

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1038 HB	<b>Title:</b> Apprenticeship utilization
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## Estimated Cash Receipts

NONE

## Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.4	0	80,000	.4	0	72,000	.4	0	72,000
<b>Total</b>	<b>0.4</b>	<b>\$0</b>	<b>\$80,000</b>	<b>0.4</b>	<b>\$0</b>	<b>\$72,000</b>	<b>0.4</b>	<b>\$0</b>	<b>\$72,000</b>

## Estimated Capital Budget Impact

NONE

<b>Prepared by:</b> Devon Nichols, OFM	<b>Phone:</b> (360) 902-0582	<b>Date Published:</b> Final 1/16/2015
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

ENPID: 38064

FNS029 Multi Agency rollout

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1038 HB	<b>Title:</b> Apprenticeship utilization	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

☒ **No Fiscal Impact**

### 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: Trudes Tango	Phone: 360-786-7384	Date: 01/09/2015
Agency Preparation: Rachel Knutson	Phone: 360-534-1532	Date: 01/14/2015
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 01/14/2015
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 01/14/2015

Request # 1038-2-2

## 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.*

Note: This fiscal note reflects a revision to the bill description, and supersedes fiscal note number 1038-1.

This bill requires businesses that utilize some Department of Revenue (Department) tax preferences to meet the apprentice utilization requirements for public works contracts found in RCW 39.04.320.

Subsidized public works that are affected by the new requirements are the following tax incentive programs:

- Sales and use tax deferral for manufacturing activities in a high unemployment county (chapter 82.60 RCW)
- Sales and use tax deferral for high technology businesses (chapter 82.63 RCW)
- Sales and use tax deferral for biotechnology and medical device manufacturing (chapter 82.75 RCW)
- Sales and use tax deferral for corporate headquarters in a community empowerment zone (chapter 82.82 RCW)
- State sales tax refund for warehouses, distribution centers, and grain elevators (RCW 82.08.820)
- Sales and use tax exemption for anaerobic digesters (RCW 82.08.900 and RCW 82.12.900)
- Sales and use tax exemption for machinery, equipment, delivery vehicles, and services related to biodiesel blend or E85 motor fuel (RCW 82.08.955 and RCW 82.12.955)

Subsidized public works also include:

- Work where one or more parties to the contract receive a loan from the state, a county, a city or other political subdivision

Subsidized public works do not include:

- Work that is financed by a loan provided by a housing authority or affordable housing projects that receive financing from the Washington state housing financing commission and are not subject to federal prevailing wage requirements.

For all subsidized public works projects that cost \$5 million or more, all specifications must require that at least 15 percent of labor hours are performed by apprentices.

Department of Enterprise Services will collect data from affected agencies and provide technical assistance.

The bill takes effect 90 days after final adjournment of the session in which it is enacted.

### 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.*

#### ASSUMPTIONS

Taxpayers who use these tax incentive programs will either meet the apprenticeship utilization requirements or the Department of Revenue will adjust the requirement on a specific project basis as allowed for in Section 2 (3)(a) - (d).

#### REVENUE ESTIMATES

This legislation results in no revenue impact to taxes administered by the Department of Revenue.

## 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.*

### ASSUMPTIONS:

- Approximately 200 taxpayers are affected by this proposal.
- It is assume that taxpayers will be able to obtain from other agencies suitable documentation that the apprentice utilization requirement imposed by the bill has been met.

The Department will not incur any costs with the implementation of this legislation.

## Part III: Expenditure Detail

## Part IV: Capital Budget Impact

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and dexcribe potential financing methods*

NONE

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.*

No rule-making required.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1038 HB	<b>Title:</b> Apprenticeship utilization	<b>Agency:</b> 235-Department of Labor and Industries
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.4	0.4	0.4	0.4	0.4
<b>Account</b>					
Accident Account-State 608-1	37,000	31,000	68,000	62,000	62,000
Medical Aid Account-State 609-1	7,000	5,000	12,000	10,000	10,000
<b>Total \$</b>	44,000	36,000	80,000	72,000	72,000

### 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: Trudes Tango	Phone: 360-786-7384	Date: 01/09/2015
Agency Preparation: Gwendolyn M Reed	Phone: 360-902-6992	Date: 01/13/2015
Agency Approval: Randi Warick	Phone: 360-902-4214	Date: 01/13/2015
OFM Review: Devon Nichols	Phone: (360) 902-0582	Date: 01/13/2015

## Part II: Narrative Explanation

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

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

See attached.

### II. B - Cash receipts Impact

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

None.

### II. C - Expenditures

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

See attached.

## Part III: Expenditure Detail

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

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.4	0.4	0.4	0.4	0.4
A-Salaries and Wages	21,000	21,000	42,000	42,000	42,000
B-Employee Benefits	8,000	8,000	16,000	16,000	16,000
C-Professional Service Contracts					
E-Goods and Other Services	14,000	6,000	20,000	12,000	12,000
G-Travel	1,000	1,000	2,000	2,000	2,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total:</b>	\$44,000	\$36,000	\$80,000	\$72,000	\$72,000

**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 2016	FY 2017	2015-17	2017-19	2019-21
Apprenticeship Coordinator 4	61,632	0.3	0.3	0.3	0.3	0.3
Fiscal Analyst 2	40,524	0.1	0.1	0.1	0.1	0.1
<b>Total FTE's</b>	102,156	0.4	0.4	0.4	0.4	0.4

## Part IV: Capital Budget Impact

NONE

**Part V: New Rule Making Required**

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

See attached.

## Part II: Explanation

Extends apprenticeship utilization requirements by:

- Applying apprentice utilization requirements to subsidized public works projects estimated to cost five million dollars or more; and
- Upon request the apprenticeship council must provide written certification of the party's compliance with RCW 39.04.320.

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

Section 3 – Upon request from a party to a contractor for subsidized public work, as defined in RCW 39.04.310(6)(a)(i), the apprenticeship council must provide written certification of the party's compliance with RCW 39.04.320.

### II. B – Cash Receipt Impact

None.

### II. C – Expenditures

In 2014 there were 160 public works contracts with a value of more than five million dollars. The department anticipates ten percent (sixteen) could be classified as “subsidized” per the proposed legislation. Based on the assumption that the department will receive one request for certification for each of these jobs it would create an additional 640 hours of new work per year. (40 hours to review one certified payroll x 16 = 640/2088 number of hours per year) the department will need an additional 0.30 Apprenticeship Consultant 4.

### Indirect Costs

The amount included in this fiscal note for indirect is:

Fund Name		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
608	Accident Account	1,856	1,856	1,856	1,856	1,856	1,856
609	Medical Aid Account	328	328	328	328	328	328
	Total:	\$2,184	\$2,184	\$2,184	\$2,184	\$2,184	\$2,184



The department assesses an indirect rate to cover agency-wide administrative costs. Labor and Industries indirect rate is applied on salaries, benefits, and standard costs. For fiscal note purposes the total indirect amount is converted into salary and benefits for partial or full indirect FTEs. Salary and benefits costs are based on a Fiscal Analyst 2 (Range 44, Step G).

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

None.

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

WAC 296-05 will need to be amended to add language pertaining to subsidized public works projects requesting and receiving Washington State Apprenticeship Training Council (WSATC) certification.