------------------------|-------------|------------|---------------------|----------------|------------|------------------------|----------------|------------|------------------------|
|                         | FTEs        | GF-State   | Total               | FTEs           | GF-State   | Total                  | FTEs           | GF-State   | Total                  |
| Liquor Control Board    | 60.6        | 0          | 25,266,301          | (941.0)        | 0          | (182,041,666)          | (941.0)        | 0          | (182,041,666)          |
| Washington State Patrol | .1          | 0          | 7,560               | .1             | 0          | 13,220                 | .1             | 0          | 13,220                 |
| <b>Total</b>            | <b>60.7</b> | <b>\$0</b> | <b>\$25,273,861</b> | <b>(940.9)</b> | <b>\$0</b> | <b>\$(182,028,446)</b> | <b>(940.9)</b> | <b>\$0</b> | <b>\$(182,028,446)</b> |

## Estimated Capital Budget Impact

NONE

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

|  |                                 |                                 |
|--|---------------------------------|---------------------------------|
| <b>Prepared by:</b> Diamatris Winston, OFM | <b>Phone:</b><br>(360) 902-7657 | <b>Date Published:</b><br>Final |
|--|---------------------------------|---------------------------------|

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

\*\* See local government fiscal note

FNPID 28618

FNS029 Multi Agency rollup

# Individual State Agency Fiscal Note

|                             |  |   |
|-----------------------------|--|---|
| <b>Bill Number:</b> 5111 SB | <b>Title:</b> Liquor sales privatization | <b>Agency:</b> 195-Liquor Control Board |
|-----------------------------|--|---|

## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

| ACCOUNT   | FY 2012 | FY 2013   | 2011-13   | 2013-15       | 2015-17       |
|---|---------|-----------|-----------|---------------|---------------|
| General Fund-State 001-1  |         | 7,658,329 | 7,658,329 | (65,774,584)  | (65,774,584)  |
| Liquor Control Board Construction and Maintenance Account-State 335-1 |         |           |           | (12,173,484)  | (12,173,484)  |
| Liquor Revolving Account-State 501-1                                  |         |           |           | (236,000,000) | (236,000,000) |
| <b>Total \$</b>   |         | 7,658,329 | 7,658,329 | (313,948,068) | (313,948,068) |

### Estimated Expenditures from:

|   | FY 2012 | FY 2013    | 2011-13    | 2013-15       | 2015-17       |
|---|---------|------------|------------|---------------|---------------|
| FTE Staff Years   | 0.0     | 121.2      | 60.6       | (941.0)       | (941.0)       |
| <b>Account</b>  |         |            |            |               |               |
| Liquor Control Board Construction and Maintenance Account-State 335-1 | 0       | 0          | 0          | (300,000)     | (300,000)     |
| Liquor Revolving Account-State 501-1                                  | 0       | 24,936,301 | 24,936,301 | (110,055,026) | (110,055,026) |
| Liquor Revolving Account-Non-Appropriated 501-6                       | 0       | 330,000    | 330,000    | (71,686,640)  | (71,686,640)  |
| <b>Total \$</b>   | 0       | 25,266,301 | 25,266,301 | (182,041,666) | (182,041,666) |

### Estimated Capital Budget Impact:

NONE

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

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*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: 01/14/2011 |
| Agency Preparation: Michael Kashmar | Phone: 360-664-1690 | Date: 02/14/2011 |
| Agency Approval: Michael Kashmar    | Phone: 360-664-1690 | Date: 02/14/2011 |
| OFM Review: Mike Steenhout          | Phone: 360-902-0554 | Date: 02/14/2011 |

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## Part II: Narrative Explanation

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

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

This bill privatizes the retail and distribution of liquor. The current markup on spirits would be removed. The bill states that the act will be "revenue-neutral" but does not address how the Board will make up the loss in revenue from markup.

The bill also provides for franchises to be granted in as of yet, undefined franchise areas. The amount of franchise fees is also not yet defined. The state would auction off all assets pertaining to the sale and distribution of liquor. Statutes and rules are or would be amended, created, or repealed as a result of this bill.

#### REVENUE

Current markup revenue, the extent of Liquor Control Board operating costs and current distributions to the General Fund, would need to be replaced in order to make the bill revenue neutral with regard to said markup.

The bill also provides for the auctioning of franchises in defined franchise areas. The methodology used to determine bid amounts in defined areas is indeterminate at this time as are the franchise areas and number of franchises. Staff work defining the franchise areas, franchise locations, and bid amounts for franchises would begin August 1, 2011, which is the implementation date for Part 2 of the bill.

In addition to the franchise fees, all assets for the sale and distribution of liquor will have to be auctioned off by July 1, 2013. Proceeds from the action would be deposited to the General Fund.

Funding for the remaining portions of LCB would have to be funded through the tax that replaces the markup or some other mechanism.

#### EXPENDITURES

Beginning July 1, 2013, the board would no longer have costs associated with the sale and distribution of liquor. This would eliminate expenditures for the Business Enterprise which is comprised of Purchasing, Retail, and Distribution. Administrative costs would also be reduced. It is possible that costs for the Licensing and Enforcement divisions would increase, particularly in the area of public safety.

A large number of LCB employees would receive annual leave buyouts and may receive unemployment benefits. The transition of employees represents a large increase in workload for human resources.

The auctioning of the distribution center and its contents may cost 5-10% of the sale value.

#### PART ONE - INTENT

The legislature intends that the privatization of the distribution and retail of liquor be done in such a manner that eliminates the markup yet not result in revenue losses.

#### PART TWO - CURRENT CHANGES

Sections 201-214 are revisions to RCW's 66.04, 66.08, and 66.24, to include references to "liquor franchises", "liquor

franchise agreement", "liquor franchise applicant", "liquor franchise area", and "liquor franchise holder". These sections also define the roles of a franchise and the LCB with regard to the intent of the bill.

Section 215 adds a new chapter to RCW 66.08.

By July 1, 2013, the board must:

- Close all state liquor stores and the liquor distribution facilities, and must sell at auction all assets pertaining to the sale and distribution of liquor;
- Determine liquor franchise areas throughout the state in which a certain number of liquor franchises can be located;
- Establish criteria for the placement of liquor franchises in liquor franchise areas and the amount of the bid submitted by the liquor franchise applicant;
- Collect information from incorporated cities and towns regarding acceptable locations for liquor franchises within their boundaries. The board must not locate liquor franchises in any locations that have not been deemed acceptable by cities and towns;
- Award liquor franchise agreements to applicants in all liquor franchise areas;
- Shall provide an orderly transition from state liquor store sales to liquor franchise sales.

After July 1, 2013, the board must not lease space for or to operate a state retail or wholesale liquor store.

The board may adopt rules to carry out the provisions of this section. These rules may include, but are not limited to:

- The establishment of franchise agreement periods, expiration dates, and renewal procedures;
- The enumeration of records to be kept by franchise holders;
- The procedures for advertising and other promotion of sales of spirits by liquor franchise holders, in accordance with RCW 66.08.060; and
- The establishment of fees and administrative penalties for liquor franchise holders.

### PART THREE - FUTURE CHANGES

Part three takes effect July 1, 2013, and amends section 201 of the bill. RCW's impacted include 66.08, 66.12, 66.16, 66.20, 66.24, 66.28, 66.32, and 66.44.

#### 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.*

#### REVENUE

Current markup revenue and the Distribution Center surcharge would be lost but would need to be replaced by an yet-unknown method.

The bill also provides for the placement of franchises in defined franchise areas. The franchise areas and the number of franchises is indeterminate as is the purchase price of a franchise. Staff work defining the franchise areas, franchise locations, and bid amounts for franchises would begin August 1, 2011, which is the implementation date for Part 2 of the bill.

In addition to the franchise fees, all assets for the sale and distribution of liquor will have to be auctioned off by July 1, 2013. The Distribution Center land and bldg are appraised at just over \$20 million per King County. There is no way of

knowing what the market value is. Cash receipt impact to the General Fund assumes the building will sell for the \$20 million assessed value in FY13. It is estimated that proceeds from an auction of store equipment, shelving, etc. would bring in \$291K. These proceeds would be deposited directly to the General Fund.

The \$7.6 million in FY 2013 includes the \$20 million from the sale of the DC (assessed value), \$291,479 from the sale of store equipment, and a negative impact of (\$12,633,151). The (\$12.6) million is a result of the additional costs to shut down operations (\$25 million in FY13). Local governments distributions would also be negatively impacted to the extent of (\$12.6M), which are not shown here.

## 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.*

### EXPENDITURES

Beginning July 1, 2013, the board would no longer have costs associated with the sale and distribution of liquor. This would eliminate expenditures for the Business Enterprise which is comprised of Purchasing, Retail, and Distribution (\$171 million for the biennium). Administrative costs would also be reduced (\$20 million for the biennium). It is possible that costs for the Licensing and Enforcement divisions would increase, particularly in the area of public safety but are indeterminate at this time. A number of state employees would be unemployed due to the reduction of 863.8 FTE from the Business Enterprise and around 80 FTE eliminated from agency administration. A large number of these employees would be eligible to receive annual leave buyouts and unemployment benefits which are indeterminate at this time. The auctioning off of the distribution center and its contents may cost 5-10% of the sale value.

FY2013 additional expenditures are for closing out the retail business from January 1, 2013 - June 30, 2013. In addition to staff, these costs include sick leave buy-out, accrued annual leave, and unemployment benefits.

## Part III: Expenditure Detail

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

|                                      | FY 2012 | FY 2013      | 2011-13      | 2013-15         | 2015-17         |
|--------------------------------------|---------|--------------|--------------|-----------------|-----------------|
| FTE Staff Years                      |         | 121.2        | 60.6         | (941.0)         | (941.0)         |
| A-Salaries and Wages                 |         | 11,240,402   | 11,240,402   | (75,992,382)    | (75,992,382)    |
| B-Employee Benefits                  |         | 9,736,963    | 9,736,963    | (31,403,304)    | (31,403,304)    |
| C-Personal Service Contracts         |         | 2,132,614    | 2,132,614    | (40,000)        | (40,000)        |
| E-Goods and Services                 |         | 1,752,450    | 1,752,450    | (73,142,100)    | (73,142,100)    |
| G-Travel                             |         | 216,972      | 216,972      | (220,254)       | (220,254)       |
| J-Capital Outlays                    |         | 186,900      | 186,900      | (1,187,736)     | (1,187,736)     |
| M-Inter Agency/Fund Transfers        |         |              |              |                 |                 |
| N-Grants, Benefits & Client Services |         |              |              | (55,890)        | (55,890)        |
| P-Debt Service                       |         |              |              |                 |                 |
| S-Interagency Reimbursements         |         |              |              |                 |                 |
| T-Intra-Agency Reimbursements        |         |              |              |                 |                 |
| 9-                                   |         |              |              |                 |                 |
| <b>Total:</b>                        | \$0     | \$25,266,301 | \$25,266,301 | (\$182,041,666) | (\$182,041,666) |

**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 2012 | FY 2013 | 2011-13 | 2013-15 | 2015-17 |
|----------------------------|-----------|---------|---------|---------|---------|---------|
| ADMINISTRATIVE ASSISTANT 5 | 53,148    |         |         |         | (1.0)   | (1.0)   |
| ADMINISTRATIVE ASST 2      | 28,800    |         | 3.3     | 1.7     |         |         |
| ADMINISTRATIVE ASST 3      | 41,813    |         |         |         | (3.0)   | (3.0)   |
| ADMINISTRATIVE ASST 4      | 54,504    |         |         |         | (3.0)   | (3.0)   |
| CARPENTER                  | 41,905    |         | 1.8     | 0.9     | (4.0)   | (4.0)   |
| CARPENTER SUPERVISOR 1     | 51,800    |         |         |         | (1.0)   | (1.0)   |
| CONTRACT SPECIALIST        | 56,000    |         | 2.3     | 1.2     |         |         |
| D/D PURCH SVS              | 82,208    |         |         |         | (1.0)   | (1.0)   |
| DATA COMPILER 3            | 39,000    |         |         |         | (3.0)   | (3.0)   |
| DIRECTOR OF BUSINESS       | 117,200   |         |         |         | (1.0)   | (1.0)   |
| ENTERPRISES, LCB           |           |         |         |         |         |         |
| DISTRIBUTION CENTER        | 92,500    |         |         |         | (2.0)   | (2.0)   |
| DIRECTOR                   |           |         |         |         |         |         |
| Electrician                | 48,168    |         |         |         | (1.0)   | (1.0)   |
| INVENTORY CONTROL          | 62,939    |         | 3.0     | 1.5     |         |         |
| PERSONNEL                  |           |         |         |         |         |         |
| IT SPEC 2                  | 55,836    |         |         |         | (1.0)   | (1.0)   |
| LIQ STORE CLERK            | 30,000    |         |         |         | (472.0) | (472.0) |
| MA3                        | 51,263    |         | 6.8     | 3.4     |         |         |
| MAINT MECHANIC 2           | 48,168    |         |         |         | (7.0)   | (7.0)   |
| MAINT SP 4                 | 60,120    |         |         |         | (1.0)   | (1.0)   |
| MAINTENANCE CUSTODIAN      | 31,176    |         |         |         | (2.0)   | (2.0)   |
| MGMT ANALYST 2             | 49,368    |         |         |         | (1.0)   | (1.0)   |
| MGMT ANALYST 3             | 54,504    |         |         |         | (7.0)   | (7.0)   |
| OFFICE ASSISTANT 2         | 30,504    |         |         |         | (1.0)   | (1.0)   |
| OFFICE ASSISTANT 3         | 28,152    |         |         |         | (2.0)   | (2.0)   |
| OP MGR PD/RTL DV           | 115,000   |         |         |         | (1.0)   | (1.0)   |
| PROCUREMENT AND SUPPLY     | 42,588    |         |         |         | (1.0)   | (1.0)   |
| SPECIALIST 2               |           |         |         |         |         |         |
| PROCUREMENT AND SUPPLY     | 51,336    |         |         |         | (2.0)   | (2.0)   |
| SPECIALIST 3               |           |         |         |         |         |         |
| PROCUREMENT & SUPPLY       | 34,260    |         |         |         | (1.0)   | (1.0)   |
| SUPPORT SPEC 2             |           |         |         |         |         |         |
| RETAIL A/MGR 1             | 33,874    |         |         |         | (80.0)  | (80.0)  |
| RETAIL A/MGR 2             | 35,359    |         |         |         | (89.0)  | (89.0)  |
| RETAIL MGR 3               | 39,765    |         |         |         | (79.0)  | (79.0)  |
| SAFETY OFFICER 1           | 39,516    |         |         |         | (1.0)   | (1.0)   |
| SECRETARY SENIOR           | 35,855    |         |         |         | (1.0)   | (1.0)   |
| STORE PERSONNEL            | 44,712    |         | 85.2    | 42.6    | (86.0)  | (86.0)  |
| WAREHOUSE OP 1             | 31,000    |         |         |         | (11.0)  | (11.0)  |
| WAREHOUSE OPER 2           | 34,073    |         |         |         | (51.0)  | (51.0)  |
| WAREHOUSE OPER 3           | 37,000    |         |         |         | (4.0)   | (4.0)   |
| WAREHOUSE OPER 4           | 40,844    |         |         |         | (3.0)   | (3.0)   |
| WAREHOUSE OPERATOR 2       | 33,963    |         | 18.8    | 9.4     |         |         |
| WMS BAND 1                 | 57,420    |         |         |         | (2.0)   | (2.0)   |
| WMS BAND 2                 | 64,978    |         |         |         | (15.0)  | (15.0)  |
| <b>Total FTE's</b>         | 1,980,619 |         | 121.2   | 60.6    | (941.0) | (941.0) |

**Part IV: Capital Budget Impact**

Request # 5111 SB-1

**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 board may adopt rules to carry out the provisions of section 215 of this bill. These rules may include, but are not limited to:

- The establishment of franchise agreement periods, expiration dates, and renewal procedures;
- The enumeration of records to be kept by franchise holders;
- The procedures for advertising and other promotion of sales of spirits by liquor franchise holders, in accordance with RCW 66.08.060; and
- The establishment of fees and administrative penalties for liquor franchise holders.



# Individual State Agency Fiscal Note

|                             |  |  |
|-----------------------------|--|--|
| <b>Bill Number:</b> 5111 SB | <b>Title:</b> Liquor sales privatization | <b>Agency:</b> 225-Washington State Patrol |
|-----------------------------|--|--|

## Part I: Estimates

☐

No Fiscal Impact

### Estimated Cash Receipts to:

| ACCOUNT   | FY 2012 | FY 2013 | 2011-13 | 2013-15 | 2015-17 |
|---|---------|---------|---------|---------|---------|
| Fingerprint Identification Account-State<br>225-1 |         | 8,450   | 8,450   | 16,900  | 16,900  |
| <b>Total \$</b>                                   |         | 8,450   | 8,450   | 16,900  | 16,900  |

### Estimated Expenditures from:

|   | FY 2012 | FY 2013 | 2011-13 | 2013-15 | 2015-17 |
|---|---------|---------|---------|---------|---------|
| FTE Staff Years                                   | 0.0     | 0.1     | 0.1     | 0.1     | 0.1     |
| <b>Account</b>                                    |         |         |         |         |         |
| Fingerprint Identification<br>Account-State 225-1 | 0       | 7,560   | 7,560   | 13,220  | 13,220  |
| <b>Total \$</b>                                   | 0       | 7,560   | 7,560   | 13,220  | 13,220  |

### Estimated Capital Budget Impact:

NONE

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

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

Check applicable boxes and follow corresponding instructions:

- ☐ 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: 01/14/2011 |
| Agency Preparation: Shawn Eckhart | Phone: 360-596-4080   | Date: 02/14/2011 |
| Agency Approval: Bob Maki         | Phone: (360) 596-4045 | Date: 02/14/2011 |
| OFM Review: Alyson Cummings       | Phone: 360-902-0576   | Date: 02/15/2011 |

Request # 0070-1

## 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.*

SB 5111 privatizes the sale of liquor. It requires the Liquor Control Board (LCB) to close all state liquor stores and state liquor distribution facilities, and to sell at auction all assets pertaining to the state sale and distribution of liquor. It directs the Secretary of State to submit the act to the people for their adoption and ratification, or rejection, at the next general election.

Sections 207 and 210 of SB 5111 require fingerprint-based criminal background checks for liquor franchise agreements.

### 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 LCB estimated that there would be at least 325 additional fingerprint-based background checks resulting from this legislation. WSP charges \$45.25 for these checks, of which \$19.25 is passed to the Federal Bureau of Investigation (FBI) and the remainder (\$26) is the Washington State Patrol's (WSP) fee, assuming mailed submissions.

Estimated additional annual revenue for the Fingerprint Identification Account is:

325 background checks x \$26 = \$8,450 per year

However, if the background checks are instead submitted electronically, the fee would be \$35.25, of which \$16 is to the WSP with the balance passed to the FBI, and the estimated revenue would be \$5,200 a year for the Fingerprint Identification Account. For the purposes of this fiscal note, we are assuming that background checks will be submitted via the mail.

With an effective date of July 1, 2013, for the legislation, we are assuming that many of the franchise agreements will be put into place in anticipation of the start date, so we assume a workload and revenue impact to begin in FY 2013.

### 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.*

WSP's Identification Section, using its workload impact model, estimates that SB 5111 will impact its workload equivalent by about 0.10 FTEs per fiscal year. This assumes mailed submissions. Estimates for goods and services, travel and equipment are based on our rule-of-thumb costs per FTE, which are derived from historical expenditures.

If the background checks are instead submitted electronically, then WSP estimates the workload impact to be equivalent to 0.05 FTEs valued at \$3,720 in FY 2013 and \$3,250 in later fiscal years. For the purposes of this fiscal note, we are assuming that background checks will be submitted via the mail.

With an effective date of July 1, 2013, for the legislation, we are assuming that many of the franchise agreements will be

put into place in anticipation of the start date, so we assume a workload and revenue impact to begin in FY 2013.

### Part III: Expenditure Detail

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

|                                      | FY 2012 | FY 2013 | 2011-13 | 2013-15  | 2015-17  |
|--------------------------------------|---------|---------|---------|----------|----------|
| FTE Staff Years                      |         | 0.1     | 0.1     | 0.1      | 0.1      |
| A-Salaries and Wages                 |         | 4,080   | 4,080   | 8,160    | 8,160    |
| B-Employee Benefits                  |         | 1,560   | 1,560   | 3,120    | 3,120    |
| C-Personal Service Contracts         |         |         |         |          |          |
| E-Goods and Services                 |         | 560     | 560     | 1,120    | 1,120    |
| G-Travel                             |         | 240     | 240     | 480      | 480      |
| J-Capital Outlays                    |         | 1,120   | 1,120   | 340      | 340      |
| M-Inter Agency/Fund Transfers        |         |         |         |          |          |
| N-Grants, Benefits & Client Services |         |         |         |          |          |
| P-Debt Service                       |         |         |         |          |          |
| S-Interagency Reimbursements         |         |         |         |          |          |
| T-Intra-Agency Reimbursements        |         |         |         |          |          |
| 9-                                   |         |         |         |          |          |
| <b>Total:</b>                        | \$0     | \$7,560 | \$7,560 | \$13,220 | \$13,220 |

#### 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 2012 | FY 2013 | 2011-13 | 2013-15 | 2015-17 |
|--------------------------|--------|---------|---------|---------|---------|---------|
| Fingerprint Technician 1 | 3,377  |         | 0.1     | 0.1     | 0.1     | 0.1     |
| <b>Total FTE's</b>       | 3,377  |         | 0.1     | 0.1     | 0.1     | 0.1     |

### Part IV: Capital Budget Impact

NONE

SB 5111 has no impact on WSP's capital budget.

### Part V: New Rule Making Required

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

SB 5111 does not require rule changes for the WSP.



# Multiple Agency Ten-Year Analysis Summary

|                    |                            |
|--------------------|----------------------------|
| <b>Bill Number</b> | <b>Title</b>               |
| 5111 SB            | Liquor sales privatization |

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

## Estimated Cash Receipts

| Agency Name             | Fiscal Year<br>2012 | Fiscal Year<br>2013 | Fiscal Year<br>2014 | Fiscal Year<br>2015 | Fiscal Year<br>2016 | Fiscal Year<br>2017 | Fiscal Year<br>2018 | Fiscal Year<br>2019 | Fiscal Year<br>2020 | Fiscal Year<br>2021 | 2012-21<br>TOTAL   |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| Liquor Control Board    | 0                   | 0                   | 56,000,000          | 56,000,000          | 56,000,000          | 56,000,000          | 56,000,000          | 56,000,000          | 56,000,000          | 56,000,000          | 448,000,000        |
| Washington State Patrol | 0                   | 8,450               | 8,450               | 8,450               | 8,450               | 8,450               | 8,450               | 8,450               | 8,450               | 8,450               | 76,050             |
| <b>Total</b>            | <b>0</b>            | <b>8,450</b>        | <b>56,008,450</b>   | <b>56,008,450</b>   | <b>56,008,450</b>   | <b>56,008,450</b>   | <b>56,008,450</b>   | <b>56,008,450</b>   | <b>56,008,450</b>   | <b>56,008,450</b>   | <b>448,076,050</b> |



# Ten-Year Analysis

|                               |  |   |
|-------------------------------|--|---|
| <b>Bill Number</b><br>5111 SB | <b>Title</b><br>Liquor sales privatization | <b>Agency</b><br>195 Liquor Control Board |
|-------------------------------|--|---|

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 2012 | Fiscal Year 2013 | Fiscal Year 2014   | Fiscal Year 2015 | Fiscal Year 2016   | Fiscal Year 2017 | Fiscal Year 2018   | Fiscal Year 2019 | Fiscal Year 2020   | Fiscal Year 2021 | 2012-21 TOTAL      |
|------------------------|-----------|------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|
| liter tax              | 001       |                  |                  | 33,000,000         | 33,000,000       | 33,000,000         | 33,000,000       | 33,000,000         | 33,000,000       | 33,000,000         | 33,000,000       | 264,000,000        |
| Liter tax              | 501       |                  |                  | 23,000,000         | 23,000,000       | 23,000,000         | 23,000,000       | 23,000,000         | 23,000,000       | 23,000,000         | 23,000,000       | 184,000,000        |
|                        |           |                  |                  |                    |                  |                    |                  |                    |                  |                    |                  |                    |
| <b>Total</b>           |           |                  |                  | 56,000,000         | 56,000,000       | 56,000,000         | 56,000,000       | 56,000,000         | 56,000,000       | 56,000,000         | 56,000,000       | 448,000,000        |
| <b>Biennial Totals</b> |           |                  |                  | <b>112,000,000</b> |                  | <b>112,000,000</b> |                  | <b>112,000,000</b> |                  | <b>112,000,000</b> |                  | <b>448,000,000</b> |

## Narrative Explanation (Required for Indeterminate Cash Receipts)

**\*\*CONFIRM\*\***

Cash receipts is indeterminate at this point.

Current markup revenue would need to be replaced by an as-yet unnamed source (liter tax?) of funding in order to make the bill revenue-neutral.

The bill also provides for the awarding of franchises in defined franchise areas. The franchise areas and the number of franchises is indeterminate as is the methodology used for determining the amount of the purchase price in franchise areas. Staff work defining the franchise areas, franchise locations, and bid amounts for franchises would begin August 1, 2011, which is the implementation date for Part 2 of the bill.



# Ten-Year Analysis

Revised

| Bill Number | Title                      | Agency                   |
|-------------|----------------------------|--------------------------|
| 5111 SB     | Liquor sales privatization | 195 Liquor Control Board |

|                                     |                     |                            |
|-------------------------------------|---------------------|----------------------------|
| Agency Preparation: Michael Kashmar | Phone: 360-664-1690 | Date: 2/14/2011 9:40:02 am |
| Agency Approval: Michael Kashmar    | Phone: 360-664-1690 | Date: 2/14/2011 9:40:02 am |
| OFM Review:                         | Phone:              | Date:                      |



# Ten-Year Analysis

|                               |  |  |
|-------------------------------|--|--|
| <b>Bill Number</b><br>5111 SB | <b>Title</b><br>Liquor sales privatization | <b>Agency</b><br>225 Washington State Patrol |
|-------------------------------|--|--|

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 2012 | Fiscal Year 2013 | Fiscal Year 2014 | Fiscal Year 2015 | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | 2012-21 TOTAL |
|--|-----------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------|
| Mailed fingerprint-based background checks | 225       |                  | 8,450            | 8,450            | 8,450            | 8,450            | 8,450            | 8,450            | 8,450            | 8,450            | 8,450            | 76,050        |
| <b>Total</b>                               |           |                  | 8,450            | 8,450            | 8,450            | 8,450            | 8,450            | 8,450            | 8,450            | 8,450            | 8,450            | 76,050        |
| <b>Biennial Totals</b>                     |           | 8,450            | 16,900           | 16,900           | 16,900           | 16,900           | 16,900           | 16,900           | 16,900           | 16,900           | 16,900           | 76,050        |

## Narrative Explanation (Required for Indeterminate Cash Receipts)

If the background checks are instead submitted electronically, the estimated revenue would be \$5,200 a year for the Fingerprint Identification Account.

|                                   |                       |                            |
|-----------------------------------|-----------------------|----------------------------|
| Agency Preparation: Shawn Eckhart | Phone: 360-596-4080   | Date: 2/14/2011 1:31:10 pm |
| Agency Approval: Bob Maki         | Phone: (360) 596-4045 | Date: 2/14/2011 1:31:10 pm |
| OFM Review:                       | Phone:                | Date:                      |