

Individual State Agency Fiscal Note

Revised

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|-----------------------------|--|---|
| Bill Number: 1778 HB | Title: Economic resilience planning | Agency: 103-Department of Commerce |
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Part I: Estimates

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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 | 4.6 | 4.6 | 4.6 | 4.6 | 4.6 |
| Account | | | | | |
| General Fund-State 001-1 | 1,848,300 | 1,847,434 | 3,695,734 | 3,694,868 | 3,704,468 |
| Total \$ | 1,848,300 | 1,847,434 | 3,695,734 | 3,694,868 | 3,704,468 |

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:

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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.

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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).

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Capital budget impact, complete Part IV.

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Requires new rule making, complete Part V.

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|------------------------------------|-----------------------|------------------|
| Legislative Contact: Emily Poole | Phone: 360-786-7106 | Date: 02/06/2023 |
| Agency Preparation: Karen McArthur | Phone: 360-725-4027 | Date: 02/12/2023 |
| Agency Approval: Jason Davidson | Phone: 360-725-5080 | Date: 02/12/2023 |
| OFM Review: Gwen Stamey | Phone: (360) 790-1166 | Date: 02/13/2023 |

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 2 a new section added to 43.330 RCW directs the Department of Commerce (department) to report with recommendations to the legislature by July 1, 2024, on the anticipated economic impacts in Washington state in the event of a major disruption to trade.

Section 3 amends 43.330.060 RCW adds the department shall prioritize diversifying foreign export destinations and eliminate economic dependence on any particular foreign market.

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.

A diversified and expanded global Washington and eliminating economic dependence on any particular foreign market will require the department to set up additional presence in key territories and strengthen its existing offices. A continuous 12-month approach will allow in-country representatives to maintain and reinforce relationships with potential investors who may consider Washington state for their next location. An expanded representation in key territories is essential to help Washington new and current exporters enter or expand into foreign markets and connect companies with potential buyers/partners/distributors.

To complete this work the department estimates the following will be needed.

1.0 FTE Commerce Specialist 4 (2,088 hours) to provide business outreach, site selection support, and state promotion to businesses, site selection consultants, and foreign representatives to increase or preserve business investments.

1.0 FTE Commerce Specialist 3 (2,088 hours) to provide technical assistance and advisory, including export readiness assessment, outreach to rural and underserved communities, 1:1 counseling sessions and management of Commerce’s foreign representatives (contracts and scope of work).

1.0 FTE Commerce Specialist 2 (2,088 hours) to coordinate marketing and promotion of program and services, collect data for legislative report, assist with lead follow-up, and trade show logistics.

1.0 FTE Administrative Assistant 3 (2,088 hours) to provide administrative support and procedural guidance to the unit including scheduling, editing documents, travel arrangements, responding to clients, and expenditure tracking.

Salaries and Benefits:
FY24: \$418,234
FY25-FY29: \$432,614 each fiscal year

Professional Service Contracts
New or enhanced foreign contracts in Japan, Taiwan, South Korea, Europe (UK, France, Germany, Eastern and Nordic countries), Canada, Mexico, Spain as well as such emerging markets as Southeast Asia, Latin America, India, Australia/New Zealand and Middle East. These contracts would cover both trade and business development activities on a

yearly basis.
FY24-FY29 \$1,150,000 per fiscal year

Goods and Services:
FY24: \$22,467
FY25-FY29: \$82,490 each fiscal year

Travel:
Travel includes five international trips for two FTEs per year for stakeholder outreach and collaboration.
FY24-FY29: \$40,000 per fiscal year

Equipment:
In addition to the standard goods and services estimates, the department assumes the purchase of standard workstations for the new staff in FY24 and the purchase of replacement laptops/tablets in FY28 based on the department’s replacement cycle.
FY24: \$20,000
FY28: \$9,600

Intra-Agency Reimbursements:
FY24: \$137,599
FY25-29: \$143,330 each fiscal year

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

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Total Costs:
FY24: \$1,848,300
FY25-27: \$1,847,434 each fiscal year
FY28: \$1,857,034
FY29: \$1,847,434

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 | 1,848,300 | 1,847,434 | 3,695,734 | 3,694,868 | 3,704,468 |
| Total \$ | | | 1,848,300 | 1,847,434 | 3,695,734 | 3,694,868 | 3,704,468 |

III. B - Expenditures by Object Or Purpose

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|
| FTE Staff Years | 4.6 | 4.6 | 4.6 | 4.6 | 4.6 |
| A-Salaries and Wages | 306,268 | 315,456 | 621,724 | 630,912 | 630,912 |
| B-Employee Benefits | 111,966 | 117,158 | 229,124 | 234,316 | 234,316 |
| C-Professional Service Contracts | 1,150,000 | 1,150,000 | 2,300,000 | 2,300,000 | 2,300,000 |
| E-Goods and Other Services | 82,467 | 82,490 | 164,957 | 164,980 | 164,980 |
| G-Travel | 40,000 | 40,000 | 80,000 | 80,000 | 80,000 |
| J-Capital Outlays | 20,000 | | 20,000 | | 9,600 |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | 137,599 | 142,330 | 279,929 | 284,660 | 284,660 |
| 9- | | | | | |
| Total \$ | 1,848,300 | 1,847,434 | 3,695,734 | 3,694,868 | 3,704,468 |

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 Assistant 3 | 55,247 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Administrative Services - Indirect | 111,168 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| Commerce Specialist 2 | 74,339 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Commerce Specialist 3 | 86,159 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Commerce Specialist 4 | 90,523 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Total FTEs | | 4.6 | 4.6 | 4.6 | 4.6 | 4.6 |

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.