

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5464 SB	<b>Title:</b> Washington investment trust
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## Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Auditor	0	0	0	241,650	0	241,650
Department of Financial Institutions	Non-zero but indeterminate cost and/or savings. Please see discussion.					
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>241,650</b>	<b>0</b>	<b>241,650</b>

## Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of the Governor	Fiscal note not available								
Office of Lieutenant Governor	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	Fiscal note not available								
Office of State Auditor	.0	0	0	1.2	0	241,650	1.2	0	241,650
Office of Attorney General	Fiscal note not available								
Department of Financial Institutions	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>	<b>1.2</b>	<b>\$0</b>	<b>\$241,650</b>	<b>1.2</b>	<b>\$0</b>	<b>\$241,650</b>

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Fiscal note not available								
Local Gov. Total									

## Estimated Capital Budget Impact

NONE

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

\*\* See local government fiscal note

FNPID: 47058

FNS029 Multi Agency rollup

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5464 SB	<b>Title:</b> Washington investment trust	<b>Agency:</b> 080-Office of Lieutenant Governor
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## Part I: Estimates

☒ No Fiscal Impact

*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: Jeff Olsen	Phone: 360-786-7428	Date: 02/03/2017
Agency Preparation: Chad Johnson	Phone: (360) 407-8130	Date: 02/08/2017
Agency Approval: Chad Johnson	Phone: (360) 407-8130	Date: 02/08/2017
OFM Review: Shane Hamlin	Phone: (360) 902-0547	Date: 02/08/2017

## 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 establishes a new commission entitled Washington Investment Trust Commission. The Lt. Governor is identified as being one of the commission members.

### II. B - Cash receipts Impact

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

### II. C - Expenditures

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

## Part III: Expenditure Detail

## Part IV: Capital Budget Impact

## Part V: New Rule Making Required

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

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5464 SB	<b>Title:</b> Washington investment trust	<b>Agency:</b> 095-Office of State Auditor
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## Part I: Estimates

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No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
Auditing Services Revolving Account-State 483-1				241,650	241,650
<b>Total \$</b>				241,650	241,650

### Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	0.0	0.0	1.2	1.2
<b>Account</b>					
Auditing Services Revolving Account-State 483-1	0	0	0	241,650	241,650
<b>Total \$</b>	0	0	0	241,650	241,650

### 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: Jeff Olsen	Phone: 360-786-7428	Date: 02/03/2017
Agency Preparation: Janel Roper	Phone: 360-725-5600	Date: 02/08/2017
Agency Approval: Janel Roper	Phone: 360-725-5600	Date: 02/08/2017
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/08/2017

## 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 Creates the Washington Investment Trust.

Section 4 Creates the Washington Investment Trust Commission and names the State Auditor as a member.

Section 13 (3) Requires the State Auditor to conduct an annual postaudit on all accounts and financial transactions of 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.*

The State Auditor's Office (SAO) would bill the Washington Investment Trust for this work and revenue would be collected through the Auditing Services Revolving Account.

Based on the operational date for the trust of July 1, 2018 as outlined in Section 5, we anticipate we would begin performing audit work during Fiscal Year 2020.

SAO's current Auditing Services Revolving Account rate of \$89.50 per hour was used to estimate the cash receipt impact. This work would be billed at the current billing rate when the work was performed.

### 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 SAO assumes three areas where additional work would be required with this legislation; additional work related to the statewide Comprehensive Annual Financial Report (CAFR), an audit of the trust's financial statements and an accountability audit pursuant to 43.09.290.

The SAO is estimates an additional 100 hours per year related to the statewide CAFR, 750 hours to audit the financial statements according to Generally Accepted Government Auditing Standards (GAGAS) and an additional 500 hours for the accountability audit.

This work would be performed annually by SAO audit staff at various levels within the organization.

## Part III: Expenditure Detail

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

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years				1.2	1.2
A-Salaries and Wages				150,964	150,964
B-Employee Benefits				54,882	54,882
C-Professional Service Contracts					
E-Goods and Other Services				35,804	35,804
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total:</b>	\$0	\$0	\$0	\$241,650	\$241,650

**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 2018	FY 2019	2017-19	2019-21	2021-23
Admn/Mgmt/Other	68,200				0.2	0.2
Assistant Audit Manager	67,884				0.1	0.1
Assistant State Auditor	57,144				0.8	0.8
Audit Manager	93,384				0.1	0.1
<b>Total FTE's</b>	286,612				1.2	1.2

## Part IV: Capital Budget Impact

## Part V: New Rule Making Required

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

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5464 SB	<b>Title:</b> Washington investment trust	<b>Agency:</b> 102-Department 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:

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

Legislative Contact: Jeff Olsen	Phone: 360-786-7428	Date: 02/03/2017
Agency Preparation: Emily Hindman	Phone: (360) 902-8780	Date: 02/07/2017
Agency Approval: Levi Clemmens	Phone: (360) 902-8818	Date: 02/07/2017
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/07/2017

## 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 transition board.”

Section 4 Commission (3) states “The commission shall commence trust operations by July 1, 2018.

Section 13 Financial Oversight and Audit states “The director shall examine the trust, taking 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, the scope of its activities, nor do we have knowledge of the management of the trust and their capabilities. The legislation does not indicate the scope of specific activities that the trust can engage in because the transition board and commission have broad authority to establish and implement the trust’s business plan. We cannot estimate with accuracy the cash receipts or expenditures due to inability to estimate the level of examination resources needed to supervise the trust.

The Department assumes that it will provide technical assistance as requested by the trust transition board, including time spent prior to the trust’s opening.

The Department anticipates conducting a pre-opening examination. The purpose of the examination 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 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 30A.04.060. In addition, this is anticipated to include limited scope examinations (Visitation) after the trust’s first six months of operations, as well as between future annual examinations. 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 and compliance 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 in conjunction with every safety and soundness examination.

If the institution were deemed large and complex by the Director, the trust would be examined on a continuous examination cycle, with a dedicated examiner-in-charge and quarterly on site examinations of various areas of the trust, with an annual roll-up examination.

Examination hours are expected to increase over time as the trust grows and additional loans and investments are made. Costs will be supported by hourly fees charged to conduct examinations, visitations and provide technical



assistance.

**II. B - Cash receipts Impact**

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

**II. C - Expenditures**

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

**Part III: Expenditure Detail**

**Part IV: Capital Budget Impact**

**Part V: New Rule Making Required**

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