

# Individual State Agency Fiscal Note

|                             |   |   |
|-----------------------------|---|---|
| <b>Bill Number:</b> 1569 HB | <b>Title:</b> Common interest communities | <b>Agency:</b> 100-Office of Attorney General |
|-----------------------------|---|---|

## 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          | 3.8     | 3.8     | 3.8       | 3.3       | 2.9     |
| <b>Account</b>           |         |         |           |           |         |
| General Fund-State 001-1 | 583,000 | 583,000 | 1,166,000 | 1,010,000 | 854,000 |
| <b>Total \$</b>          | 583,000 | 583,000 | 1,166,000 | 1,010,000 | 854,000 |

### 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: Audrey Vasek | Phone: 360-786-7383   | Date: 01/27/2023 |
| Agency Preparation: Cam Comfort   | Phone: (360) 664-9429 | Date: 02/01/2023 |
| Agency Approval: Edd Giger        | Phone: 360-586-2104   | Date: 02/01/2023 |
| OFM Review: Cheri Keller          | Phone: (360) 584-2207 | Date: 02/02/2023 |

## 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.*

Sections 1 through 4 add new sections to RCW 64.60, RCW 64.38, RCW 64.32, and RCW 64.34, respectively, finding that the practices covered by these chapters are matters vitally affecting the public interest for the purposes of applying the consumer protection act, RCW 19.86.

Sections 6 through 9 amend various statutes to impose various obligations on associations subject to this act.

Sections 11 and 12 amend RCW 64.32.090 and RCW 64.34.304 to require associations that hire a managing agent to make unit owner's third-party beneficiaries of any contract with the managing agent.

Section 13 provides that this act will be known as the Common Interest Community Unit Owners Protection Act.

### 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.*

General Fund-State (GF-S) Account 001-1: 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.*

Attorney General's Office (AGO) Agency Assumptions:

AGO Consumer Protection Division (CPR) activities are funded with General Fund-State dollars.

This bill is assumed effective 90 days after the end of the 2023 legislative session.

Location of staffing 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 Assistant Attorney General FTE (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.

Assumptions for AGO CPR Division:

CPR enforces the Consumer Protection Act 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. CPR's focus is on representations and failures to disclose terms and conditions.

CPR assumes that enforcement to ensure compliance will be a priority for AGO during the first three years after the enactment of this bill. CPR assumes that litigation will be necessary to ensure industry compliance. Additionally, CPR

assumes that industry compliance will increase as a result of litigation enforcement efforts.

CPR additional FTE workload description:

1. AAG will investigate potential violations, draw conclusions from investigations, draft cease and desist letters, monitor compliance, draft civil investigative demand (CID) / discovery requests, engage in settlement negotiations, file lawsuit if necessary and litigate.
2. Paralegal 2 (PL) will manage documents, draft CID / discovery requests, manage responses, and assist with legal pleadings and research.
3. Investigator will interview witnesses, review investigative records, and other investigative tasks as assigned.
4. Program Specialist 2 (PS) will handle complaint intake, review and processing, answering phone calls, and responding / coordinating constituent correspondence responses.

CPR total FTE workload for Seattle rate:

FY 2024 through FY 2026: \$514,000 for 1.0 AAG, 1.0 PL, 0.5 INV, 0.5 LA, and 0.5 PS.

FY 2027: \$377,000 for 0.5 AAG, 1.0 PL, 0.5 INV, 0.25 LA, and 0.5 PS and each FY thereafter.

Additionally, direct cost assumptions related to the implementation of this bill:

FY 2024 through FY 2026: \$69,000 for depositions to aid in enforcement, travel expenses for depositions, witness interviews, electronic document management, and other court filing fees.

FY 2027 and each FY thereafter: \$50,000 for depositions to aid in enforcement, travel expenses for depositions, witness interviews, electronic document management, and other court filing fees.

CPR FTE workload for Seattle rate and direct total costs:

FY 2024 through FY 2026: \$583,000.

FY 2027: \$427,000 and each FY thereafter.

### 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 | 583,000 | 583,000 | 1,166,000 | 1,010,000 | 854,000 |
| <b>Total \$</b> |               |       | 583,000 | 583,000 | 1,166,000 | 1,010,000 | 854,000 |

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

|                                  | FY 2024 | FY 2025 | 2023-25   | 2025-27   | 2027-29 |
|----------------------------------|---------|---------|-----------|-----------|---------|
| FTE Staff Years                  | 3.8     | 3.8     | 3.8       | 3.3       | 2.9     |
| A-Salaries and Wages             | 333,000 | 333,000 | 666,000   | 575,000   | 484,000 |
| B-Employee Benefits              | 112,000 | 112,000 | 224,000   | 195,000   | 166,000 |
| C-Professional Service Contracts | 36,000  | 36,000  | 72,000    | 69,000    | 66,000  |
| E-Goods and Other Services       | 95,000  | 95,000  | 190,000   | 159,000   | 128,000 |
| G-Travel                         | 7,000   | 7,000   | 14,000    | 12,000    | 10,000  |
| <b>Total \$</b>                  | 583,000 | 583,000 | 1,166,000 | 1,010,000 | 854,000 |

**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 | 1.0     | 1.0     | 1.0     | 0.8     | 0.5     |
| Legal Assistant 3-Seattle          | 67,044  | 0.5     | 0.5     | 0.5     | 0.4     | 0.3     |
| Management Analyst 5               | 91,524  | 0.3     | 0.3     | 0.3     | 0.2     | 0.1     |
| Paralegal 2-Seattle                | 75,096  | 1.0     | 1.0     | 1.0     | 1.0     | 1.0     |
| Program Specialist 2               | 55,755  | 0.5     | 0.5     | 0.5     | 0.5     | 0.5     |
| Senior Investigator-Seattle        | 98,532  | 0.5     | 0.5     | 0.5     | 0.5     | 0.5     |
| <b>Total FTEs</b>                  |         | 3.8     | 3.8     | 3.8     | 3.3     | 2.9     |

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

| Program                            | FY 2024 | FY 2025 | 2023-25   | 2025-27   | 2027-29 |
|------------------------------------|---------|---------|-----------|-----------|---------|
| Consumer Protection Division (CPR) | 583,000 | 583,000 | 1,166,000 | 1,010,000 | 854,000 |
| <b>Total \$</b>                    | 583,000 | 583,000 | 1,166,000 | 1,010,000 | 854,000 |

**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.*