

MultipleAgencyFiscalNoteSummary

BillNumber: 5101SSB_H-2445.1

Title: Consumerprctcn/contractors

EstimatedCashReceipts

AgencyName	2001-03		2003-05		2005-07	
	GF-State	Total	GF-State	Total	GF-State	Total
OfficeofAdministratorforthe Courts	Indeterminate					
DepartmentofRevenue	Indeterminate					
DepartmentofLaborandIndustries	604,800	604,800	604,800	604,800	604,800	604,800
Total:	604,800	604,800	604,800	604,800	604,800	604,800

LocalGov.Courts*	Indeterminate					
LocalGov.Other**	Indeterminate					
LocalGov.Total						

EstimatedExpenditures

AgencyName	2001-03			2003-05			2005-07		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
OfficeofAdministrator fortheCourts	Indeterminate								
DepartmentofRevenue	.1	11,000	11,000	.0	0	0	.0	0	0
DepartmentofLabor andIndustries	3.3	604,800	604,800	3.3	604,800	604,800	3.3	604,800	604,800
EmploymentSecurity Department	.0	0	0	.0	0	0	.0	0	0
Total:	3.4	\$615,800	\$615,800	3.3	\$604,800	\$604,800	3.3	\$604,800	\$604,800

LocalGov.Courts*	Indeterminate								
LocalGov.Other**	Indeterminate								
LocalGov.Total									

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Preparedby: LesMyhre,OFM

Phone:

360-902-0614

DatePublished:

Final4/10/2001

* SeeOfficeoftheAdministratorfortheCourtsjudicialfiscalnote

** Seelocalgovernmentfiscalnote

JudicialImpactFiscalNote

BillNumber: 5101SSB _H-2445.1	Title: Consumerprctcn/contractors	Agency: 055-Officeof AdministratorforCourts
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PartI:Estimates

☐ NoFiscalImpact

EstimatedCashReceiptsto:

IndeterminateImpact

EstimatedExpendituresfrom:

IndeterminateImpact

Therevenueandexpenditureestimatesonthispagerepresentthemostlikelyfiscalimpact.Responsibilityforexpendituresmaybe subjecttotheprovisionsofRCW43.135.060.

Checkapplicableboxesandfollowcorrespondinginstructions:

- ☐ Iffiscalimpactisgreaterthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completeentirefiscalnote formPartsI-V.
- ☒ Iffiscalimpactislessthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completethispageonly(PartI).
- ☐ Capitalbudgetimpact,completePartIV.

LegislativeContact:	Phone:	Date: 04/02/2001
AgencyPreparation: JuliaAppel	Phone: (360)705-5229	Date: 04/03/2001
AgencyApproval: JanetMcLane	Phone: (360)705-5305	Date: 04/03/2001
OFMReview: GarryAustin	Phone: 360-902-0564	Date: 04/03/2001

Part II: Narrative Explanation

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

Section 3 of this bill extends the statute of limitation to two years for a residential homeowner to bring an action for breach of contract against the contractor.

Section 6 allows the director to file with the clerk of any county a warrant in the amount of the notice of assessment. The clerk must file the case and enter the cause on the judgment docket and mail a copy of the warrant to the contractor. The clerk is entitled to a filing fee which will be added to the amount of the warrant.

II.B- Cash Receipts Impact

The bill allows the clerk to collect a filing fee, however, the bill does not fix the amount of the filing fee. It is also unknown how many warrants will be filed by the department.

II.C- Expenditures

The clerk is required to file these new cases (warrants) and enter the judgment on the judgment docket. Since it is unknown how many warrants the department will file, the impact on the county clerks' staff cannot be determined.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Department of Revenue Fiscal Note

Bill Number: 5101SSB _H-2445.1	Title: Consumer prtctn/contractors	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Indeterminate Impact

Estimated Expenditures from:

	FY2002	FY2003	2001-03	2003-05	2005-07
FTE Staff Years	0.2	0.0	0.1	0.0	0.0
Fund					
GF-STATE-State 001-1	11,000	0	11,000	0	0
Total	11,000	0	11,000	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 rulemaking, complete Part V.

Legislative Contact:	Phone:	Date: 04/02/2001
Agency Preparation: Don Taylor	Phone: 360-570-6083	Date: 04/03/2001
Agency Approval: Don Taylor	Phone: 360-570-6083	Date: 04/03/2001
OFM Review: Tristan Wise	Phone: 360-902-0546	Date: 04/03/2001

PartII:NarrativeExplanation

II.A-BriefDescriptionOfWhatTheMeasureDoesThatHasFiscalImpact

Brieflydescribe,bysectionnumber,thesignificantprovisionsofthebill,andanyrelatedworkloadorpolicyassumptions,thathaverevenueor expenditureimpactontherespondingagency.

NOTE:thisfiscalnoteaddressesanamendmenttoSSB5101(designatedasCLH2445.1)Thisfiscalnoteaddressesonly theimpactupontheDepartmentofRevenueascontainedinSection13.

Thisbillestablishesaprogramtoreducethenumberofunregisteredconstructioncontractors.

Section13(2)directsthedepartmentsofLabor&Industries,EmploymentSecurity,andRevenuetoformateamto developaplantocoordinatetheeffortsoftheseagenciestoimprovetheenforcementofcontractorregistrationlaws,as wellascompliancewithtaxlaws.TheinitialmeetingoftheteammustoccurpriortoSeptember1,2001,andtheteam shallcompleteitsplanbyDecember1,2001.Thebillstatesthatthetasksrequiredbythissections shallbeaccomplished withinexistingresources.

II.B-CashreceiptsImpact

Brieflydescribeandquantifythecashreceiptsimpactofthelegislationontherespondingagency,identifyingthecashreceiptsprovisionsbysection numberandwhenappropriate,thetaxdetailoftherevenuesources.Brieflydescribethefactualbasisoftheassumptionsandthemethodbywhichthe cashreceiptsimpactisderived.Explainhowworkloadassumptionstranslateintoestimates.Distinguishbetweenonetimeandongoingfunctions.

CURRENTLYREPORTINGTAXPAYERS(Impactfortaxpayerswhoareknownorestimatedtobecurrentlypayingthe taxinquestion)

Recoveryofstatetaxesfromcontractorsisoneoftheprincipalpurposesofthisprogram.Init'slatestanalysisof noncompliancebyregisteredtaxpayersin1996,thecontractingindustrywasestimatedtoaccountfornearly\$25million inannualstatetaxliabilitythatisunreported.Overone-halfofthenoncompliancebyregisteredtaxpayerswas attributabletoignoranceofapplicabetaxlawsandprocedures;aboutone-quarterwasbelievedtobeduetofraud.

TheDepartmentdoesnothaveacomparablecurrentestimate,butthereisnoreasontobelievethattheamountof unreportedtaxhaschangedsignificantly.

TAXPAYERSNOTCURRENTLYREPORTING(Althoughsometaxpayersmaynotnowbepayingthetaxinquestion, someofthemwillbecomeawareoftheirliabilityinthefuture,asaresultofnormalenforcementactivitiesoreducation programsbytheDepartment.TheimpactforsuchtaxpayersisbasedontheDepartment'sstudiesofaverage tax compliance)

ThefocusofthisbillisuponcontractorswhofailtoregisterwiththeDepartmentofLabor&Industries.Itispresumed thatcontractorswhofailtoregisterwithL&I,probablyfailtoregisterforstateexcisetaxpurposes,aswell.However, thereisnocurrentestimateoftheamountofstatetaxliabilitywhichisunpaidasaresultofunregisteredfirms.

TOTALREVENUEIMPACT:

StateGovernment(cashbasis,\$000):Indeterminate.

LocalGovernment,ifapplicable(cashbasis,\$000):Indeterminate.

II.C-Expenditures

Brieflydescribetheagencyexpendituresnecessarytoimplementthislegislation(orsavingsresultingfromthislegislation),identifyingbysection numbertheprovisionsofthelegislationthathatresultintheexpenditures(orsavings).Brieflydescribethefactualbasisoftheassumptionsandthe methodbywhichtheexpenditureimpactisderived.Explainhowworkloadassumptionstranslateintocostestimates.Distinguishbetweenonetime andongoingfunctions.

TheDepartmentwillincurcostsofapproximately\$11,000inFY2002toimplementthislegislation.Thesecostsinclude

0.16FTEataRevenueAgent3level.AdditionaltimewillbenecessaryforthisstaffpersontoprovidesupporttotheunregisteredcontractorenforcementteambetweenSeptember1,2001andDecember1,2001todeveloptheenforcementplanasrequiredbythislegislation.

TheDepartmentwillabsorbthesecostsasdirectedbythislegislation.

PartIII:ExpenditureDetail

III.A-ExpendituresByObjectOrPurpose

	FY2002	FY2003	2001-03	2003-05	2005-07
FTEStaffYears	0.2		0.1		
A-	6,900		6,900		
B-	1,800		1,800		
E-	900		900		
G-	200		200		
J-	1,200		1,200		
Total:	11,000		11,000		

III.B-FTEDetail: ListFTEsbyclassificationandcorrespondingannualcompensation.TotalsneedtoagreewithtotalFTEsinPartIandPartIIIA.

JobClassification	Salary	FY2002	FY2003	2001-03	2003-05	2005-07
REVENUEAGENT3	43,186	0.2		0.1		
Total		0.2		0.1		

PartIV:CapitalBudgetImpact

PartV:NewRuleMakingRequired

Identifyprovisionsofthemeasurethatrequiretheagencytoadoptnewadministrativerulesorrepeal/reviseexistingrules.

None.

IndividualStateAgencyFiscalNote

BillNumber: 5101SSB _H-2445.1	Title: Consumerprctcn/contractors	Agency: 235-DepartmentofLabor andIndustries
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PartI:Estimates

☐ NoFiscalImpact

EstimatedCashReceiptsto:

Fund	FY2002	FY2003	2001-03	2003-05	2005-07
GeneralFund-State 001-1	302,400	302,400	604,800	604,800	604,800
Total	\$302,400	\$302,400	\$604,800	\$604,800	\$604,800

EstimatedExpendituresfrom:

	FY2002	FY2003	2001-03	2003-05	2005-07
FTEStaffYears	3.3	3.3	3.3	3.3	3.3
Fund					
GeneralFund-State 001-1	302,400	302,400	604,800	604,800	604,800
Total	302,400	302,400	604,800	604,800	604,800

Thecashreceiptsandexpenditureestimatesonthispagerepresentthemoslikelyfiscalimpact.Factorsimpactingtheprecisionoftheseestimates, andalternateranges(ifappropriate),areexplainedinPartII.

Checkapplicableboxesandfollowcorrespondinginstructions:

- ☒ Iffiscalimpactisgreaterthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completeentirefiscalnote formPartsI-V.
- ☐ Iffiscalimpactislessthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completethispageonly(PartI).
- ☐ Capitalbudgetimpact,completePartIV.
- ☒ Requiresnewrulemaking,completePartV.

LegislativeContact:	Phone:	Date: 04/02/2001
AgencyPreparation: JoshuaSwanson	Phone: 360-902-6411	Date: 04/03/2001
AgencyApproval: PatrickWoods	Phone: 360-902-6348	Date: 04/03/2001
OFMReview: LesMyhre	Phone: 360-902-0614	Date: 04/04/2001

Request# -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.

Sec 2 Amends RCW 18.27.030 to allow the department the authority to deny a contractor's application for registration and to suspend an active registration. The Department will be required to verify if the individual or corporate officer(s) have ever been registered as a contractor in the state and have unsatisfied judgments pending. Also, the fee for service of process for summons and complaints was increased from \$10.00 to an amount not less than \$20.00 to cover the costs associated with this service.

Sec 6 Adds a new section to Chapter 18.27 RCW that allows the program to establish a collection process similar to other programs in the agency for unregistered contractors that default in payment, penalty, or fine due to the department. However, the department does not expect this to create a significant amount of revenues.

Sec 8 Amends RCW 18.27.100 by increasing the penalties for false advertising (in the form of fictitious, falsified or a legitimate registration loaned to another entity) from five to ten thousand dollars. However, the department does not expect this to create a significant amount of revenues.

Sec 12 Adds a new section to Chapter 18.27 RCW requiring the department to use reasonable means, including working cooperatively with the construction industry, financial institutions, local government, consumers, media and other interested organizations and individuals, to increase consumer and contractor awareness. This section contains a proviso that the department shall accomplish the requirements of this section using existing resources including the fees charged under RCW 18.27.075.

Sec 14 Amends RCW 18.27.075 requiring the department to charge a fee of \$100.00 and to revise this amount at least once every two years for the purpose of recognizing economic changes as reflected by the fiscal growth factor under Chapter 43.135 RCW.

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 assumption translates into estimates. Distinguish between one time and ongoing functions.

The following sections will result in increased revenues to be deposited into the General Fund- State Account on an on-going basis:

- Sec 3 The increase in the cost of service of process for summons and complaints would equate to an additional \$32,400 in revenue per year [(\$10.00 increase in fee)(3,240 summons and complaints)].
- Sec 14 The department expects that the fee increase in Section 16 of the bill (\$5.00 annually – to be paid on a biennial basis) would equate to an additional \$270,000 in revenue per year [(54,000 registered contractors)(\$5.00 increase in fees)]. Also, this fee will be revised in future biennia to reflect changes in the fiscal growth factor. As the fiscal growth factor has not been confirmed for future biennia, the department is unable to determine the change in revenues that may or may not occur.

II.C- Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provision of the legislation that results 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 assumption translates into cost estimates. Distinguish between one time and ongoing functions.

The department expects the need for 1.0 Contractor Compliance Inspector and 2.3 Office Assistants Senior for the administration of the provisions established by this bill, specifically related to the following sections:

- Sec 2 Allow the department to deny a contractor's application for registration and to suspend an active registration if any individual on the application or registration is a corporate officer or other entity or is a participant in a contracting company with an unsatisfied final judgment. The Department will be required to verify if the individual or corporate

officer(s) have ever been registered as a contractor in the state and have unsatisfied judgments pending. The Contractor Compliance Inspector that is being requested will assume this workload.

-Sec 6 Adds a new section to Chapter 18.27 RCW that allows the program to establish a collection process similar to other programs in the agency. The Contractor Compliance Inspector may be used to actively pursue monies due to the department, thereby potentially increasing revenue. Although it must be noted that the department does not expect these provisions to create a significant amount of workload for this FTE nor will it result in a significant increase in revenues.

-Sec 12 Adds a new section to Chapter 18.27 RCW requiring the department to use reasonable means, including working cooperatively with the construction industry, financial institutions, local government, consumers, media and other interested organizations and individuals, to increase consumer and contractor awareness. The department expects to achieve the intent of this section by holding meetings with those affected by this legislation, attending Home Shows (e.g. Tacoma, Seattle, Spokane, Tri-Cities, Yakima, Puyallup, & Vancouver), conducting workshops, training (internal and external), developing and distributing model construction contracts, flyers, and providing technical assistance to contractors, employers, and consumers, etc. The Contractor Compliance Inspector that is being requested will assume this workload by being responsible for coordinating all statewide outreach functions for the program. Further, maintaining the contractor hotline is necessary to ensure that consumers, contractors, and other affected parties are provided the information they require and are informed of their legal rights. This will require 2.3 Office Assistants Senior.

In addition to the increased workload and staff necessary for the administration of this bill the department will require an additional \$125,164/year in ongoing funding. The purpose of this funding is for the provisions established in Section 12, including:

-\$40,000 for attending 8 Home Shows (e.g. Tacoma, Seattle, Spokane, Tri-Cities, Yakima, Puyallup, & Vancouver) per year. This cost assumes an average cost of \$5,000 for attending the event and the cost of printing necessary material to be given to attendees.

-\$79,120 to pay for the costs of sending out a quarterly mailer/factsheet to all registered contractors in the state. [(0.02 for 1-page flyer)(54,000 contractors) + (0.34 postage cost)(54,000 contractors)]

-\$6,040 to hold consumer/stakeholder meetings, offer training, and/or conduct workshops in order to work cooperatively with, and to educate those affected by this legislation. This funding is necessary to pay for the printing of materials, renting facilities, travel, etc. associated with holding these meetings, offering training, and/or conducting these workshops.

Part III: Expenditure Detail

III.A-Expenditures By Object Or Purpose

	FY2002	FY2003	2001-03	2003-05	2005-07
FTE Staff Years	3.3	3.3	3.3	3.3	3.3
A-Salaries and Wages	107,480	107,480	214,960	214,960	214,960
B-Employee Benefits	27,945	27,945	55,890	55,890	55,890
C-Personal Service Contracts					
E-Goods and Services	156,947	156,947	313,894	313,894	313,894
G-Travel	10,028	10,028	20,056	20,056	20,056
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$302,400	\$302,400	\$604,800	\$604,800	\$604,800

III.B-FTE 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	FY2002	FY2003	2001-03	2003-05	2005-07
Const Comp Ins I	47,618	1.0	1.0	1.0	1.0	1.0
Office Asst Senior	26,028	2.3	2.3	2.3	2.3	2.3
Total		3.3	3.3	3.3	3.3	3.3

Part IV: Capital Budget Impact

Part V: New Rule Making Required

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

- Rule making may need to be done to address the changes to the following sections:
- Sec 2 This section amends RCW 18.27.030 to allow the department the authority to deny a contractor's application for registration and to suspend an active registration. This includes if any individual on the application or registration is a corporate officer or other entity or is a participant in a contracting company owe the department money for penalties or fees or has an unsatisfied final judgment (provided it was not determined by the director to be the result of fraud or negligence of another party). Additionally, a new subsection is added that requires contractor to have and maintain a Uniform Business Identification (UBI) number if required by the Department of Revenue. Failure to maintain a UBI will result in the cancellation or suspension of the registration.
 - Sec 3 This section amends RCW 18.27.040 by increasing the general contractor bonding requirements from \$6,000 to \$12,000, and specialty contractor bonds from \$4,000 to \$6,000. Additionally, this section provides progressive increases (up to three times) the amount of the bond for contractors who have had in the past five years two or more unsatisfied judgments in actions under this chapter involving a residential owner of a single-family dwelling. Provisions for residential homeowners to potentially access 100% of the required bond amount are added. Claimants other than residential homeowners, such as material suppliers, have potential access to a maximum of one-half of the required bond amount for general contractors or specialty contractors. Also, this section adds a provision that the prevailing party in an action filed against this section is entitled to reasonable attorney's fees.

IndividualStateAgencyFiscalNote

BillNumber: 5101SSB _H-2445.1	Title: Consumerprctcn/contractors	Agency: 540-EmploymentSecurity Department
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PartI:Estimates

☒ **NoFiscalImpact**

Thecashreceiptsandexpenditureestimatesonthispagerepresentthemostlikelyfiscalimpact.Factorsimpactingtheprecisionoftheseestimates, andalternateranges(ifappropriate),areexplainedinPartII.

Checkapplicableboxesandfollowcorrespondinginstructions:

- ☐ 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.

LegislativeContact:	Phone:	Date: 04/02/2001
AgencyPreparation: JudyJohnson	Phone: 360-9029348	Date: 04/03/2001
AgencyApproval: MariaAviles	Phone: (360)902-9425	Date: 04/05/2001
OFMReview: TomSaelid	Phone: 360-902-0562	Date: 04/10/2001

PartII:NarrativeExplanation

II.A-BriefDescriptionOfWhatTheMeasureDoesThatHasFiscalImpact

Brieflydescribe,bysectionnumber,thesignificantprovisionsofthebill,andanyrelatedworkloadorpolicyassumptions,thathaverevenueor expenditureimpactontherespondingagency.

Section13ofthisbill,asamendedintheHouseas5101SSBH-2445.1,requiresEmploymentSecurity,togetherwith LaborandIndustriesandRevenue,toforman"unregisteredcontractorsenforcementteam".Theteammustmeetby September1,2001todevelopaplanforcoordinatingeffortsonenforcingstatelawsandrulesoncontractorregistration. TheplanmustbecompletedandforwardedtothelegislatureandtoeachparticipatingagencybyDecember1,2001.The workonthisplanmustbeaccomplishedwithinexistingresources,butcanincludeuseoftheregistrationfeeschargedby LaborandIndustriestolicensedcontractors.

DIFFERENCESFROMPREVIOUSVERSION:

Mostofthefindingsofthelegislatureaboutunregisteredcontractorsareremovedinthecurrentbill. Theteamlooksat"otherstatelawsandrulesdeemedappropriatebytheteam.Inthepriorversion,theteamwasdirected toreviewlawsonunemploymentinsurance,sales&excisetaxes,andworkerscompensationinadditiontoenforcing statecontractorregistrationlaws. Inthepreviousversion,specificsoftheplanweresetoutinthebill.Inthecurrentversion,theteamhasmorelatitude todevelop"awrittenplantocoordinatetheactivitiesoftheparticipatingagenciestoenforcethestate'scontractor registrationlawsandrules". ThecurrentversionhasnoongoingrequirementtoproviderecommendationstothelegislatureeachJanuary. Thecurrentversionhasnoguidelinesortimelinesforplanimplementationorrecommendationsonplanrevision. Thereisnorequirementinthecurrentversiontoprovidequarterlydataontheenforcementteam'sefforts. Section19ofthepreviousbilladdedanewsectiontochapter50.08RCWrequiringESDtoallocateatminimuman experiencestaffat1/2FTEto:workontheenforcementteam,implementtheplan,imposesanctionsforviolations,and referunregisteredcontractorstoauditandassessment.ThecurrentversiondoesnotrequireESDtoparticipatein imposinganctionsorreferringbusinessesforauditoutsideournormalauditandassessmentprocesses.Thecurrentbill requiresthatESDaccomplishthetasksoftheenforcementteamplanningeffortwithinexistingresources,whichcould includeuseoffundsfromcontractorregistrationfees. ThepreviousversionallowedLabor&IndustriestoauthorizeindividualsfromESDtoissueviolationsandcitationsto unregisteredcontractors,asauthorizedbythebill.ThecurrentbilldoesnotrequireESDtoissueL&I-relatedviolations orcitations. Thecurrentversionhasnosunsetprovision.ThepriorversionsunsetedonJuly1,2005.

II.B-CashreceiptsImpact

Brieflydescribeandquantifythecashreceiptsimpactofthelegislationontherespondingagency,identifyingthecashreceiptsprovisionsbysection numberandwhenappropriatedetailoftherevenuesources.Brieflydescribethefactualbasisoftheassumptionsandthemethodbywhichthe cashreceiptsimpactisderived.Explainhowworkloadassumptionstranslateintoestimates.Distinguishbetweenonetimeandongoingfunctions.

TherearenocashreceiptsforEmploymentSecurityinthisversionofthebill.Thecontractorregistrationfeeisincreased \$5peryearforthenexttwoyears,butthatchargeiscollectedbyLabor&Industries.

II.C-Expenditures

Brieflydescribetheagencyexpendituresnecessarytoimplementthislegislation(orsavingsresultingfromthislegislation),identifyingbysection numbertheprovisionsofthelegislationthatresultintheexpenditures(orsavings).Brieflydescribethefactualbasisoftheassumptionsandthe methodbywhichtheexpenditureimpactisderived.Explainhowworkloadassumptionstranslateintocostestimates.Distinguishbetweenonetime andongoingfunctions.

IMPACTSFORESDOF5101SSBH-2445.1

NoadditionalESDexpendituresareexpectedasaresultofthiscurrentproposal.

Section13ofthecurrentbillwillrequireESDtoparticipateina3-agency"UnregisteredContractorsEnforcementTeam". Somestafftimewillberequiredtoattendthemeetingsofthatteamtodevelopthecoordinationplanandassistwiththe

report back to the legislature. This should be easily absorbed with existing resources and fall within allowable expenditures for administration of the Unemployment Insurance Program. The bill requires that ESD participate in the work of the team with existing resources.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

There are no capital budget impacts resulting from this proposal.

Part V: New Rule Making Required

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

There is no expected need for rule making regarding this proposal.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 5101SSB _H-2445.1	Title: Consumer prtctn/contractors
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Part I: Jurisdiction- Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☐ Cities:
- ☒ Counties:
- ☐ Special Districts:
- ☐ Specific jurisdiction 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:

Estimated revenue impact to:

Jurisdiction	FY2002	FY2003	2001-03	2003-05	2005-07
City					
County					
Special District					
TOTAL					
GRAND TOTAL					

Estimated expenditure impact to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Chris Thomas	Phone: (360)725-5030	Date: 04/04/2001
Leg. Committee Contact:	Phone:	Date: 04/02/2001
Agency Approval: Val Richey	Phone: 360-725-5036	Date: 04/04/2001
OFM Review: Linda Swanson	Phone: 360-902-0541	Date: 04/04/2001

Part IV: Analysis

A. SUMMARY OF BILL

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

There is no change in fiscal impact from the amended substitute bill relative to the substitute or the original bill.

SSB 5101 would increase the surety bond requirement from \$6,000 to \$12,000 for general contractors and \$4,000 to \$6,000 for specialty contractors. Fifty percent of the general and specialty contractor's bond amount is to be reserved for claims by residential homeowners. Under section 6 of the proposed measure, a county sheriff would be required to serve an issuance warrant against the surety bond as prescribed by law with respect to execution or other process issued against rights or property in superior court. Residential homeowners have up to two years to file against the bond after the expiration of the contractor's registration in effect at the time of a breach of contract.

Substitute compared to original:

SSB 5101 lowers the surety bond requirement for general and specialty contractors and modifies the bond amount to be reserved for claims by homeowners. There are some other minor changes that do not affect local governments also included in this bill.

Amended Bill Compared to Substitute Bill:

Dedicated Account: These sections relating to a dedicated contractor registration account are stricken.

Bonds: The circumstances when the director of the Department of Labor and Industries may require an increased bond amount are changed to only include when the applicant has a total of six final judgments in actions involving a residential single-family dwelling on two or more different structures.

Liens: This section changing the date after which a notice of a right to claim an alien protects that right is stricken.

Consumer and Contractor Awareness: The requirements that the department offer workshops, distribute brochures, operate a consumer and contractor internet and phone hotlines, distribute model construction contracts, and arrange for public service announcements are deleted. The requirement that the department accomplish these tasks within existing resources is added.

Unregistered Contractors: The requirement that the enforcement team develop annual recommendations is deleted. The requirement that the director of the Department of Labor and Industries allocate one-half of a full-time employee to implement the plan is deleted. The requirement that the department's participating on the enforcement team accomplish these tasks within existing resources is added.

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.

Indeterminate.

ASSUMPTIONS AND METHODOLOGY

According to the Department of Labor and Industries (L&I) this bill would potentially increase the number of Superior Court filings and consequently, the number of surety bond warrants. Under Section 6, county sheriffs would be required to serve any warrants generated under this bill. According to the Washington Office of the Administrator of the Courts (OAC) the amount of increase in filings or warrants cannot be determined at this time.

According to the Washington Association of Sheriffs & Police Chiefs (WASPC) and the Grays Harbor County Sheriff, serving a single surety bond warrant would cost around \$70.

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.

None.