

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5088 SB	<b>Title:</b> Contractor registration	<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 Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
<b>Account</b>					
Public Works Administration Account-State 234-1	560,000	0	560,000	0	0
<b>Total \$</b>	560,000	0	560,000	0	0

### 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.

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## Part II: Narrative Explanation

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

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

see attached.

### II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

see attached.

### II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

see attached.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
234-1	Public Works Administration Account	State	560,000	0	560,000	0	0
<b>Total \$</b>			560,000	0	560,000	0	0

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	512,000		512,000		
E-Goods and Other Services	44,000		44,000		
G-Travel					
J-Capital Outlays	4,000		4,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	560,000	0	560,000	0	0

**III. C - Operating FTE Detail:** FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

### III. D - Expenditures By Program (optional)

NONE

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

### **IV. A - Capital Budget Expenditures**

NONE

### **IV. B - Expenditures by Object Or Purpose**

NONE

### **IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

### **IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

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

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

See attached.

## **Part II: Explanation**

This bill amends several sections of RCW 39 (Public contracts and indebtedness) and RCW 51 (Industrial Insurance) to align with the RCWs relating to plumber licenses.

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

Section 4 amends RCW 39.12.055 by adding “RCW 18.106, 19.28 and 70.87” and the word “unlicensed” to subsection 2 addressing infractions or violations. Because RCW 39 addresses public works contracts, the costs associated with this change impact the Public Works Administration account.

### **II. B – Cash Receipt Impact**

None.

### **II. C – Expenditures**

#### **Appropriated – Operating Costs**

In 2020, the legislature passed SB 6170, which removed plumbing specialty registration from contractor registration laws and created a new chapter of RCW related to plumbing contractor licensure and registration (RCW 18.106). When that move was made, references in workers’ compensation, public works and prevailing-wage laws that applied to plumbing contractors were removed, but the regulatory requirements in those laws were not replicated in the new RCW. As a result, plumbers are not currently subject to those laws.

This bill increases expenditures to the Public Works Administration Account, fund 234. The following assumptions were used to estimate the resources requested to implement this bill.

#### **Information Technology New Applications/Systems**

Adding Plumbing, Elevator, and Electrical contractors to RCW 39.12.055 will require updates to the internal Labor and Industries computer applications called Quickcards and DEBAR. This work will be accomplished during fiscal year 2024.

- \$476,797 is needed for 3,698 contractor hours to modify, test, and implement the changes.
- \$35,000 is needed for external quality assurance.
- \$4,284 is needed for hardware.
- \$38,500 is needed for software.
- \$4,800 is needed for server infrastructure.

The expenditure calculations in this fiscal note includes changes to the hourly rates for contract technology based on an annual analysis completed by L&I. These changes include rates based on expert skill level and an inflationary factor in all categories.

#### **Rule making**

Rulemaking will be accomplished with existing resources.

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

None.

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

This legislation would result in rule changes to:

- WAC 296-17-31004, Coverage requirements