

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5541 SB	<b>Title:</b> Supply chain transparency
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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	.0	0	0	0	.9	386,000	386,000	386,000	.3	143,000	143,000	143,000
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	0.9	386,000	386,000	386,000	0.3	143,000	143,000	143,000

## 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 Revenue	.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

<b>Prepared by:</b> Cheri Keller, OFM	<b>Phone:</b> (360) 584-2207	<b>Date Published:</b> Revised 2/14/2023
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# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 5541 SB	<b>Title:</b> Supply chain transparency	<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	0.0	0.0	0.0	0.9	0.3
<b>Account</b>					
General Fund-State 001-1	0	0	0	386,000	143,000
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>386,000</b>	<b>143,000</b>

### 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: Susan Jones	Phone: 360-786-7404	Date: 01/28/2023
Agency Preparation: Cam Comfort	Phone: (360) 664-9429	Date: 02/13/2023
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/13/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/14/2023

## 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: States legislative findings.

Section 3: Requires every seller and manufacturer doing business in Washington with annual gross receipts exceeding a threshold to post on its website its efforts to eradicate human trafficking from its direct supply chain for tangible goods offered for sale. The exclusive remedy for a violation of this requirement is an action brought by the Attorney General's Office (AGO) for injunctive relief.

Section 4: Requires the Department of Revenue to annually submit a list of noncompliant sellers and manufacturers to the AGO and Legislature beginning November 30, 2025.

Section 5: Provides an effective date of January 1, 2025.

### 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.*

Attorney General's Office (AGO) Complex Litigation (COM) 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:

Location of staffing is assumed to be in a non-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. The Management Analyst 5 (MA) is used as a representative classification. An example ratio is 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 an MA.

The AGO Complex Litigation (COM) Division activities are funded with General Fund-State dollars. There is no appropriate client agency to bill for legal services.

COM assumes that there will be a need for a number of enforcement actions in the initial years to foster compliance. There will be greater compliance by sellers and manufacturers as more become aware of obligations several years after the statute is passed, which will lessen the need for litigation.

COM assumes that there will be relatively direct enforcement cases without the need for experts and will have modest document discovery costs.

COM's total FTE workload impact for non-Seattle rate:

FY 2026: \$124,000 for 0.33 AAG, 0.17 LA and 0.33 Paralegal FTE (PL).  
 FY 2027: \$112,000 for 0.30 AAG, 0.15 LA and 0.30 PL.  
 FY 2028: \$55,000 for 0.15 AAG, 0.08 LA and 0.15 PL.  
 FY 2029: \$18,000 for 0.05 AAG, 0.03 LA, and 0.05 PL and each FY thereafter.

COM assumes the following direct costs related to filing fees and litigation costs for discovery:

FY 2026: \$75,000.  
 FY 2027: \$75,000.  
 FY 2028: \$40,000.  
 FY 2029: \$30,000 and each FY thereafter.

COM's total FTE and direct costs workload impact for non-Seattle rates:

FY 2026: \$199,000 for 0.33 AAG, 0.17 LA, 0.33 PL, and direct litigation costs of \$75,000.  
 FY 2027: \$187,000 for 0.30 AAG, 0.15 LA, 0.30 PL, and direct litigation costs of \$75,000.  
 FY 2028: \$95,000 for 0.15 AAG, 0.08 LA, 0.15 PL, and direct litigation costs of \$40,000.  
 FY 2029: \$48,000 for 0.05 AAG, 0.03 LA, 0.05 PL, and direct litigation costs of \$30,000 and each FY thereafter.

The AGO Revenue and Finance Division has reviewed this bill and determined it will not significantly increase or decrease the division's workload in representing DOR. 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
001-1	General Fund	State	0	0	0	386,000	143,000
<b>Total \$</b>			0	0	0	386,000	143,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years				0.9	0.3
A-Salaries and Wages				152,000	48,000
B-Employee Benefits				52,000	16,000
C-Professional Service Contracts				150,000	70,000
E-Goods and Other Services				30,000	9,000
G-Travel				2,000	
<b>Total \$</b>	0	0	0	386,000	143,000

#### 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				0.3	0.1
Legal Assistant 3	55,872				0.2	0.1
Management Analyst 5	91,524				0.1	0.0
Paralegal 2	71,520				0.3	0.1
<b>Total FTEs</b>					0.9	0.3

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

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Complex Litigation Division GFS (COM)				386,000	143,000
<b>Total \$</b>				386,000	143,000

## **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.*

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 5541 SB	<b>Title:</b> Supply chain transparency	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated 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: Susan Jones	Phone: 60-786-7404	Date: 01/28/2023
Agency Preparation: Van Huynh	Phone: 60-534-1512	Date: 02/14/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/14/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/14/2023

Request # 5541-1-2

## 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.*

#### CURRENT LAW:

There is no requirement of businesses to disclose information on its efforts to eradicate human trafficking and forced labor from its supply chain for tangible goods offered for sale.

#### PROPOSAL:

This bill provides that every seller and manufacturer doing business in Washington with annual worldwide gross receipts of \$75 million or more must disclose its efforts to eradicate human trafficking and forced labor from its direct supply chain for tangible goods offered for sale.

The disclosure required must, at a minimum, disclose to what extent, if any, the seller or manufacturer does each of the following:

- Engages in verification of product supply chains to evaluate and address risks of human trafficking and forced labor. The disclosure must specify which tiers of suppliers have been verified if the verification was not conducted by a third party;
- Conducts third-party assessments of suppliers to evaluate supplier compliance with seller's or manufacturer's standards for human trafficking and forced labor in supply chains. The disclosure must specify if the verification was not an independent, unannounced audit;
- Requires direct suppliers to certify that materials incorporated into the product comply with the laws regarding human trafficking and forced labor of the country or countries in which the direct suppliers are doing business;
- Maintains internal accountability standards, a supplier code of conduct, and procedures for employees or contractors failing to meet a seller's or manufacturer's standards regarding human trafficking and forced labor in its direct supply chain; and
- Provides seller's or manufacturer's employees and management, who have direct responsibility for supply chain management, training on human trafficking and forced labor, particularly with respect to mitigating risks within the supply chains of products.

The disclosure elements above will be posted on the seller's or manufacturer's website with a conspicuous and easily understood link to the required information placed on the seller's or manufacturer's homepage. If the seller or manufacturer does not have a website, the seller or manufacturer must provide consumers with a written disclosure within 30 days of receiving a written request for the disclosure from a consumer.

The remedy for a violation of the requirement above will be an action brought by the attorney general for injunctive relief.

The bill states that by November 30, 2025, and by November 30th each year thereafter, the Department of Revenue must submit to the attorney general and legislature a list of noncompliant sellers and manufacturers required to disclose the information above.

#### EFFECTIVE DATE:

This bill takes effect on January 1, 2025.

### 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.*

This bill does not impact taxes or fees administered by the Department of Revenue (department).

## 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 department is unable to administer this legislation as its staff do not possess the requisite experience, knowledge, and data to perform the analysis required.

- The excise tax return data that the department possesses does not contain worldwide gross receipts. Taxpayers are only required to report gross receipts in Washington. However, even if this was a field of information available from the excise tax return, returns and tax information are confidential and may not be disclosed. Simply placing a taxpayer on such a list would be a disclosure of confidential tax information.
- Staff at the department do not have the expertise and knowledge to verify if businesses have met the disclosure requirements outlined in this legislation.

## Part III: Expenditure Detail

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

NONE

**III. B - Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. C - 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

## Part V: New Rule Making Required