

Multiple Agency Fiscal Note Summary

Bill Number: 5080 SB	Title: Cannabis social equity
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Attorney General	0	0	3,622,000	0	0	3,577,000	0	0	3,558,000
Liquor and Cannabis Board	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	3,622,000	0	0	3,577,000	0	0	3,558,000

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of Attorney General	12.6	0	0	3,622,000	12.4	0	0	3,577,000	12.4	0	0	3,558,000
Office of Administrative Hearings	Fiscal note not available											
Liquor and Cannabis Board	4.5	0	0	5,751,152	5.5	0	0	5,916,300	5.5	0	0	5,897,300
Total \$	17.1	0	0	9,373,152	17.9	0	0	9,493,300	17.9	0	0	9,455,300

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Office of Administrative Hearings	Fiscal note not available								
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

This preliminary fiscal note package is incomplete at this time. It is missing one agency (OAH).

Prepared by: Amy Hatfield, OFM	Phone: (360) 000-0000	Date Published: Preliminary
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Individual State Agency Fiscal Note

Bill Number: 5080 SB	Title: Cannabis social equity	Agency: 100-Office of Attorney General
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Legal Services Revolving Account-State 405-1	1,732,000	1,890,000	3,622,000	3,577,000	3,558,000
Total \$	1,732,000	1,890,000	3,622,000	3,577,000	3,558,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	12.0	13.1	12.6	12.4	12.4
Account					
Legal Services Revolving Account-State 405-1	1,732,000	1,890,000	3,622,000	3,577,000	3,558,000
Total \$	1,732,000	1,890,000	3,622,000	3,577,000	3,558,000

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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 01/04/2023
Agency Preparation: Cam Comfort	Phone: (360) 664-9429	Date: 01/10/2023
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 01/10/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/11/2023

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.

This bill is related to expanding social equity in the cannabis industry.

Section 1 amends RCW 69.50.331 to encourage all cannabis licenses, after January 1, 2024, to submit a social equity plan to the Liquor and Cannabis Board (LCB). LCB is authorized to reimburse certain licensees who submit a social equity plan, an amount equal to the cost of the licensee's annual cannabis license renewal fee.

Section 2 amends RCW 69.50.335 to authorize LCB, beginning January 1, 2023, and in subsequent years, to increase, in its sole discretion, the number of cannabis licenses that may be issued based on specific criteria. In determining priority, LCB must select a third-party contractor to identify and score social equity applicants.

Sections 3 and 4 amend versions of RCW 69.50.345 to provide an exception to the maximum number of retail outlets that may be licensed related to the cannabis social equity program.

Section 5 provides that Section 3 expires July 1, 2024.

Section 6 provides that Section 4 takes effect July 1, 2024.

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.

Cash receipts are assumed to equal the Legal Services Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agency is the Liquor and Cannabis Board (LCB). The Attorney General's Office (AGO) will bill the client for legal services rendered.

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

The AGO will bill the LCB based on the below workload assumptions:

LCB will be billed for Seattle and non-Seattle rates:

FY 2023: \$20,000 for 0.07 Assistant Attorneys General (AAG), 0.04 Legal Assistant 3 (LA), and 0.01 Paralegal (PL).

FY 2024: \$1,732,000 for 5.90 AAG, 2.95 LA, and 1.71 PL.

FY 2025: \$1,890,000 for 6.52 AAG, 3.26 LA, and 1.72 PL.

FY 2026: \$1,798,000 for 6.24 AAG, 3.12 LA, and 1.56 PL.

FY 2027: \$1,779,000 for 6.18 AAG, 3.09 LA, and 1.55 PL and in each FY thereafter.

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.

Attorney General's Office (AGO) Agency Assumptions:

Location of staffing housed is assumed to be in Seattle, non-Seattle, and statewide office buildings.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables, for every one Assistant Attorney General (AAG), the AGO includes 0.5 FTE for a Legal Assistant 3 (LA) and 0.25 of a Management Analyst 5 (MA). The MA is used as a representative classification.

Assumptions for the AGO Licensing and Administrative Law Division's (LAL) Legal Services for the Liquor and Cannabis Board (LCB):

The AGO will bill LCB for legal services based on the enactment of this bill.

Assuming an effective date prior to July 1, 2023, LAL will be required to provide 50 hours of advice on implementation and rulemaking in FY 2023.

LAL will be required to provide 300 hours of advice on implementation and rulemaking in FY 2024.

LAL will provide 150 hours of advice on rule making and implementation in FY 2025. For each FY thereafter, the AGO will provide 75 hours of advice.

LAL projects it will be required to defend multiple actions challenging the implementation of this request legislation as well as related challenges stemming from changes in statutes and rules. If the bill is effective prior to the end of FY 2023, LAL projects 50 hours of AAG litigation time and 25 hours of Paralegal (PL) time for FY 2023. Thereafter, LAL projects the following impacts, which may be revised upward:

FY 2024: 500 hours AAG time and 300 hours of PL time.

FY 2025: 500 hours AAG time and 300 hours of PL time.

FY 2026: 100 hours AAG time and 25 hours of PL time.

FY 2027 and each FY thereafter: Minimal impact.

Based on population estimates, LCB assumes 47 new cannabis retailer licenses would be created in FY 2024 and beginning FY 2025 and continuing each FY thereafter, six new cannabis retailer licenses would be created.

LAL advises LCB on final orders of administrative regulatory actions. LCB projects that approximately 2,500 potential licensees will apply for the available licenses each year, and that of that number 200 license applicants will appeal the denial of the application for a license each year. GCE estimates 200 licensing litigation actions per year beginning in FY 2024. Of those, 60 are expected to resolve by default. With the exception of litigation actions that resolve by default, each of these licensing and enforcement actions will require ten hours of AAG time to advise the LCB. Cases that resolve by default will require one hour of AAG time to review and advise the LCB. Additionally, AGO's Government, Compliance and Enforcement Division (GCE) estimates two new enforcement litigation cases each FY beginning FY 2025.

LAL's projected AAG hours related to the advising LCB on the final order of administrative regulatory actions:

FY 2024: 1,460 AAG hours.

FY 2025: 1,480 AAG hours.

FY 2026: 1,480 AAG hours.

FY 2027: 1,480 AAG hours and each FY thereafter.

LAL's total impact:

FY 2023: \$17,000 for 100 AAG hours and 25 hours of PL time.
FY 2024: \$360,000 for 2,260 AAG hours and 300 hours of PL time.
FY 2025: \$338,000 for 2,130 AAG hours and 300 hours of PL time.
FY 2026: \$250,000 for 1,655 AAG hours and 25 hours of PL time.
FY 2027: \$231,000 for 1,555 AAG hours and each FY thereafter.

Assumptions for the AGO GCE Division's legal services for the LCB.

The AGO will bill LCB for legal services based on the enactment of this bill.

GCE litigates licensing and enforcement actions for the LCB.

Beginning January 1, 2023 and continuing each year thereafter, Section 2 would permit the LCB to increase the number of cannabis retailer licenses for social equity applicants, as that term is defined, based on certain criteria, including population estimates. The number of new licenses would be within the LCB's sole discretion. The LCB must adopt rules to implement the provisions in Section 2.

Additionally, effective January 1, 2024, Section 1 would encourage all cannabis licensees to submit a social equity plan at the time of renewal.

Assuming an effective date prior to July 1, 2023, GCE anticipates providing input and advice during rulemaking that would result in 25 AAG hours of new work beginning in FY 2023 and continuing each FY through FY 2025.

Based on population estimates, LCB assumes 47 new cannabis retailer licenses would be created in FY 2024 and beginning FY 2025 and continuing each FY thereafter, six new cannabis retailer licenses would be created.

GCE assumes that because of the continued high demand for new cannabis retailer licenses, the number of applications received by the LCB would not be dependent on the number of licenses available, but rather remain at a high level as long as new licenses were available. Beginning FY 2024 and continuing each FY thereafter, LCB assumes receiving approximately 2,500 applications for the new cannabis retailer licenses authorized by this legislative proposal. GCE assumes that 200 license denials would be appealed each FY and referred to GCE for litigation.

GCE assumes that the vast majority of the litigation relating to the license denials from FY 2024 would be handled in FY 2024 and this pattern would continue each FY thereafter.

Beginning in FY 2024 and continuing each FY thereafter, GCE assumes that approximately 30 percent or 60 of the new licensing appeals would resolve by default and would utilize an average of seven AAG hours per case, for a total of 420 AAG hours. GCE also assumes that approximately 30 percent or 60 cases would be resolved on summary judgment and would utilize an average of 25 AAG hours per case, for a total of 1,500 AAG hours. Finally, GCE assumes that the remaining 80 cases would proceed to an administrative hearing, and that denials based on social equity factors would be more complex and labor intensive than most license denials and would utilize an average of 80 AAG hours per case, for a total of 6,400 AAG hours.

Based on current workloads and paralegal utilization, GCE assumes utilizing paralegal services for these new administrative hearings at a ratio of one PL hour for every three AAG hours. Therefore, beginning in FY 2024 and continuing each FY thereafter, GCE assumes that administrative litigation of license denials would generate 8,320 AAG hours (420 + 1,500 + 6,400) and 2,773 PL hours (140 + 500 + 2,133) of new work.

GCE assumes that beginning in FY 2025 and continuing each FY thereafter, ten license denials would be challenged on judicial review. As a result of SB 5225 (2021), GCE assumes that these judicial reviews of license denials would be

certified to the Court of Appeals. Because of the more stringent requirements for litigation before the Court of Appeals, GCE assumes that each license denial judicial review would utilize an average of 120 AAG hours, for an annual total of 1,200 AAG hours (10 x 120).

Based on past experience with cannabis retailer licensees, GCE assumes receiving approximately one enforcement litigation referral each FY per 30 new licenses issues. Beginning in FY 2025 and continuing each FY thereafter, GCE assumes receiving approximately two new enforcement litigation referrals each FY. GCE further assumes that each new enforcement litigation referral would utilize approximately 30 AAG hours and 10 PL hours to litigate to completion. Judicial review of enforcement cases is uncommon, so GCE does not anticipate receiving any new work from these cases after the administrative hearing stage. Therefore, the new enforcement litigation resulting from this legislative proposal would generate an annual increase of 60 AAG hours (2 x 30) and 20 PL hours (2 x 10).

Section 1 of this legislative proposal would encourage all cannabis licensees to submit a social equity plan at the time of renewal. Because the submission of such a plan would be encouraged, but not required, this new provision would not result in any impact on GCE’s work for LCB.

GCE’s total impact:

- FY 2023: \$3,000 for 25 AAG hours.
- FY 2024: \$1,372,000 for 8,345 AAG hours and 2,773 hours of PL time.
- FY 2025: \$1,552,000 for 9,605 AAG hours and 2,793 hours of PL time.
- FY 2026: \$1,548,000 for 9,580 AAG hours and 2,793 hours of PL time.
- FY 2027: \$1,548,000 for 9,580 AAG hours and 2,793 hours of PL time, and each FY thereafter.

LCB will be billed for Seattle and non-Seattle rates by AGO’s LAL and GCE divisions:

- FY 2023: \$20,000 for 0.07 AAG, 0.04 LA, and 0.01 PL.
- FY 2024: \$1,732,000 for 5.90 AAG, 2.95 LA, and 1.71 PL.
- FY 2025: \$1,890,000 for 6.52 AAG, 3.26 LA, and 1.72 PL.
- FY 2026: \$1,798,000 for 6.24 AAG, 3.12 LA, and 1.56 PL.
- FY 2027: \$1,779,000 for 6.18 AAG, 3.09 LA, and 1.55 PL and in each FY thereafter.

The AGO Agriculture and Health Division has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing the Department of Commerce. New legal services are nominal and costs are not included in this request.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
405-1	Legal Services	State	1,732,000	1,890,000	3,622,000	3,577,000	3,558,000
	Revolving Account						
Total \$			1,732,000	1,890,000	3,622,000	3,577,000	3,558,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29	
FTE Staff Years	12.0	13.1	12.6	12.4	12.4	
A-Salaries and Wages	1,137,000	1,242,000	2,379,000	2,348,000	2,336,000	
B-Employee Benefits	375,000	409,000	784,000	774,000	770,000	
E-Goods and Other Services	208,000	226,000	434,000	430,000	428,000	
G-Travel	12,000	13,000	25,000	25,000	24,000	
Total \$		1,732,000	1,890,000	3,622,000	3,577,000	3,558,000

III. C - Operating 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	FY 2024	FY 2025	2023-25	2025-27	2027-29
Assistant Attorney General	118,700	4.6	5.3	5.0	5.3	5.3
Assistant Attorney General-Seattle	124,635	1.3	1.2	1.2	0.9	0.9
Legal Assistant 3	55,872	2.3	2.7	2.5	2.7	2.7
Legal Assistant 3-Seattle	67,044	0.6	0.6	0.6	0.5	0.4
Management Analyst 5	91,524	1.5	1.6	1.6	1.6	1.5
Paralegal 2	71,520	1.5	1.6	1.6	1.6	1.6
Paralegal 2-Seattle	75,096	0.2	0.2	0.2	0.0	
Total FTEs		12.0	13.1	12.6	12.4	12.4

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Government Compliance & Enforcement Division (GCE)	1,372,000	1,552,000	2,924,000	3,096,000	3,096,000
Licensing & Administrative Law Division (LAL)	360,000	338,000	698,000	481,000	462,000
Total \$	1,732,000	1,890,000	3,622,000	3,577,000	3,558,000

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.

Individual State Agency Fiscal Note

Bill Number: 5080 SB	Title: Cannabis social equity	Agency: 195-Liquor and Cannabis Board
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.5	5.5	4.5	5.5	5.5
Account					
Dedicated Cannabis Account-State 315-1	2,655,292	3,095,860	5,751,152	5,916,300	5,897,300
Total \$	2,655,292	3,095,860	5,751,152	5,916,300	5,897,300

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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 01/04/2023
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 01/11/2023
Agency Approval: Colin O Neill	Phone: (360) 664-4552	Date: 01/11/2023
OFM Review: Amy Hatfield	Phone: (360) 000-0000	Date: 01/11/2023

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.

Section 1(11): After January 1, 2024, all cannabis licensees are encouraged but are not required to submit a social equity plan to the board. Upon confirmation by the board that a cannabis licensee who is not a social equity applicant, and who does not hold a social equity license issued under RCW 69.50.335, has submitted a social equity plan, the board must within 30 days reimburse such licensee an amount equal to the cost of the licensee's annual cannabis license renewal fee. The license renewal fee reimbursement authorized under this subsection (11) is subject to the following limitations:

- (i) the board may provide reimbursement one time only to any licensed entity; and
- (ii) any licensed entity holding more than one cannabis license is eligible for reimbursement of the license renewal fee on only one license.

NOTE: Section 1(11) applies to ALL cannabis licenses (producer, processor, retailer, research, transportation).

Section 2(1b): Beginning January 1, 2023, the Board may increase the number of cannabis retailer licenses for the social equity program based on the most recent census data and OFM annual population estimates. Each subsequent year, the Board must evaluate OFM population estimates to determine if new retailer licenses should be made available.

Section 2(1c): At the time of licensure, all licenses issued under the social equity program under this section may be issued in any city, town or county in the state that allows cannabis retail business.

Section 2(1d): After a social equity license has been issued under this section for a specific location, the licensed business may not be moved to a different city, town or county.

Section 2(3a): In determining the priority for issuance of a social equity license, the Board must select a third-party contractor to identify and score social equity applicants. The Board must rely on the score provided by the third-party contractor in issuing licenses.

Section 2(4): The Board must adopt rules to implement this section. The Board must consider advice on the social equity program from individuals the program is intended to benefit. Rules may also require that licenses under this section may only be transferred to or assumed by individuals or groups who comply with the social equity application requirements for a period of at least five years from the date of initial licensure.

Section 2(5): The annual fee for issuance, reissuance, or renewal for any license issued under the social equity program must be waived through December 31, 2029.

Section 2(6): Definitions –

- a) “Disproportionally impacted area” is redefined.
- b) “Social equity applicant” is redefined.
- c) “Social equity goals” is redefined.
- d) “Social equity plan” is redefined.

Sections 3 & 4 modify subsection 2 of RCW 69.50.345 to refer to 69.50.335 (Section 2 of this bill)

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.

An increase in the number of cannabis retailer licenses issued as a result of this legislation will likely also increase cannabis excise tax revenue as underserved areas gain more cannabis retail outlets. However, to what extent revenues would

increase, is indeterminate, but will be more than enough to cover costs of implementing this legislation as well as the possible one-time loss in revenue in FY24 due to the license fee reimbursement (see below).

Section 1(11) of the bill encourages all cannabis licensees to submit a voluntary social equity plan to the Board after January 1, 2024. Upon confirmation by the Board that a cannabis licensee who is not a social equity applicant, has submitted a social equity plan, the Board must within 30 days reimburse the licensee an amount equal to the licensees' annual cannabis license renewal fee. The Board may provide reimbursement one time only to any licensed entity, any licensed entity holding more than one cannabis license is eligible for reimbursement of the license renewal fee on only one license.

Assuming that 90% of 1,565 existing cannabis licensed entities not licensed as a social equity license, would submit a social equity plan and receive the reimbursement, the one-time loss in revenue to the state in FY24 is anticipated to be \$1,943,081

Retailers: $421 \times 90\% \times \$1,381 = \$523,399$

Producer and/or Processor: $1,135 \times 90\% \times \$1,381 = \$1,411,382$

Transportation: $8 \times 90\% \times \$1,000 = \$7,000$

Research: $1 \times 90\% \times \$1,300 = \$1,300$

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.

ASSUMPTIONS: Section 2(1) - The agency assumes that the Board could increase the number of cannabis retailer licenses under the social equity program, based on OFM's census data and annual population estimates. From 2016 (when the current # of retailers was fixed at 556), until 2021, the state's total population grew 8.5%, and is projected to grow 0.9% each year thereafter. Thus the agency determines that 47 new licenses would be made available in FY24 ($556 \times 8.5\%$), and 6 each year thereafter ($556 \times 0.9\%$).

Board Division:

The Attorney General's Office anticipates billing the Board for costs primarily relating to denials of applications for the social equity licenses.

FY24: \$1,732,000

FY25: \$1,890,000

FY26: \$1,798,000

FY27: \$1,779,000

FY28: \$1,779,000

FY29: \$1,779,000

The Office of Administrative Hearings anticipates costs associated with hearings of license denials and enforcement actions. AGO assumes 200 licensing denials each year will proceed to appeals and involve OAH. Starting in FY25, 2 enforcement actions per year will be appealed and involve OAH (the costs of the 2 enforcement actions are minimal and do not affect the assumptions).

FY24: \$290,000

FY25: \$290,000

FY26: \$290,000

FY27: \$290,000

FY28: \$290,000
FY29: \$290,000

Finance Division:

Due to the assumed increase in licenses, the Audit unit will need another auditor.

1.0 FTE Revenue Auditor 2 - \$112,699/yr (\$98,319 salary/benefits, \$14,380 in associated costs). Onetime costs in FY24 of \$1,325 for equipment purchases.

Licensing Division:

Licensing expects an increase in phone calls and questions from applicants and licensees. The division will need Customer Service Staff to receive the applications, forward applications to the third-party contractor and withdraw applications that do not meet requirements. 2.5 FTE's Customer Service Specialist 3.

2.5 FTE Customer Service Specialist 3 - \$190,953/yr (\$184,028 salary/benefits, \$6,925 in associated costs). Onetime costs in FY24 of \$18,315 for equipment purchases.

Section 2(3) of the bill requires the agency to use a third-party contractor to identify and score social equity applicants. \$250,000 per year ongoing.

The agency also intends to utilize a double-blind lottery if there are any ties between applicants after scoring. Estimated \$25,000 per year ongoing.

The division also needs \$35,000 per year ongoing for education and research.

Enforcement Division:

The LCB keeps detailed statistics on all of its enforcement activities and tracks this activity using a unit of measure called a Field Increment (FI). All direct enforcement activities such as premise checks, inspections and investigations are tracked to determine how many FI's are needed to accomplish each activity. Each FI is equivalent to 1/10th of an hour (6 minutes). For example, if a tavern premise check takes 2 FI's and two officers, it is anticipated that one check will consume 4 FI's. Using historical data to factor out indirect activities such as driving time, training, office time and leave, it has been determined that officers are available for an average of 4,220 FI's each year.

Enforcement can absorb the extra workload in FY24. In FY25 the amount of work will increase significantly to the point that Enforcement will require one LCB Enforcement Officer (LEO2) and one Cannabis Consultant (Regulatory Analyst 3). These additional 47 licensed locations cannot be absorbed by the division without additional staff. Officers will have increased travel time and educational demands placed on them by these new locations in conjunction to their regular assigned caseloads which may impede the ability of providing customer service. New locations have mandatory events that have to take place; for example final inspections, annual inspections and consultant visits. The yearly increase in licensed locations will be handled by the initial additional FTEs from FY25.

See attached "5080 SB Social Equity in Cannabis LCB Request Legislation Enforcement Field Increment Calculator.pdf" for details on the workload calculations.

Starting in FY25:

1.0 FTE LCB Enforcement Officer 2 - \$122,734/yr (\$106,874 salary/benefits, \$15,860 in associated costs). Onetime costs in FY25 of \$26,395 for equipment purchases.

1.0 FTE Regulatory Analyst 3 - \$143,264/yr (\$127,404 salary/benefits, \$15,860 in associated costs). Onetime costs in FY25 of \$9,815 for equipment purchases.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
315-1	Dedicated Cannabis Account	State	2,655,292	3,095,860	5,751,152	5,916,300	5,897,300
Total \$			2,655,292	3,095,860	5,751,152	5,916,300	5,897,300

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.5	5.5	4.5	5.5	5.5
A-Salaries and Wages	198,000	371,184	569,184	742,368	742,368
B-Employee Benefits	84,347	145,441	229,788	290,882	290,882
C-Professional Service Contracts	275,000	275,000	550,000	550,000	550,000
E-Goods and Other Services	2,067,485	2,250,395	4,317,880	4,264,530	4,245,530
G-Travel	10,570	36,890	47,460	65,780	65,780
J-Capital Outlays	19,890	16,950	36,840	2,740	2,740
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	2,655,292	3,095,860	5,751,152	5,916,300	5,897,300

III. C - Operating 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	FY 2024	FY 2025	2023-25	2025-27	2027-29
Customer Service Specialist 3	50,592	2.5	2.5	2.5	2.5	2.5
LCB Enforcement Officer 2	77,028		1.0	0.5	1.0	1.0
Regulatory Analyst 3	96,156		1.0	0.5	1.0	1.0
Revenue Auditor 2	71,520	1.0	1.0	1.0	1.0	1.0
Total FTEs		3.5	5.5	4.5	5.5	5.5

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Board Division (010)	2,022,000	2,180,000	4,202,000	4,157,000	4,138,000
Finance Division (020)	114,024	112,699	226,723	225,398	225,398
Licensing Division (050)	519,268	500,953	1,020,221	1,001,906	1,001,906
Enforcement Division (060)		302,208	302,208	531,996	531,996
Total \$	2,655,292	3,095,860	5,751,152	5,916,300	5,897,300

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.

Section 2(4): The Board must adopt rules to implement this section. The Board must consider advice on the social equity program from individuals the program is intended to benefit. Rules may also require that licenses under this section may only be transferred to or assumed by individuals or groups who comply with the social equity application requirements for a period of at least five years from the date of initial licensure.

Enforcement Field Increment (FI) Calculator

5080 SB "Expanding and improving the social equity in cannabis program" (WSLCB Agency Request Legislation)

Year 1

Event	# of events	Time Factor	Staffing Factor	FI Total	Officer	Consultant
Cannabis Premises Check	96	5	1.3	624	624	0
Cannabis Retailer Compliance Check	48	2	2	192	192	
License Support and Education	8	10	1.3	103	51	51
Complaint Investigations Cannabis	0.5	20	1.3	12	12	
Cannabis Retail Final Inspections	38	15	1	576		576
Consultant Visits	96	9	1	864		864

Total FI's 2,371 880 1,491

Total Field Increments per FTE 4,220 4,220 4,220

FTE's required 0.56 0.21 0.35

Round 0.60 0.20 0.40

New Licenses

24

Factors	Values
Cannabis Premises Check	4
Cannabis Retailer Compliance Check	2
License Support and Education	33%
Complaint Investigations Cannabis	2%
Cannabis Retail Final Inspections	160%
Consultant Visits	4

Note: Final inspections have a 60% recheck rate

Year 2+

Event	# of events	Time Factor	Staffing Factor	FI Total	Officer	Consultant
Cannabis Premises Check	188	5	1.3	1222	1222	0
Cannabis Retailer Compliance Check	94	2	2	376	376	
License Support and Education	16	10	1.3	202	101	101
Complaint Investigations Cannabis	1	20	1.3	24	24	
Cannabis Retail Final Inspections	38	15	1	576		576
Consultant Visits	188	9	1	1692		1692

Total FI's 4,092 1,723 2,369

Total Field Increments per FTE 4,220 4,220 4,220

FTE's required 0.97 0.41 0.56

Round 2.00 1.00 1.00

New Licenses

47

Factors	Values
Cannabis Premises Check	4
Cannabis Retailer Compliance Check	2
License Support and Education	33%
Complaint Investigations Cannabis	2%
Cannabis Retail Final Inspections	160%
Consultant Visits	4

Note: Final inspections have a 60% recheck rate