

Individual State Agency Fiscal Note

Bill Number: 5376 SB	Title: Cannabis waste	Agency: 195-Liquor and Cannabis Board
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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	1.8	1.8	1.8	1.6	1.6
Account					
Dedicated Cannabis Account-State 315-1	245,224	209,014	454,238	368,888	368,888
Total \$	245,224	209,014	454,238	368,888	368,888

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: 01/18/2023
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 01/20/2023
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/20/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/24/2023

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.

Subsection 1) A licensed cannabis producer or processor may sell cannabis waste to a person not licensed under chapter 69.50 RCW if:

- a) the cannabis waste would not be designated as dangerous or hazardous waste under Chapter 70A.300 RCCW, or
- b) cannabis waste disposal rules adopted by the Board, AND
- c) the licensee notifies the Board and the Department of Agriculture before the sale.

Subsection 2) Cannabis waste not sold in accordance with subsection 1 and not designated as dangerous or hazardous waste, must be rendered unusable before leaving a licensed producer, processor, or laboratory.

Subsection 3) "Cannabis waste" is defined as solid waste generated during cannabis production or processing that has a THC concentration of 0.3% or less. Does not include "hemp" or "industrial hemp."

Subsection 4) The Board may adopt rules necessary to implement this section.

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.

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.

ENFORCEMENT DIVISION:

The Washington State Liquor and Cannabis Board ("Board") 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.

Some of the impacts to the division from this legislation:

- Increased training for external education for licensees.
- Increased training for internal WSLCB staff.
- Possible verification of testing waste.
- Possible verification of types of waste being sold.
- Increased complaints at locations not following waste requirements. For perspective, there are 272 cannabis complaint investigations as of January 17, 2023 - an average of 20 complaint investigations per field officer.
- Diversion concerns for cannabis product labeled as "waste" then sold to the illicit market that is above the 0.3 THC.
- The definition of "cannabis waste" includes concentrates. It should be noted that concentrated waste still could be concentrated further and now, may result in being outside licensed areas.

For further detail on the workload calculations, please see the attached "5376 SB Cannabis waste Enforcement Field Increment Calculator.pdf". The workload is assumed to decrease after the first two years as licensees get used to the new

rules and regulations.

FY24 & FY25:

0.8 FTE LCB Enforcement Officer 2 - \$98,280/yr (\$85,592 salary/benefits, \$12,688 in associated costs). Onetime costs in FY24 of \$26,395 for equipment purchases.

1.0 FTE Administrative Regulations Analyst 3 - \$110,734/yr (\$94,874 salary/benefits, \$15,860 in associated costs). Onetime costs in FY24 of \$9,815 for equipment purchases.

FY26+

0.6 FTE LCB Enforcement Officer 2 - \$73,710/yr (\$64,194 salary/benefits, \$9,516 in associated costs).

1.0 FTE Administrative Regulations Analyst 3 - \$110,734/yr (\$94,874 salary/benefits, \$15,860 in associated costs).

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	245,224	209,014	454,238	368,888	368,888
Total \$			245,224	209,014	454,238	368,888	368,888

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.8	1.8	1.8	1.6	1.6
A-Salaries and Wages	136,743	136,743	273,486	242,674	242,674
B-Employee Benefits	43,723	43,723	87,446	75,462	75,462
C-Professional Service Contracts					
E-Goods and Other Services	24,478	7,848	32,326	13,952	13,952
G-Travel	24,088	20,088	44,176	35,712	35,712
J-Capital Outlays	16,192	612	16,804	1,088	1,088
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	245,224	209,014	454,238	368,888	368,888

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
Administrative Regulations Analyst 3	75,120	1.0	1.0	1.0	1.0	1.0
LCB Enforcement Officer 2	77,028	0.8	0.8	0.8	0.6	0.6
Total FTEs		1.8	1.8	1.8	1.6	1.6

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Enforcement Division (060)	245,224	209,014	454,238	368,888	368,888
Total \$	245,224	209,014	454,238	368,888	368,888

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.

Subsection 4) The Board may adopt rules necessary to implement this section.

Enforcement Field Increment (FI) Calculator

SB 5376: "Cannabis Waste" - FY24 & FY25

	Number of events	Time Factor	Staffing Factor	FI Total	Officer	Consultant
Cannabis Premises Check	63	5	1.3	412	136	272
Complex Investigations	8	40	1	396	396	
License Support and Education	317	10	1.3	4124	1031	3093
Complaint Investigations Cannabis	38	20	1.3	990	990	
Consultant Visits	127	9	1	1142		1142
Cannabis Surveillance Operations (non-retail)	13	25	2	635	635	

Total FI's	7,699	3,187	4,507
Total Field Increments per FTE	4,220	4,220	4,220
FTE's required	1.82	0.76	1.07
Round	1.90	0.80	1.10

# of Producer/Processor locations	1269
Cannabis Premises Check	5%
Complex Investigations	8
License Support and Education	25%
Complaint Investigations Cannabis	3%
Consultant Visits	10%
Cannabis Surveillance Operations (non-retail)	1%

Enforcement Field Increment (FI) Calculator

SB 5376: "Cannabis Waste" - FY26+

	Number of events	Time Factor	Staffing Factor	FI Total	Officer	Consultant
Cannabis Premises Check	44	5	1.3	289	95	191
Complex Investigations	4	40	1	198	198	
License Support and Education	254	10	1.3	3299	825	2475
Complaint Investigations Cannabis	19	20	1.3	495	495	
Consultant Visits	95	9	1	857		857
Cannabis Surveillance Operations (non-retail)	13	25	2	635	635	

Total FI's	5,772	2,247	3,522
Total Field Increments per FTE	4,220	4,220	4,220
FTE's required	1.37	0.53	0.83
Round	1.40	0.60	0.90

# of Producer/Processor locations	1269
Cannabis Premises Check	4%
Complex Investigations	4
License Support and Education	20%
Complaint Investigations Cannabis	2%
Consultant Visits	8%
Cannabis Surveillance Operations (non-retail)	1%