

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1388 HB	<b>Title:</b> Residential rent practices
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## Estimated Cash Receipts

NONE

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of Attorney General	13.0	3,878,000	3,878,000	3,878,000	9.8	2,917,000	2,917,000	2,917,000	6.5	1,976,000	1,976,000	1,976,000
Department of Commerce	.1	29,486	29,486	29,486	.1	29,954	29,954	29,954	.1	29,954	29,954	29,954
<b>Total \$</b>	<b>13.1</b>	<b>3,907,486</b>	<b>3,907,486</b>	<b>3,907,486</b>	<b>9.9</b>	<b>2,946,954</b>	<b>2,946,954</b>	<b>2,946,954</b>	<b>6.6</b>	<b>2,005,954</b>	<b>2,005,954</b>	<b>2,005,954</b>

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Gwen Stamey, OFM	<b>Phone:</b> (360) 790-1166	<b>Date Published:</b> Final 2/10/2023
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# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 1388 HB	<b>Title:</b> Residential rent practices	<b>Agency:</b> 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	13.0	13.0	13.0	9.8	6.5
<b>Account</b>					
General Fund-State 001-1	1,949,000	1,929,000	3,878,000	2,917,000	1,976,000
<b>Total \$</b>	1,949,000	1,929,000	3,878,000	2,917,000	1,976,000

### 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: 01/20/2023
Agency Preparation: Chad Standifer	Phone: 3605863650	Date: 02/10/2023
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/10/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/10/2023

## 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: Adding a new section to RCW 59.18 (Residential Landlord-Tenant Act). Prohibits landlords from engaging in certain predatory practices as defined in the section. Makes the prohibited practices not applicable under certain conditions. Authorizes the Attorney General's Office (AGO) to investigate predatory practices pursuant to RCW 19.86.110. Authorizes the AGO to issue a cease and desist letter and initiate a superior court action, and authorizes the court to impose injunctive relief and a civil penalty of up to \$10,000 per violation of a cease and desist letter, plus costs and attorneys' fees. Authorizes a civil penalty of up to \$25,000 per violation. Authorizes a cause of action for tenants. Other miscellaneous provisions. Requires the AGO to produce translation by January 1, 2024.

Section 2: Adding a new section to RCW 59.18. Requires the Department of Commerce (COM) to calculate the maximum annual rent increase percentage allowed, to publish that information in a press release, and maintain that information on its website.

Section 3: Adding a new section to RCW 59.18. Provides that a violation of this chapter is an unfair or deceptive act and an unfair method of competition under the Consumer Protection Act, RCW 19.86, and that any violation of this chapter is a violation of RCW 19.86.020.

Section 4: Adding a new section to RCW 59.20 (Manufactured/Mobile Home Landlord-Tenant Act). Prohibits landlords from engaging in certain predatory practices as defined in the section. Makes the prohibited practices not applicable under certain conditions. Authorizes the AGO to investigate predatory practices pursuant to RCW 19.86.110. Authorizes the AGO to issue a cease and desist letter and initiate a superior court action, and authorizes the court to impose injunctive relief and a civil penalty of up to \$10,000 per violation of a cease and desist letter, plus costs and attorneys' fees. Authorizes a civil penalty of up to \$25,000 per violation. Authorizes a cause of action for tenants. Other miscellaneous provisions. Requires the AGO to produce translation by January 1, 2024.

Section 5: Adding a new section to RCW 59.20. Provides that a violation of this chapter is an unfair or deceptive act and an unfair method of competition under the Consumer Protection Act, RCW 19.86, and that any violation of this chapter is a violation of RCW 19.86.020.

Section 6: Providing an immediate effective date.

### 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.*

AGO Consumer Protection (CPR) Division and Administrative (ADM) Division 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:

This bill has an emergency clause and is assumed to be effective immediately.

Location of staffing housed is assumed to be in 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.

1. The AGO AHD 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. This assumes that AGO Consumer Protection (CPR) Division would investigate predatory practices, issue cease and desist orders, pursue injunctive relief, and civil penalties of Consumer Protection Act (CPA) violations.

2. The AGO CPR Division has reviewed this bill and determined the following impact related to the enactment of this bill

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. CPR focus is on representations and failures to disclose terms and conditions.

CPR assumes that enforcement to ensure compliance with this bill will be a priority for the AGO during the first three years after enactment. CPR assumes that litigation will be necessary to ensure industry compliance and that industry compliance will increase as a result of litigation enforcement efforts.

CPR assumes that the predatory lending practice section will remain without a private right of action under the CPA, so that the AGO is primarily tasked with enforcement. CPR also assumes that the complaint volume for all rental increases will be a multiple of the current complaint volume related to mobile homes rent increases where the AGO has some existing authority.

This bill will require CPR to provide AAGs to investigate potential violations, draw conclusions from investigations, draft cease and desist letters, monitor compliance, draft Civil Investigative Demand (CID)/discovery request, engage in settlement negotiations, file lawsuits if necessary, and litigate those suits. CPR will need Paralegals (PL) to manage documents, draft CID/discovery requests and manage responses, assist with legal pleadings and research. CPR Investigators will interview witnesses, review investigative records, and perform other investigative tasks as assigned. CPR Program Specialists (PS) will be tasked with complaint intake, reviewing and processing complaints, answering phone calls, and responding/coordinating constituent correspondence responses.

CPR assumes annual direct litigation costs of \$125,000 in FY 2024, 2025, and 2026. These direct litigation costs will include expert costs of \$80,000; depositions to aid in enforcement (\$3,000 each. estimated 4 depositions) \$12,000; travel expenses for depositions and witness interviews \$3,000; e-document management costs \$30,000.

CPR assumes annual direct litigation costs of \$85,000 in FY 2027 and each following year. These direct litigation costs will include expert costs of \$60,000; depositions to aid in enforcement (\$3,000 each. estimated 2 depositions) \$8,000; travel expenses for depositions and witness interviews \$2,000; e-document management costs of \$15,000.

CPR total FTE workload impact for Seattle rates:

FY 2024: \$1,929,000 for 4.00 AAG, 2.00 PL, 2.00 Investigators, 2.00 LA, 2.00 PS. this includes direct litigation costs of \$125,000

FY 2025: \$1,929,000 for 4.00 AAG, 2.00 PL, 2.00 Investigators, 2.00 LA, 2.00 PS. this includes direct litigation costs of

\$125,000

FY 2026: \$1,929,000 for 4.00 AAG, 2.00 PL, 2.00 Investigators, 2.00 LA, 2.00 PS. this includes direct litigation costs of \$125,000.

FY 2027: \$988,000 for 2.00 AAG, 1.00 PL, 1.00 Investigators, 1.00 LA, 1.00 PS, this includes direct litigation costs of \$85,000, and in each FY thereafter.

3. The AGO's Administrative Division (ADM) has reviewed this bill and determined the following impact related to the enactment of this bill:

ADM assumes the enactment of this bill will require direct cost related to the language translations for this act of \$20,000 in FY 2024. Per Section 1 and 4 of this bill, the translation must be published by January 1, 2024 in the top 10 spoken languages in Washington State. At the discretion of AGO, other languages may be added. A translation must be made available upon request in printed form on letter size paper, eight and one-half by 11 inches, and in an easily readable font size.

ADM direct cost assumption related to language translation:

FY 2024: \$20,000.

### 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	1,949,000	1,929,000	3,878,000	2,917,000	1,976,000
<b>Total \$</b>			1,949,000	1,929,000	3,878,000	2,917,000	1,976,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	13.0	13.0	13.0	9.8	6.5
A-Salaries and Wages	1,178,000	1,178,000	2,356,000	1,767,000	1,178,000
B-Employee Benefits	392,000	392,000	784,000	588,000	392,000
C-Professional Service Contracts	80,000	80,000	160,000	140,000	120,000
E-Goods and Other Services	283,000	263,000	546,000	397,000	268,000
G-Travel	16,000	16,000	32,000	25,000	18,000
<b>Total \$</b>	1,949,000	1,929,000	3,878,000	2,917,000	1,976,000

#### 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	3.0	2.0
Legal Assistant 3-Seattle	67,044	2.0	2.0	2.0	1.5	1.0
Management Analyst 5	91,524	1.0	1.0	1.0	0.8	0.5
Paralegal 2-Seattle	75,096	2.0	2.0	2.0	1.5	1.0
Program Specialist	53,100	2.0	2.0	2.0	1.5	1.0
Senior Investigator-Seattle	98,532	2.0	2.0	2.0	1.5	1.0
<b>Total FTEs</b>		13.0	13.0	13.0	9.8	6.5

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

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Headquarters Administration Division GFS (ADM)	20,000		20,000		
Consumer Protection Division (CPR)	1,929,000	1,929,000	3,858,000	2,917,000	1,976,000
<b>Total \$</b>	1,949,000	1,929,000	3,878,000	2,917,000	1,976,000

## **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

<b>Bill Number:</b> 1388 HB	<b>Title:</b> Residential rent practices	<b>Agency:</b> 103-Department of Commerce
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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	0.1	0.1	0.1	0.1	0.1
<b>Account</b>					
General Fund-State 001-1	14,509	14,977	29,486	29,954	29,954
<b>Total \$</b>	14,509	14,977	29,486	29,954	29,954

### 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: 01/20/2023
Agency Preparation: Oliver Crain	Phone: 206-454-2200	Date: 01/25/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 01/25/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/25/2023

## 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 act amends the Residential Landlord Tenant Act (RLTA) (59.18 RCW) and the Manufactured/Mobile Home Landlord Tenant Act (59.20 RCW)

Section 1- Amends the RLTA by prohibiting landlords from engaging in predatory practices such as: charging excessive rent not justified by the costs of maintaining the unit, charging rents that are substantially likely to force the household to relocate, or charging rents as a means to violate other tenant protections provided for in the bill or by other statutes, rules, or regulations. There are exemptions listed in subsection 2.

The section empowers the Attorney General (AG) to investigate, enforce, file civil action, and seek fines and penalties against landlords who violate the protections in this bill. Second, it provides tenants with a cause of action to file suit for compensation for rents and other fees in excess of amounts permitted by this section, along with other costs associated with the filing and punitive damages. Third, tenants may invoke predatory practices as a defense in an unlawful detainer action. Finally, this section protects the credit reports of tenants who have experienced predatory landlord practices from adverse reports by the landlord in question.

The AG is charged with publicly disseminating knowledge of this section via web page or print.

Section 2- The department of commerce (department) will calculate the maximum annual rent increase percentage allowed under Section 1 and Section 4 of the bill annually in September and publish it by September 30th each year. The department would maintain publicly available information on its website about the maximum annual rent increase for the past year, the current year, and, on or after September 30, for the following calendar year. The department shall distribute that information annually by publishing a press release.

Section 4- This section applies the language from Section 1 to the Manufactured/Mobile Home Landlord Tenant Act (59.20 RCW).

### 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.

### 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.*

Section 2- Assigns the department the role of preparing an annual maximum rent increase percentage using data from that year's Consumer Point Index (CPI-U) report issued by the US Department of Labor. The department would also maintain a website where it publishes that rent increase percentage each year by September 30. The department would then publish a press release notifying the public of the updated information.

The department estimates the following would be needed:

0.1 Management Analyst 3 to collect the data, verify it, perform the calculation, prepare a press release, publish the press release, update the website, and handle miscellaneous work related to this provision.



Cost Narrative

0.1 FTE Management Analyst 3 (209 hours) FY24-FY29: To collect the data, verify it, perform the calculation, prepare a press release, publish the press release, update the website, and handle miscellaneous work related to this provision.

Salaries and Benefits:

FY24: \$10,197

FY25-FY29: \$10,549 per year

Goods and Other Services:

FY24-29: \$957 per year

Intra-agency Reimbursements:

FY24: \$3,355

FY25-FY29: \$3,471 per year

Note: Standard goods and services costs include supplies and materials, employee development and training. Attorney General costs, and agency administration. Intra-agency administration Reimbursement-Agency administrations costs (e.g., payroll, HR, IT are funded under a federally approved cost allocation plan.

Summary of Total Costs:

FY24: \$14,509

FY25-FY29: \$14,977 per year

**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	14,509	14,977	29,486	29,954	29,954
<b>Total \$</b>			14,509	14,977	29,486	29,954	29,954

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
A-Salaries and Wages	7,438	7,661	15,099	15,322	15,322
B-Employee Benefits	2,759	2,888	5,647	5,776	5,776
C-Professional Service Contracts					
E-Goods and Other Services	957	957	1,914	1,914	1,914
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	3,355	3,471	6,826	6,942	6,942
9-					
<b>Total \$</b>	14,509	14,977	29,486	29,954	29,954

**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 Services-Indirect	111,168	0.0	0.0	0.0	0.0	0.0
Management Analyst 3	74,381	0.1	0.1	0.1	0.1	0.1
<b>Total FTEs</b>		0.1	0.1	0.1	0.1	0.1

**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

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.*