

Multiple Agency Fiscal Note Summary

Bill Number: 5080 S 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	2,048,000	0	0	86,000	0	0	68,000
Office of Administrative Hearings	0	0	232,000	0	0	0	0	0	0
Liquor and Cannabis Board	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	2,280,000	0	0	86,000	0	0	68,000

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 the Governor	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Office of Attorney General	7.1	0	0	2,048,000	.3	0	0	86,000	.2	0	0	68,000
Office of Administrative Hearings	.8	0	0	232,000	.0	0	0	0	.0	0	0	0
Office of Minority and Women's Business Enterprises	.0	0	0	0	.0	0	0	0	.0	0	0	0
Liquor and Cannabis Board	5.6	0	0	4,959,656	5.7	0	0	2,326,924	5.7	0	0	2,308,924
Total \$	13.5	0	0	7,239,656	6.0	0	0	2,412,924	5.9	0	0	2,376,924

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of the Governor	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Office of Administrative Hearings	.0	0	0	.0	0	0	.0	0	0
Office of Minority and Women's Business Enterprises	.0	0	0	.0	0	0	.0	0	0
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

Prepared by: Amy Hatfield, OFM	Phone: (360) 280-7584	Date Published: Final 2/ 8/2023
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Individual State Agency Fiscal Note

Bill Number: 5080 S SB	Title: Cannabis social equity	Agency: 075-Office of the Governor
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

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

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: 01/31/2023
Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 02/06/2023
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 02/06/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/06/2023

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.

Substitute Bill 5080 added the Office of Equity to the definition of disproportionately impacted area:

Sec. 2 - (6)(a) "Disproportionately impacted area" means a census tract or comparable geographic area within Washington state where community members were more likely to be impacted by the war on drugs. These areas must be determined in rule by the board, in consultation with the Office of Equity, using a standardized statistical equation to identify areas with demographic indicators consistent with populations most impacted by the war on drugs. These areas must be assessed to account for demographic changes in the composition of the population over time. Disproportionately impacted areas must include census tracts or comparable geographic areas in the top 15th percentile in at least two of the following demographic indicators of populations most impacted by the war on drugs:

- (i) the area has a high rate of people living under the federal poverty level;
- (ii) the area has a high rate of people who did not graduate from high school;
- (iii) the area has a high rate of unemployment; or the area has a high rate of people receiving public assistance.

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.

The Office of Equity currently has the staff resources to support the additional workload required in Section 2. However, the scope of the work is not specific enough to determine the cost of obtaining the data, licensing fees, and creating a cannabis licensing equity analysis tool using the metrics identified, which may require ongoing maintenance and licensing fees.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

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

III. B - Expenditures by Object Or Purpose

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

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.

Individual State Agency Fiscal Note

Bill Number: 5080 S 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	316,000	2,048,000	86,000	68,000
Total \$	1,732,000	316,000	2,048,000	86,000	68,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	12.0	2.2	7.1	0.3	0.2
Account					
Legal Services Revolving Account-State 405-1	1,732,000	316,000	2,048,000	86,000	68,000
Total \$	1,732,000	316,000	2,048,000	86,000	68,000

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: 01/31/2023
Agency Preparation: Allyson Bazan	Phone: 360-586-3589	Date: 02/06/2023
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/06/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/06/2023

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 - 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 must reimburse (one time only) 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 provide a limit, up to 100, the number of cannabis licenses that may be issued based on specific criteria. An additional 52 licenses for social equity program retailers. Pre-emption of local law. In determining priority, LCB must select a third-party contractor to identify and score social equity applicants. Changes the definitions of "Disproportionately impacted area" and "Social equity applicant."

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 (current RCW 69.50.345 in its entirety) expires July 1, 2024.

Section 6 - provides that Section 4 (replace RCW 69.50.345) 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 all clients 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 agency's fiscal note. Appropriation authority is necessary in the AGO budget.

AGO AGENCY ASSUMPTIONS:

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

FY 2024: \$1,732,000 for 5.90 Assistant Attorney General FTE (AAG), 2.95 Legal Assistant 3 FTE (LA), and 1.71 Paralegal FTE (PL).

FY 2025: \$316,000 for 1.13 AAG, 0.57 LA, and 0.19 PL.

FY 2026: \$52,000 for 0.19 AAG, 0.10 LA, and 0.03 PL.

FY 2027: \$34,000 for 0.13 AAG, 0.07 LA, and 0.02 PL and 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 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 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 the AGO Government Compliance and Enforcement Division's (GCE) legal services for the Liquor and Cannabis Board (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, 2024 and continuing until July 1, 2032, section 2(1)(c) would permit LCB to issue up to 52 new cannabis retailer licenses for social equity applicants, as that term is defined. Additionally, beginning immediately and continuing until July 1, 2032, section 2(1)(a) would authorize LCB to issue or reissue to social equity applicants up to 100 cannabis producer licenses and 100 cannabis processor licenses that were previously subject to forfeiture, cancellation, or revocation by LCB.

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 from FY 2023 to FY 2025. Since legal assistance is nominal, costs are not included in this request in FY 2023.

LCB assumes that it would open a single licensing window in FY 2024 for the 52 new cannabis retailer licenses, the 100 cannabis producer licenses, and the 100 cannabis processor licenses. LCB anticipates receiving approximately 5,000 applications for the newly available licenses authorized by this legislative proposal. Finally, LCB assumes that 200 license denials would be appealed and referred to GCE for litigation during FY 2024.

GCE assumes that the vast majority of the administrative litigation relating to the license denials from FY 2024 would be handled in FY 2024. GCE also 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 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.

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. Based on this assumption, GCE would utilize an average of 80 AAG hours per case, for a total of 6,400 AAG hours. According to current workload and Paralegal (PL) utilization, GCE assumes utilizing PL services for these new administrative hearings at a ratio of one PL for three AAG hours. Therefore, GCE anticipates that in FY 2024, 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 in FY 2025, 10 license denials would be challenged on judicial review. As a result of Senate Bill 5225 (from 2021 Legislative Session), 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 total of 1,200 AAG hours (10 x 120) in FY 2025.

Based on past experience with cannabis retailer, producer and processor licensees, beginning in FY 2025 and continuing each year thereafter, GCE assumes receiving approximately four new enforcement litigation referrals each year. GCE further assumes that each new enforcement litigation referral would utilize approximately 30 AAG hours and 10 PL hours

to litigate to completion. Judicial reviews of enforcement cases are 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 120 AAG hours (4 x 30) and 40 PL hours (4 x 10).

If this bill is enacted, section 2(1)(b) of this bill would authorize LCB to increase the number of cannabis retailer licenses for the social equity program based on census data and population estimates beginning January 1, 2023, and continuing every three years until July 1, 2032. GCE understands that LCB projects it will likely open up multiple licensing windows (for example: opportunities to apply for retail cannabis licenses) during the period of this legislation, although the number and exact timing of those licensing windows and the number of new applications available during those windows would be contingent on numerous factors. If LCB opens additional licensing windows in the future, GCE projects that each licensing window would result in a significant, although indeterminate, legal services impact.

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. As a result of this legislative proposal, GCE assumes a total workload increase as follows:

FY 2024: 8,345 AAG hours (25 + 8,320) and 2,773 PL hours.
FY 2025: 1,345 AAG hours (25 + 1,200 + 120) and 40 PL hours.
FY 2026: 120 AAG hours and 40 PL hours, and each FY thereafter.

GCE total FTE workload for non-Seattle rates:

FY 2024: \$1,372,000 for 4.64 AAG, 2.32 LA, and 1.54 PL.
FY 2025: \$194,000 for 0.75 AAG, 0.38 LA, and 0.02 PL.
FY 2026: \$19,000 for 0.07 AAG, 0.04 LA, and 0.02 PL and each FY thereafter.

Assumptions for the AGO Licensing & Administrative Law Division (LAL) legal services for the 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 advice on implementation and rulemaking in FY 2023. Since legal assistance is nominal, costs are not included in this request in FY 2023.

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

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

LAL assumes to defend multiple actions challenging the implementation of this request legislation as well as related challenges stemming from changes in statutes and rules. Based on these assumptions, LAL projects the following impact, which may be revised upward:

FY 2024: 500 AAG hours and 300 PL hours.
FY 2025: 500 AAG hours and 300 PL hours.
FY 2026: 100 AAG hours and 25 PL hours.
FY 2027: Minimal impact and each FY thereafter

Based on section 2(1)(c), LCB projects that 52 new cannabis retailer licenses would be created and available for application in FY 2024. Additionally, 100 new producer licenses, and 100 new processor licenses, will be available.

LAL advises LCB on final orders of administrative regulatory actions. LCB assumes that approximately 2,000 potential licensees will apply for the available retail licenses during FY 2024 application window, and of that number, 200 license applicants will appeal the denial of the application for a license each year.

LCB estimates 200 licensing litigation actions beginning in FY 2024. Of those, LAL assumes 60 actions will resolve by default. With the exception of litigation actions that resolve by default, each of these licensing and enforcement actions will require 10 AAG hours to advise LCB. Cases that resolve by default will require one hour of AAG time to review and advise LCB.

LCB assumes limited, if any appeals, of producer / processor license applications. These application appeals are likely to continue into FY 2025 before final resolution at the administrative stage.

Starting in FY 2024, the number of licensed cannabis retailers will rise by at least 52, while the number of producer / processors will increase by approximately 200. Based on this increase, LCB and GCE estimate four new enforcement litigation cases each year beginning FY 2025, based on current enforcement rates.

Based on LCB and GCE's estimated total number of actions, LAL assumes the following minimum impacts on its final order work:

FY 2024: 1,460 AAG hours (60 x 1) + (140 x 10)
FY 2025: 40 AAG hours (4 x 10) and each FY thereafter.

LAL understands that LCB projects will likely provide multiple licensing windows. For example, opportunities to apply for retail cannabis licenses during the period of this legislation, although the number and timing of those licensing windows and the number of new applications available during those windows would be contingent on numerous factors. If LCB opens additional licensing windows in the future, LAL assumes that each licensing window would result in a significant, although indeterminate, legal services impact.

As a result of this legislative proposal, LAL assumes a total workload increase for advice, litigation, and final orders as follows:

FY 2024: 2,260 AAG (300 + 500 + 1,460) and 300 PL hours.
FY 2025: 690 AAG (150 + 500 + 40) and 300 PL.
FY 2026: 215 AAG (75 + 100 + 40) and 25 PL.
FY 2027: 115 AAG (75 + 40) and each FY thereafter.

LAL total FTE workload impact for Seattle rates:

FY 2024: \$360,000 for 1.26 AAG, 0.63 LA and 0.17 PL.
FY 2025: \$122,000 for 0.38 AAG, 0.19 LA, and 0.17 PL.
FY 2026: \$33,000 for 0.12 AAG, 0.06 LA and 0.01 PL.
FY 2027: \$15,000 for 0.06 AAG and 0.03 LA, and each FY thereafter.

GCE and LAL total FTE workload impact for Seattle and non-Seattle rates:

FY 2024: \$1,732,000 for 5.90 AAG, 2.95 LA, and 1.71 PL.
FY 2025: \$316,000 for 1.13 AAG, 0.57 LA, and 0.19 PL.
FY 2026: \$52,000 for 0.19 AAG, 0.10 LA, and 0.03 PL.
FY 2027: \$34,000 for 0.13 AAG, 0.07 LA, 0.02 PL, and 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 Revolving Account	State	1,732,000	316,000	2,048,000	86,000	68,000
Total \$			1,732,000	316,000	2,048,000	86,000	68,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	12.0	2.2	7.1	0.3	0.2
A-Salaries and Wages	1,137,000	209,000	1,346,000	58,000	46,000
B-Employee Benefits	375,000	68,000	443,000	18,000	14,000
E-Goods and Other Services	208,000	37,000	245,000	10,000	8,000
G-Travel	12,000	2,000	14,000		
Total \$	1,732,000	316,000	2,048,000	86,000	68,000

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	0.8	2.7	0.1	0.1
Assistant Attorney General-Seattle	124,635	1.3	0.4	0.8	0.1	0.1
Legal Assistant 3	55,872	2.3	0.4	1.4	0.0	0.0
Legal Assistant 3-Seattle	67,044	0.6	0.2	0.4	0.1	0.0
Management Analyst 5	91,524	1.5	0.3	0.9	0.0	0.0
Paralegal 2	71,520	1.5	0.0	0.8	0.0	0.0
Paralegal 2-Seattle	75,096	0.2	0.2	0.2	0.0	
Total FTEs		12.0	2.2	7.1	0.3	0.2

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	194,000	1,566,000	38,000	38,000
Licensing & Administrative Law Division (LAL)	360,000	122,000	482,000	48,000	30,000
Total \$	1,732,000	316,000	2,048,000	86,000	68,000

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

Revised

Bill Number: 5080 S SB	Title: Cannabis social equity	Agency: 110-Office of Administrative Hearings
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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
Administrative Hearings Revolving Account-State 484-1	232,000		232,000		
Total \$	232,000		232,000		

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.6	0.0	0.8	0.0	0.0
Account					
Administrative Hearings Revolving Account-State 484-1	232,000	0	232,000	0	0
Total \$	232,000	0	232,000	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.

Legislative Contact: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 01/31/2023
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 02/06/2023
Agency Approval: Deborah Feinstein	Phone: 360-407-2717	Date: 02/06/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/06/2023

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 still amends RCW 69.50.331 to allow cannabis licensees, beginning January 1, 2024, to submit social equity plans, and receive a one-time reimbursement of their annual license renewal fee in most cases.

Section 2 further amends RCW 69.50.335 to allow the Liquor & Cannabis Board (LCB) to begin issuing or reissuing up to 100 cannabis producer and Processor licenses that were previously revoked, forfeited, or cancelled. It also allows LCB to issue up to 52 cannabis retailer licenses beginning January 1, 2024, through July 1, 2032, for the Social Equity Program.

Unlike SB 5080, which gave full discretion to LCB, SSB 5080 requires legislation in order to further increase the number of retailer licenses for the Social Equity Program. As in SB 5080, social equity licensees cannot move from city, town, or county where they were initially licensed.

Work activities associated with the enactment of this bill will begin on July 1, 2023.

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.

As a central service agency, the Office of Administrative Hearings (OAH) bills referring agencies for its costs and collects the revenue into the Administrative Hearings Revolving Account. Cash receipts are assumed to equal costs. OAH will bill the Liquor & Cannabis Board for the costs related to this proposed legislation.

These cash receipts represent the OAH's authority to bill and are not a direct appropriation to OAH. Appropriation authority is necessary in OAH's budget.

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.

The Attorney General's Office estimates that the proposed legislation will result in 80 new hearings being referred to the Office of Administrative Hearings (OAH) in FY 2024. On average, each appeal is expected to take approximately 14 hours of line Administrative Law Judge (ALJ) time including prehearing conferences, hearings, order writings, etc.

OAH Agency Workforce Assumptions:

- (1) The Governors proposed COLA increases in FY2024 and FY2025, and Collective Bargaining Agreement increases are not included in agency cost projections. Additional funding is required if these proposals are enacted.
- (2) Ratio of 1.0 FTE line ALJ to 0.15 Senior ALJ (SALJ), to 0.6 Legal Assistant 2 (LA2) (Range 40 step L), to 0.25 administrative support Management Analyst 5 (MA5) (Range 64 Step L).
- (3) ALJ salary is based on the ALJ collective bargaining agreement and assumed to be at step L. (Line ALJ-range 70. Senior ALJ-range 74.)
- (4) Benefit rates were analyzed by job class and projected using the latest benefit information available.
- (5) Goods and services, travel and on-going capital outlays were projected based on historical data for each of the job classifications.

Total workload impact in FY 2024: 0.8 ALJ at a cost of \$132,958; 0.12 SALJ at a cost of \$21,504; 0.48 LA2 at a cost of \$47,957; and 0.2 MA5 at a cost of \$29,646. Total cost rounded to \$232,000 per FY.

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

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
484-1	Administrative Hearings Revolving Account	State	232,000	0	232,000	0	0
Total \$			232,000	0	232,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.6		0.8		
A-Salaries and Wages	142,000		142,000		
B-Employee Benefits	47,000		47,000		
C-Professional Service Contracts					
E-Goods and Other Services	40,000		40,000		
G-Travel	1,000		1,000		
J-Capital Outlays	2,000		2,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	232,000	0	232,000	0	0

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 Law Judge	106,152	0.8		0.4		
Legal Assistant 2	50,592	0.5		0.2		
Management Analyst 5	91,524	0.2		0.1		
Senior Administrative Law Judge	117,168	0.1		0.1		
Total FTEs		1.6		0.8		0.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Regulatory & Education (REG)	232,000		232,000		
Total \$	232,000		232,000		

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 S SB	Title: Cannabis social equity	Agency: 147-Office of Minority and Women's Business Enterprises
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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: 01/31/2023
Agency Preparation: Paul Bitar	Phone: 360-407-8129	Date: 02/06/2023
Agency Approval: Paul Bitar	Phone: 360-407-8129	Date: 02/06/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/07/2023

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 would amend RCW 69.50.335 to allow for an additional 52 cannabis retailer licenses for social equity program retailers, which would include only those applicants that are socially and economically disadvantaged as defined by OMWBE.

This bill could lead to a small increase in applicants seeking certification by OMWBE. Accordingly, OMWBE anticipates that as much as 0.1 FTEs could spend time working on issues related to the social equity program. Additionally, OMWBE may perform some outreach to let businesses know more about this program, through website updates, and mass email distribution.

Given the small increase in workload associated with this bill, OMWBE does not expect that it will need to hire additional staff, so the bill will not have a fiscal impact.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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.

Individual State Agency Fiscal Note

Bill Number: 5080 S 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	5.0	6.1	5.6	5.7	5.7
Account					
Dedicated Cannabis Account-State 315-1	3,432,877	1,526,779	4,959,656	2,326,924	2,308,924
Total \$	3,432,877	1,526,779	4,959,656	2,326,924	2,308,924

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: 01/31/2023
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 02/07/2023
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 02/07/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/07/2023

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(1a): adds cannabis processor and producer licenses to the social equity program. The Board may not issue or reissue more than 100 cannabis producer licenses or 100 cannabis processor licenses under the social equity program.

Section 2(1b): the Board may, beginning January 1, 2023 and every three years until July 1, 2032, increase the number of licenses for the social equity program with the approval of the legislature through the passage of a bill. The request must be based on the the most recent census data and OFM annual population estimates.

Section 2(1c): In addition to the cannabis retailer licenses that may be issued under section (1a) [licenses previously forfeited, revoked, cancelled, or not issued by the Board], beginning January 1, 2024 and until July 1, 2032, the Board may issue up to 52 additional cannabis retailer licenses under the social equity program.

Section 2(1d): 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(1e): 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(2a): in order to be considered for a cannabis retailer, processor, or producer license under subsection 2(1), an applicant must submit required cannabis license materials to the Board. Existing law language referencing a social equity plan was deleted.

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. (iv) adds that a social equity applicant must be both a socially and economically disadvantaged individual as defined by the office of minority and women’s business enterprises (OMWBE) under chapter 39.19 RCW.

c) “Social equity goals” is redefined.

d) “Social equity plan” is redefined.

Section 2(7): adds language stating that except for the process detailed in subsection 2(1), the process for creating new cannabis retail licenses under this chapter remains unaltered.

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

CHANGES MADE BY THE SUBSTITUTE VERSION (included above):

Section 2(1a) adds cannabis processor and producer licenses to the social equity program. The Board may not issue or reissue more than 100 cannabis producer licenses or 100 cannabis processor licenses under the social equity program.

Section 2(1b) – Rather than the Board being able to in its sole discretion increase the number of cannabis retailer licenses for the social equity program, the Board may, beginning January 1, 2023 and every three years until July 1, 2032, increase the number of licenses for the social equity program with the approval of the legislature through the passage of a bill. The request must still be based on the the most recent census data and annual population estimates.

Section 2(1c) – In addition to the cannabis retailer licenses that may be issued under section (1a) [licenses previously forfeited, revoked, cancelled, or not issued by the Board], beginning January 1, 2024 and until July 1, 2032, the Board may issue up to 52 additional cannabis retailer licenses under the social equity program.

Section 2(1d) – all licenses issued under the social equity program may be located in any jurisdiction in the state that allows cannabis retail or cannabis processing business, regardless of whether a cannabis retailer or cannabis processor license was originally allocated to or issued in another jurisdiction.

Section (2(2a)- in order to be considered for a cannabis retailer, processor, or producer license under subsection 2(1), an applicant must submit required cannabis license materials to the Board. Existing law language referencing a social equity plan was deleted.

Section 2(6a) – redefines “Disproportionately impacted area.”

Section 2(6b)(iv) – adds that a social equity applicant must be both a socially and economically disadvantaged individual as defined by the office of minority and women’s business enterprises (OMWBE) under chapter 39.19 RCW.

Section 2(7) – adds language stating that except for the process detailed in subsection 2(1), the process for creating new cannabis retail licenses under this chapter remains unaltered.

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).

Note: the state does not derive any cannabis excise tax revenues from cannabis producer and processor licenses, so any

increase in those licenses would not affect tax revenues, and in fact could have a negative impact if competition between producers and processors makes product cheaper for the retailers.

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(1a): adds cannabis processor and producer licenses to the social equity program. The Board may not issue or reissue more than 100 cannabis producer licenses or 100 cannabis processor licenses under the social equity program.

Section 2(1c): In addition to the cannabis retailer licenses that may be issued under section (1a) [licenses previously forfeited, revoked, cancelled, or not issued by the Board], beginning January 1, 2024 and until July 1, 2032, the Board may issue up to 52 additional cannabis retailer licenses under the social equity program.

Based on these two sections, the Board anticipates receiving applications for the 100 cannabis producer, 100 cannabis processor, and 52 cannabis retailer licenses in FY24 (252 licenses total).

BOARD DIVISION:

The Washington State Liquor and Cannabis Board ("Board") is currently in the middle of a project to upgrade the agency's internal licensing and enforcement systems. The Licensing, Enforcement, Education, and Administrative Data Systems (LEEADS) is expected to go live July 1, 2024. There are change request costs associated with this legislation that will have to be submitted to the vendor. The estimated costs for these change requests is \$120,000 in FY24. Some examples of changes needed follow:

- A new license type for Cannabis Producer Issue based on Social Equity requirements (new privilege code)
- A report or count that could be pulled to verify number of licenses issued.
- A new license type for Cannabis Processor Issue based on Social Equity requirements (new privilege code)
- A report or count that could be pulled to verify number of licenses issued.

These changes will need to be made during the implementation of the project through project change controls.

Attorney General's Office costs:

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: \$316,000

FY26: \$52,000

FY27: \$34,000

FY28: \$34,000

FY29: \$34,000

Office of Administrative Hearings costs:

The Attorney General's Office estimates that the proposed legislation will result in 80 new hearings being referred to the Office of Administrative Hearings (OAH) in FY 2024. On average, each appeal is expected to take approximately 14 hours of line Administrative Law Judge (ALJ) time including prehearing conferences, hearings, order writings, etc.

FY24: \$232,000

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 additional staff to receive the applications, forward applications to the third-party contractor and withdraw applications that do not meet requirements.

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.

1.3 FTE Licensing Specialist Senior - \$109,537 in FY24 only to process the initial wave of applications (\$108,146 salary/benefits, \$1,391 in associated costs, \$1,725 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. \$750,000 in FY24 and \$500,000 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 and \$40,000 in FY24 to contract to gather and

analyze data needed for mapping.

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 1.1 FTE LCB Enforcement Officer (LEO2) and 1.1 FTE Cannabis Consultant (Regulatory Analyst 3) ongoing (1.5 FTE in FY25). These additional 252 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 SSB Cannabis social equity -Enforcement Field Increment Calculator.pdf" for details on the workload calculations.

FY25:

- 1.1 FTE LCB Enforcement Officer 2 - \$135,008/yr (\$117,562 salary/benefits, \$17,446 in associated costs). Onetime costs of \$26,395 for equipment purchases.
- 1.5 FTE Administrative Regulations Analyst 3 - \$166,094/yr (\$142,304 salary/benefits, \$23,790 in associated costs). Onetime costs of \$19,630 for equipment purchases.

FY26+:

- 1.1 FTE LCB Enforcement Officer 2 - \$135,008/yr (\$117,562 salary/benefits, \$17,446 in associated costs).
- 1.1 FTE Administrative Regulations Analyst 3 - \$121,802/yr (\$104,356 salary/benefits, \$17,446 in associated costs).

INFORMATION TECHNOLOGY DIVISION:

The agency will have one-time staff and contractor costs to implement the bill in FY24.

- 0.2 FTE IT App Development - Senior/Specialist - \$31,023/yr (\$30,809 salary/benefits, \$214 in associated costs).

ISeries vendor costs: \$150/hr x 80 hrs = \$12,000
 ArcGIS vendor costs: \$355/hr x 60 hrs = \$21,300

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	3,432,877	1,526,779	4,959,656	2,326,924	2,308,924
Total \$			3,432,877	1,526,779	4,959,656	2,326,924	2,308,924

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	5.0	6.1	5.6	5.7	5.7
A-Salaries and Wages	298,060	395,411	693,471	730,726	730,726
B-Employee Benefits	123,242	146,802	270,044	277,804	277,804
C-Professional Service Contracts	968,300	525,000	1,493,300	1,050,000	1,050,000
E-Goods and Other Services	2,011,115	392,726	2,403,841	195,274	177,274
G-Travel	10,570	43,586	54,156	70,244	70,244
J-Capital Outlays	21,590	23,254	44,844	2,876	2,876
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	3,432,877	1,526,779	4,959,656	2,326,924	2,308,924

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		1.5	0.8	1.1	1.1
Customer Service Specialist 3	50,592	2.5	2.5	2.5	2.5	2.5
IT App Development - Senior/Specialist	118,716	0.2		0.1		
LCB Enforcement Officer 2	77,028		1.1	0.6	1.1	1.1
Licensing Specialist Senior	58,704	1.3		0.7		
Revenue Auditor 2	71,520	1.0	1.0	1.0	1.0	1.0
Total FTEs		5.0	6.1	5.6	5.7	5.7

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Board Division (010)	2,084,000	316,000	2,400,000	86,000	68,000
Finance Division (020)	114,024	112,699	226,723	225,398	225,398
Licensing Division (050)	1,170,530	750,953	1,921,483	1,501,906	1,501,906
Enforcement Division (060)		347,127	347,127	513,620	513,620
Information Technology Division (070)	64,323		64,323		
Total \$	3,432,877	1,526,779	4,959,656	2,326,924	2,308,924

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 SSB "Cannabis Social Equity"

Year 1

	Number of events	Time Factor	Staffing Factor	FI Total	Officer	Consultant
Cannabis Retail Premises Check	52	5	1.3	338	112	223
Cannabis Retailer Compliance Check	104	2	2	416	416	
License Support and Education	252	10	1.3	3276		3276
Complaint Investigations Cannabis	75	20	1.3	1950	1463	488
Consultant Visits	252	9	1	2268		2268
Producer/Processors Premises Check	200	10	1.3	2600	2600	

Total FI's	10,848	4,590	6,255
Total Field Increments per FTE	4,220	4,220	4,220
FTE's required	2.57	1.09	1.48
Round	2.60	1.10	1.50

Factors

Number of Retail locations	52
Number of Producers and Processors	200
Cannabis Retail Premises Check	52
Cannabis Retailer Compliance Check	2
License Support and Education	100%
Complaint Investigations Cannabis	75
Consultant Visits	1 annual
Producer/Processors Premises Check	200

Year 2+

	Number of events	Time Factor	Staffing Factor	FI Total	Officer	Consultant
Cannabis Retail Premises Check	52	5	1.3	338	112	223
Cannabis Retailer Compliance Check	104	2	2	416	416	
License Support and Education	126	10	1.3	1638		1638
Complaint Investigations Cannabis	75	20	1.3	1950	1463	488
Consultant Visits	252	9	1	2268		2268
Producer/Processors Premises Check	200	10	1.3	2600	2600	

Total FI's	9,210	4,590	4,617
Total Field Increments per FTE	4,220	4,220	4,220
FTE's required	2.18	1.09	1.09
Round	2.20	1.10	1.10

Factors

Number of Retail locations	52
Number of Producers and Processors	200
Cannabis Retail Premises Check	52
Cannabis Retailer Compliance Check	2
License Support and Education	50%
Complaint Investigations Cannabis	75
Consultant Visits	1 annual
Producer/Processors Premises Check	200