

Multiple Agency Fiscal Note Summary

Bill Number: 5955 SB	Title: WA publicly owned trust
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Estimated Cash Receipts

Agency Name	2013-15		2015-17		2017-19	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Attorney General	0	499,938	0	899,236	0	798,596
Department of Financial Institutions	Non-zero but indeterminate cost. Please see discussion."					
Total \$	0	499,938	0	899,236	0	798,596

Estimated Expenditures

Agency Name	2013-15			2015-17			2017-19		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	Fiscal note not available								
Office of State Auditor	Fiscal note not available								
Office of Attorney General	1.5	0	499,938	3.0	0	899,236	3.0	0	798,596
Department of Financial Institutions	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Superintendent of Public Instruction	.0	4,292	4,292	.0	8,584	8,584	.0	8,584	8,584
Total	1.5	\$4,292	\$504,230	3.0	\$8,584	\$907,820	3.0	\$8,584	\$807,180

Estimated Capital Budget Impact

NONE

Prepared by: Kathy Cody, OFM	Phone: (360) 902-9822	Date Published: Preliminary 1/16/2014
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 35954

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 5955 SB	Title: WA publicly owned trust	Agency: 100-Office of Attorney General
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2014	FY 2015	2013-15	2015-17	2017-19
Legal Services Revolving Account-State 405-1		499,938	499,938	899,236	798,596
Total \$		499,938	499,938	899,236	798,596

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	0.0	3.0	1.5	3.0	3.0
Account					
Legal Services Revolving Account-State 405-1	0	499,938	499,938	899,236	798,596
Total \$	0	499,938	499,938	899,236	798,596

Estimated Capital Budget Impact:

NONE

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: Edward Redmond	Phone: 360-786-7471	Date: 01/10/2014
Agency Preparation: Cam Comfort	Phone: (360) 664-9429	Date: 01/15/2014
Agency Approval: Brendan VanderVelde	Phone: 360 586-2104	Date: 01/15/2014
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 01/15/2014

Request # 2014-040-3

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 is a findings and intent section.

Section 2 defines various terms.

Section 3 creates the Washington Publicly Owned Trust (Trust).

Section 4 creates the Washington Publicly Owned Trust Commission (Commission) as the primary governing authority of the Trust. The Commission shall consist of the Governor, the Lieutenant Governor, the Secretary State, the Attorney General, and the Superintendent of Public Instruction. The Commission must commence trust operations by July 1, 2015. The Commission is authorized to adopt rules, policies and procedures, and may establish technical advisory committees or consult with public and private sector experts.

Section 5 establishes the Trust Organizing Committee and sets forth its responsibilities. This section expires July 1, 2015.

Section 6 addresses the deposit of funds.

Section 7 authorizes the Trust to invest all moneys deposited in the Trust.

Section 8 authorizes the Trust to become a member of the Federal Reserve System.

Section 9 authorizes the Trust to manage and invest state moneys to facilitate investment in, and financing of, construction, rehabilitation, replacement, and improvement of new and existing public infrastructure systems, and for any other public purpose as authorized by the Commission. The Commission must present an implementation plan and any necessary legislation by November 1, 2014.

Section 10 addresses management of the Commission, including requiring the appointment of a trust president.

Section 11 establishes a Publicly Owned Trust Advisory Board consisting of 11 members, appointed by the Governor with the Senate's confirmation, to review the Trust's operations and make recommendations regarding the Trust's management, services, policies, and procedures.

Section 12 addresses financial oversight by the Department of Financial Institution (DFI) and requires the State Auditor to conduct an annual post-audit on all accounts and financial transactions of the Trust.

Section 13 requires the Trust to submit quarterly reports to the Commission and the Commission to submit an annual report to the Legislature by December 1 each year.

Section 14 addresses ethical requirements for the Trust, advisory board members, the president, and employees of the Trust.

Section 15 exempts the Trust from all state and local fees and taxes.

Section 16 addresses the sharing of financial and commercial information submitted to either DFI or the Commission with the Office of the State Treasurer (OST).

Section 17 requires OST to deposit all moneys received by the Liquor Control Board from marijuana-related activities into the Trust. The Commission may use non-dedicated funds for capitalization of the Trust.

Section 18 adds a new section to RCW 39.58 authorizing the Trust to accept deposits of public funds. It further provides, however, that the Trust is not a depository and is not subject to the requirements of that chapter.

Section 19 adds a new section to RCW 41.06 providing that the provisions of that chapter do not apply to the Trust President.

Section 20 amends RCW 30.04.020 to make it gender neutral and provide that the Trust is not prevented from being called a trust or from providing banking activities without being called a bank.

Sections 21 and 22 amend RCW 42.56.270 to add a reference to the new chapter created in chapter 27 of this act.

Sections 23 and 24 amend RCW 42.56.400 to add a reference to the Trust and the new chapter created in chapter 27 of this act.

Section 25 amends RCW 43.08.135 to add a reference to the Trust created in section 3 of this act.

Section 26 amends RCW 43.84.080 to add the qualifier “subject to the limitations in section 7 of this act...”

Section 27 provides that sections 1 through 4 and 6 through 17 of this act constitute a new chapter in Title 43 RCW.

Section 28 provides that section 21 expires January 1, 2014.

Section 29 provides that section 23 expires January 1, 2017.

Sections 30 provide that section 22 takes effect January 1, 2014.

Section 31 provides that section 24 takes effect January 1, 2017.

Section 32 is an emergency clause that applies to sections 1 through 21, 23, 25, and 26 of this act.

Section 33 is a severance clause.

In order to provide legal services for the newly created Commission, the AGO estimates a workload impact of 2.0 AAG and 1.0 LA at a cost of \$499,938 in FY2015 and FY2016 (this includes direct litigation costs of \$100,000 in both FY2015 and FY2016), and 2.0 AAG and 1.0 LA at a cost of \$399,298 in FY2017 and in each FY thereafter. Direct litigation costs are required for a SAAG to assist our AAGs in navigating the various regulatory schemes likely applicable to this trust and making sure it is established correctly.

This bill is assumed effective on July 1, 2014. This bill has an emergency clause and is assumes sections 1 through 21, 23, 25, and 26 of this act to be effective immediately.

II. B - Cash receipts Impact

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

Funds are assumed to be appropriated Legal Service Revolving Account dollars. Legal services costs incurred by the AGO will be billed through the revolving fund to the client agency.

The client agency is assumed to be the Commission. The AGO will bill the Commission for legal services rendered.

Please note that these cash receipts represent the AGO authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency's fiscal note. Appropriation authority is necessary in the AGO budget.

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.

In order to provide legal services for the newly created Commission, the AGO estimates a workload impact of 2.0 AAG and 1.0 LA at a cost of \$499,938 in FY2015 and FY2016 (this includes direct litigation costs of \$100,000 in both FY2015 and FY2016), and 2.0 AAG and 1.0 LA at a cost of \$399,298 in FY2017 and in each FY thereafter. Direct litigation costs are required for a SAAG to assist our AAGs in navigating the various regulatory schemes likely applicable to this trust and making sure it is established correctly.

Assumptions:

1. Legal services associated with the enactment of this bill are assumed to begin on July 1, 2014.
2. We assume the new Commission will require substantial legal services in the development and implementation of the new Trust.
3. We assume that the Attorney General's appointment and participation in the Commission creates a conflict of interest. This is because the AGO will be a member of the Commission and at the same time will be the agency responsible for providing legal services to the Commission. Thus, under the proposed legislation, the AGO will be both client and attorney.
4. We assume the Trust will require advice and counsel resources. We assume a significant number of legal issues in establishing the Trust operations.
5. We assume workload for 2.0 AAGs. 1.0 AAG will provide advise and deal with the organizational and operational issues, and 1.0 AAG will deal with regulatory issues. It is preferred that the new AAGs possess experience in labor and personnel work.

6. A SAAG appointment with banking experience is required for counsel on how to start and run a bank, and with the Trust. Bank regulations are uniquely comprehensive and complex.
7. SAAG costs are assumed as \$400 per hour.
- 125 hours of corporate regulatory/banking enforcement compliance each year.
 - 75 hours for labor, personnel and employment issues each year.
 - 50 hours for corporate structure, compliance with applicable marijuana laws and criminal laws and miscellaneous services each year.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years		3.0	1.5	3.0	3.0
A-Salaries and Wages		218,700	218,700	437,400	437,400
B-Employee Benefits		64,675	64,675	129,350	129,350
C-Professional Service Contracts		100,000	100,000	100,000	
E-Goods and Other Services		98,563	98,563	215,126	215,126
G-Travel		3,000	3,000	6,000	6,000
J-Capital Outlays		15,000	15,000	12,000	12,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$499,938	\$499,938	\$899,876	\$799,876

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 2014	FY 2015	2013-15	2015-17	2017-19
Assistant Attorney General	88,056		2.0	1.0	2.0	2.0
Legal Assistant II	42,588		1.0	0.5	1.0	1.0
Total FTE's	130,644		3.0	1.5	3.0	3.0

III. C - Expenditures By Program (optional)

Program	FY 2014	FY 2015	2013-15	2015-17	2017-19
Government Compliance & Enforcement Divisi		499,938	499,938	899,236	798,596
Total \$		499,938	499,938	899,236	798,596

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

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

None.

Request # 2014-040-3

Individual State Agency Fiscal Note

Bill Number: 5955 SB	Title: WA publicly owned trust	Agency: 102-Dept of Financial Institutions
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

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

Legislative Contact: Edward Redmond	Phone: 360-786-7471	Date: 01/10/2014
Agency Preparation: Emily Hindman	Phone: (360) 902-8780	Date: 01/16/2014
Agency Approval: Levi Clemmens	Phone: (360) 902-8818	Date: 01/16/2014
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 01/16/2014

Request # 14-010-2

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.

Section 5 Organizing Committee (4) states: "The department must provide technical assistance to the trust organizing committee."

Section 4 Commission (3) states: "The commission shall commence trust operations by July 1, 2015."

Section 12 Financial Oversight and Audit states: "The director may examine the trust in the same manner as a state-chartered financial institution under RCW 30.04.060. The director shall take into consideration the unique circumstances of a publicly owned financial institution when examining the trust. The trust shall pay the director for the reasonable costs of examinations."

The Fiscal Impact is not zero but indeterminate because we cannot estimate the size of assets for the trust and therefore cannot estimate with accuracy the cash receipts or expenditures due to inability to estimate the level of effort required to examine the trust.

The Department assumes providing technical assistance as requested by the trust organizing committee, including time spent providing technical assistance prior to the trust's opening.

The Department anticipates conducting a pre-opening examination; the purpose of which is to ensure that policies, processes, systems and procedures are sufficient for the trust to conduct a safe and sound operation upon its opening, and to provide management with guidance for future regulatory requirements and expectations of the trust. The Department estimates performing visitations during each of the first three years, as well as annual full scope Safety and Soundness and Information Technology examinations.

The Department anticipates conducting Safety and Soundness examinations of the trust in a manner that is consistent with its examination of state-chartered financial institutions under RCW 30.04.060. This is anticipated to include limited scope examinations (Visitation) after the trust's first six months of operations, as well as after 18 months and 30 months of operations. The purpose of the Visitations is to ensure that operations have commenced in a satisfactory manner, to provide guidance regarding the trust's operations, to follow up on any material exceptions noted in previous examinations and visitations, and to plan for the trust's full scope Safety and Soundness examinations.

Full scope Safety and Soundness examinations would be conducted within the first 12 months of the trust's opening, and every 12 months thereafter or more frequently if material issues need to be addressed. The examination would be similar in scope to that of a state chartered bank examination, with an emphasis placed on capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risk (CAMELS). In addition, Information Technology examinations would be conducted.

Examination hours are expected to increase over time as the trust grows and additional loans and investments are made.

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.

Request # 14-010-2

II. C - Expenditures

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

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

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

NONE

Individual State Agency Fiscal Note

Bill Number: 5955 SB	Title: WA publicly owned trust	Agency: 350-Supt of Public Instruction
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
Account					
General Fund-State 001-1	0	4,292	4,292	8,584	8,584
Total \$	0	4,292	4,292	8,584	8,584

Estimated Capital Budget Impact:

NONE

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: Edward Redmond	Phone: 360-786-7471	Date: 01/10/2014
Agency Preparation: Mike Woods	Phone: 360 725-6283	Date: 01/14/2014
Agency Approval: JoLynn Berge	Phone: 360 725-6292	Date: 01/14/2014
OFM Review: Kate Davis	Phone: (360) 902-0570	Date: 01/14/2014

Request # SB 5955-1

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.

Section 3 - The Washington Publicly Owned Trust (Trust) is created.

Section 4 - The Washington Publicly Owned Trust Commission (Commission) is created as the primary governing authority of the trust. The Commission consists of the Governor, Lieutenant Governor, Secretary of State, Attorney General, and the Superintendent of Public Instruction. The Commission is to begin Trust operations July 1, 2015. The Commission is to adopt rules regarding the safety and soundness of the Trust; transparency requirements for Trust operations; and ethics and conflict of interest requirements for the Commission, board and officers and employees of the trust.

Section 5 - An Organizing Committee is created for the purpose of recommending a start-up plan to the Commission. The Organizing Committee expires July 1, 2015.

Section 6 - The administrative and strategic planning expenses of the trust are funded from the earnings of the trust, subject to legislative authorization, and from any other appropriations provided by the Legislature.

Section 9 - The Trust is authorized to manage and invest state monies in order to facilitate investment in, and the financing of, construction, rehabilitation, replacement, and improvement of new and existing public infrastructure systems. By November 1, 2014 the Commission must present an implementation plan and any necessary legislation to the Governor and appropriate legislative committees.

Section 10 - Management. The Commission shall appoint a Trust President to support the Commission and to carry out Trust policies and programs. The President may employ additional personnel as necessary to the bank's operations.

Section 11 - A Publicly Owned Trust Advisory Board (Board) is created to review the Trust's operations and make recommendations relating to the Trust's management, services, policies and procedures.

Section 17 - The Treasurer shall deposit all money's received by the state Liquor Control Board from marijuana-related activities into the Trust.

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.

NA

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 Superintendent of Public Instruction is named as a member of the Washington Publicly Owned Trust

Request # SB 5955-1

Commission. Impact to OSPI will be the cost associated with attending Commission meetings.

OSPI assumes monthly 4 hour Commission meetings. Total annual impact would be \$4,292 for the Superintendent's compensation and related costs. OSPI assumes it will absorb these costs.

Section 17 of the bill requires the Treasurer to deposit all moneys received by the state Liquor Control Board from marijuan-related activities into the Trust. Nondedicated funds may be use by the Commission for the capitalization of the Trust. OSPI assumes the "Building Bridges" funds dedicated in Section 28(5)(f) of Initiative 502 will not be impacted by this bill.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years					
A-Salaries and Wages		2,863	2,863	5,726	5,726
B-Employee Benefits		1,121	1,121	2,242	2,242
C-Professional Service Contracts					
E-Goods and Other Services		154	154	308	308
G-Travel		154	154	308	308
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	\$4,292	\$4,292	\$8,584	\$8,584

Part IV: Capital Budget Impact

Section 9 - The Trust is authorized to manage and invest state moneys in order to facilitate investment in, and financing of, construction, rehabilitation, replacement, and improvement of new and existing public infrastructure systems. The Section 2 definition of "infrastructure system" includes public school districts. OSPI assumes it will have access to additional capital funds at some future point. At this time the amount is indeterminate, and is dependent upon the Trust's operating plan and Trust operating policies to still to be developed.

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.