

Multiple Agency Fiscal Note Summary

Bill Number: 5078 SB	Title: Firearm industry duties
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	No fiscal impact					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. Total						

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
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Attorney General	10.5	6,658,000	6,658,000	6,658,000	10.5	6,658,000	6,658,000	6,658,000	10.5	6,658,000	6,658,000	6,658,000
Total \$	10.5	6,658,000	6,658,000	6,658,000	10.5	6,658,000	6,658,000	6,658,000	10.5	6,658,000	6,658,000	6,658,000

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Final
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Judicial Impact Fiscal Note

Bill Number: 5078 SB	Title: Firearm industry duties	Agency: 055-Administrative Office of the Courts
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

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 for 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.

Legislative Contact: Joe McKittrick	Phone: 3607867287	Date: 01/12/2023
Agency Preparation: Angie Wirkkala	Phone: 360-704-5528	Date: 01/18/2023
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 01/18/2023
OFM Review: Steven Puvogel	Phone: (360) 701-6459	Date: 01/19/2023

178,480.00

Request # 037-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

The proposed legislation adds a section to Chapter 7.48 RCW – Nuisances. It specifies duties of firearm industry members with respect to certain firearm industry products. The Attorney General is empowered to sue for violations and those harmed by violations may sue for injunctive and compensatory relief.

II. B - Cash Receipts Impact

II. C - Expenditures

No fiscal impact is expected to the Administrative Office of the Courts or the courts. The bill would not be expected to significantly increase Attorney General suits. The Attorney General is already authorized to sue to abate public nuisances. Private suits could increase, even though current law already allows public nuisance suits by private citizens where the nuisance is “specially injurious” to them.

Part III: Expenditure Detail

III. A - Expenditure By Object or Purpose (State)

NONE

III. B - Expenditure By Object or Purpose (County)

NONE

III. C - Expenditure By Object or Purpose (City)

NONE

III. D - FTE Detail

NONE

III. E - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B1 - Expenditures by Object Or Purpose (State)

NONE

IV. B2 - Expenditures by Object Or Purpose (County)

NONE

IV. B3 - Expenditures by Object Or Purpose (City)

NONE

IV. C - Capital Budget Breakout

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

NONE

178,480.00

Form FN (Rev 1/00)

Individual State Agency Fiscal Note

Bill Number: 5078 SB	Title: Firearm industry duties	Agency: 100-Office of Attorney General
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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
FTE Staff Years	10.5	10.5	10.5	10.5	10.5
Account					
General Fund-State 001-1	3,329,000	3,329,000	6,658,000	6,658,000	6,658,000
Total \$	3,329,000	3,329,000	6,658,000	6,658,000	6,658,000

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: Joe McKittrick	Phone: 3607867287	Date: 01/12/2023
Agency Preparation: Amy Flanigan	Phone: 509-456-3123	Date: 01/17/2023
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 01/17/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/17/2023

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 – New Section to chapter 7.48 RCW – findings and intent– irresponsible, dangerous and unlawful business practice of members of the firearms industry contributes to the illegal use of firearms and causes harm.

Section 2 – New Section to chapter 7.48 RCW – definitions – sets out rules for firearm industry members engaged in the manufacture, distribution, importation, marketing, or sale of firearms. Makes violation of this section a public nuisance and violations are handled under the Consumer Protection Act. Remedies include injunctive relief, compensatory damages, punitive damages, and attorney fees. Sets out procedures for claims.

Section 3 – Title.

Section 4 – Severability clause.

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.

None.

Attorney General’s Office (AGO) Consumer Protection Division (CPR) activities are funded with General Fund-State dollars. No cash receipt impact. There is no client agency to bill for legal services.

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.

Legal services associated with the enactment of this bill will begin on July 1, 2023.

Location of staffing housed is assumed to be in a Seattle office building.

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 1.0 FTE Assistant Attorney General (AAG), the AGO includes 0.5 FTE for a Legal Assistant 3 (LA) and 0.25 FTE of a Management Analyst 5 (MA). The MA is used as a representative classification.

Attorney General’s Office (AGO) Consumer Protection Division (CPR) enforces the Consumer Protection Act (CPA) with respect to conduct that is made unlawful under RCW 19.86.020, which broadly prohibits unfair or deceptive acts or practices in trade or commerce, and unfair methods of competition.

The AGO CPR has reviewed this bill and determined there will be a fiscal impact. Assuming an effective date of July 1, 2023, CPR must be prepared to start significant implementation work immediately. As with AGO investigations into the Large Capacity Magazines (LCM) sales, this bill could ultimately result in either a coordinated, undercover investigation or a series of Civil Investigative Demands (CIDs) and litigation thereof, or a combination of both. This workload is estimated to total the equivalent of 4.0 FTE AAG, 2.5 FTE Investigator (INV), 1.0 FTE Paralegal (PL) and 2.0 FTE LA in FY 2024. For direct costs CPR estimates \$750,000 expert costs and \$1,000,000 for electronic document hosting and management.

Assuming constitutional litigation resolves in the State’s favor, CPR assumes enforcement could begin in earnest. Significant resources would be required. If there were select cases drawing media attention, compliance within the industry would be likely to improve. This would result in the eventual tapering of the need for resources, however, it may take more than five years. This workload is estimated to total the equivalent of 4.0 FTE AAG, 2.5 FTE INV, 1.0 FTE PL and 2.0 FTE LA in FY 2025 through FY 2029. For direct costs CPR estimates \$750,000 expert costs and \$1,000,000 for electronic document hosting and management and in each FY.

For context, this bill is one of multiple firearm-related bills this 2023 legislative session that would require AGO enforcement. This bill would impose certain responsibilities on “Firearm Industry Members” (FIMs) engaged in the manufacture, sales, and marketing of firearms. The FIMs would be required to develop “reasonable controls” and take “reasonable precautions” to prevent firearm products from falling into the wrong hands. For example: preventing straw purchases, not selling to prohibited individuals, not marketing toward minors, and others. Violations of the act would be deemed a “public nuisance,” subjecting FIMs to liability if “reasonably foreseeable” harm resulted from their conduct.

This bill fits into an exception under Protection of Lawful Commerce in Arms Act, the federal statute otherwise shielding FIMs from liability. This bill would govern those engaged in wholesale or retail sale of firearm products, or such products’ manufacture, importation, or marketing. There are more than 3,000 federally licensed firearm dealers in Washington State. There are likely many more sellers engaged in sales through gun shows and swap meets. There are likely many others engaged in manufacture, importation, or marketing. In sum, this bill would impact a large number of companies and individuals.

Violations of this bill would be per se Consumer Protection Act (CPA) violations. AGO would be tasked with enforcement, though there would also be a private right of action for those directly harmed (private litigants would need to give AGO notice of their suit). The bill would allow AGO to bring suit against offending FIMs and recover typical CPA remedies plus treble damages. The AGO would be given broad investigative authority, explicitly authorized to CIDs and depose anyone with knowledge relevant to the investigation of any violation.

CPR total FTE workload impact for Seattle rate:

FY 2024 – FY 2029: \$3,329,000 for 4.0 FTE AAG, 2.5 FTE INV, 1.0 FTE PL, 2.0 FTE LA, this includes direct litigation costs of \$1,750,000 each FY.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	3,329,000	3,329,000	6,658,000	6,658,000	6,658,000
Total \$			3,329,000	3,329,000	6,658,000	6,658,000	6,658,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	10.5	10.5	10.5	10.5	10.5
A-Salaries and Wages	1,046,000	1,046,000	2,092,000	2,092,000	2,092,000
B-Employee Benefits	337,000	337,000	674,000	674,000	674,000
C-Professional Service Contracts	1,750,000	1,750,000	3,500,000	3,500,000	3,500,000
E-Goods and Other Services	184,000	184,000	368,000	368,000	368,000
G-Travel	12,000	12,000	24,000	24,000	24,000
Total \$	3,329,000	3,329,000	6,658,000	6,658,000	6,658,000

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-Seattle	124,635	4.0	4.0	4.0	4.0	4.0
Legal Assistant 3-Seattle	67,044	2.0	2.0	2.0	2.0	2.0
Management Analyst 5	91,524	1.0	1.0	1.0	1.0	1.0
Paralegal 2-Seattle	75,096	1.0	1.0	1.0	1.0	1.0
Senior Investigator-Seattle	98,532	2.5	2.5	2.5	2.5	2.5
Total FTEs		10.5	10.5	10.5	10.5	10.5

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Consumer Protection Division (CPR)	3,329,000	3,329,000	6,658,000	6,658,000	6,658,000
Total \$	3,329,000	3,329,000	6,658,000	6,658,000	6,658,000

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.