

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5259 S SB	<b>Title:</b> Product theft
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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
Department of Revenue	(9,800,000)	(9,800,000)	(9,800,000)	(16,800,000)	(16,800,000)	(16,800,000)	(16,800,000)	(16,800,000)	(16,800,000)
Liquor and Cannabis Board	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	<b>(9,800,000)</b>	<b>(9,800,000)</b>	<b>(9,800,000)</b>	<b>(16,800,000)</b>	<b>(16,800,000)</b>	<b>(16,800,000)</b>	<b>(16,800,000)</b>	<b>(16,800,000)</b>	<b>(16,800,000)</b>

## 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
Joint Legislative Audit and Review Committee	.1	17,800	17,800	17,800	.0	9,000	9,000	9,000	.4	128,100	128,100	128,100
Office of Attorney General	2.0	578,000	578,000	578,000	2.0	578,000	578,000	578,000	2.0	578,000	578,000	578,000
Office of Administrative Hearings	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	6.3	1,278,800	1,278,800	1,278,800	6.1	1,029,900	1,029,900	1,029,900	5.8	982,000	982,000	982,000
Liquor and Cannabis Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Labor and Industries	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>8.4</b>	<b>1,874,600</b>	<b>1,874,600</b>	<b>1,874,600</b>	<b>8.1</b>	<b>1,616,900</b>	<b>1,616,900</b>	<b>1,616,900</b>	<b>8.2</b>	<b>1,688,100</b>	<b>1,688,100</b>	<b>1,688,100</b>

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Joint Legislative Audit and Review Committee	.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
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.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> Cheri Keller, OFM	<b>Phone:</b> (360) 584-2207	<b>Date Published:</b> Final 2/20/2023
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5259 S SB	<b>Title:</b> Product theft	<b>Agency:</b> 014-Joint Legislative Audit and Review Committee
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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	0.0	0.1	0.0	0.4
<b>Account</b>					
General Fund-State 001-1	13,300	4,500	17,800	9,000	128,100
<b>Total \$</b>	13,300	4,500	17,800	9,000	128,100

### 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: Jarrett Sacks	Phone: 360-786-7448	Date: 02/14/2023
Agency Preparation: Ryan McCord	Phone: 360-786-5186	Date: 02/17/2023
Agency Approval: Eric Thomas	Phone: 360 786-5182	Date: 02/17/2023
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 02/20/2023

## 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.*

The substitute bill contains two new tax preferences, a tax preference performance statement, and a JLARC study of the preferences.

#### TAX PREFERENCE PERFORMANCE STATEMENT AND JLARC STUDY DETAILS

Section 3: A new tax preference performance statement for the preferences contained in sections 4 and 5 is created. The public policy objective is to reduce theft by incentivizing retailers to implement security precautions.

JLARC must review the preferences, including:

- The amount of retailers that make security improvements and use the preferences
- The type and cost of security improvements
- The amount of theft incidents occurring at beneficiary retailers prior to and after using the preferences

If the JLARC review finds that the number of retailers implementing security improvements has increased, and corresponds with a decrease in retail theft, then the Legislature intends to extend the expiration of the preferences.

#### TAX PREFERENCES

Section 4: A new B&O tax credit for physical security improvements to mercantile establishments is established. The credit may be claimed on physical security improvements made by the business in the previous four quarters. A business' credit equals the amount spent and cannot exceed \$3,000 in each calendar year. Eligible improvements include security cameras, anti-theft mirrors, anti-theft signage and other physical changes to a retailer. The credit expires June 30, 2030.

Section 5: The 37% cannabis excise tax is reduced to 32 percent for cannabis retailers that spend \$3,000 or more for physical security improvements to prevent theft at any single cannabis retail establishment in a calendar year. The preferential rate lasts 12 months after the \$3,000 spending threshold is met. The preferential rate expires June 30, 2030.

Section 9: The tax preferences take effect on January 1, 2024.

#### OTHER

Section 2: The organized retail theft task force is established to improve coordination and collaboration among law enforcement agencies. The Attorney General appoints task force members and provides administrative support. The task force must work with mercantile establishments, associations representing mercantile establishments, and the Liquor and Cannabis Board on collecting and aggregating data on incidents of organized retail theft. Liquor and cannabis retail licensees must report significant incidents of theft, burglary, and robbery to the task force.

### 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.*

JLARC staff would contact and work with the Department of Revenue, Attorney General’s Office, Liquor and Cannabis Board immediately after passage of the bill to request that those agencies collect data about the type and cost of eligible improvements made by beneficiary retailers.

JLARC staff would begin review of this preference in July 2027, in order to deliver a report by December 2028. This estimate assumes that DOR and LCB will collect data from beneficiaries on the type and cost of security improvements made. For analyzing data on thefts occurring at beneficiary retailers prior to and after using the preferences, JLARC staff will work with the AGO’s taskforce to collect data on cannabis retailers and other incidents of reported organized theft. If JLARC staff need to collect other data on theft directly from beneficiaries, we may require additional resources in FY 2028 and FY 2029.

The audit will be conducted and presented to JLARC consistent with the processes used for other tax preference reviews. Based on all tax preference legislation that is passed, JLARC may subsequently determine that it can absorb the costs for this proposed bill in its base budget, if the workload of other enacted tax preference legislation does not exceed current staffing. JLARC will assess all of the tax preference reviews mandated in the 2023 legislative session.

This audit will require an estimated 7 audit months.

JLARC Audit Months: JLARC calculates its staff resources in "Audit Months" to estimate the time and effort to undertake and complete its studies. An "Audit Month" reflects a JLARC analyst’s time for a month, together with related administrative, support, and goods/services costs. JLARC’s anticipated 2021-23 costs are calculated at approximately \$22,100 per audit month.

**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	13,300	4,500	17,800	9,000	128,100
<b>Total \$</b>			13,300	4,500	17,800	9,000	128,100

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1		0.1		0.4
A-Salaries and Wages	8,600	2,900	11,500	5,800	82,900
B-Employee Benefits	2,700	900	3,600	1,800	26,100
C-Professional Service Contracts					
E-Goods and Other Services	1,800	600	2,400	1,200	17,400
G-Travel	200	100	300	200	1,700
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	13,300	4,500	17,800	9,000	128,100

**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
Research Analyst	126,694	0.1		0.1		0.3
Support staff	89,671					0.1
<b>Total FTEs</b>		0.1		0.1		0.4

**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

<b>Bill Number:</b> 5259 S SB	<b>Title:</b> Product theft	<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	2.0	2.0	2.0	2.0	2.0
<b>Account</b>					
General Fund-State 001-1	289,000	289,000	578,000	578,000	578,000
<b>Total \$</b>	289,000	289,000	578,000	578,000	578,000

### 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: Jarrett Sacks	Phone: 360-786-7448	Date: 02/14/2023
Agency Preparation: Chad Standifer	Phone: 3605863650	Date: 02/17/2023
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/17/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/17/2023

## 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: Findings.

Section 2: New Section. Establishes an organized retail theft Task Force to improve coordination and collaboration among law enforcement. Members appointed by the Attorney General's Office (AGO). Task Force to be staffed by AGO. Task Force to work with mercantile establishments and the Liquor and Cannabis Board (LCB). Mercantile establishments and LCB retail licensees must report theft incidents to the Task Force. The AGO must transmit data received by the Task Force to the Washington Association of Sheriffs and Police Chiefs.

Section 3: New Section. Adds a tax preference performance statement for the tax preferences established in Sections 4 and 5. Requires the Joint Legislative Audit and Review Committee (JLARC) to review the effectiveness of the tax preference.

Section 4: Adds a section to RCW 82.04, authorizing a tax credit for physical security improvements to mercantile establishments; section expires on June 30, 2030.

Section 5: Amends RCW 69.50.535, adjusting downward the cannabis excise tax relating to money spent on certain physical security improvements; section expires on June 30, 2030.

Section 6: New Section. Making it an unfair practice for a retail establishment with 50 or more employees to discipline or terminate from employment individuals or discriminate against them based on any person's intervention within a mercantile establishment to question or investigate potential theft. To be an unfair practice, the intervening employee must have engaged in a reasonable manner. The intervening employee must not profile or physically restrain persons. The employee's engagement must also be for a "reasonable time" and the employee must have "reasonable grounds" to believe theft occurred, as those two terms are defined in this section. Makes it an unfair practice for a retail establishment to discipline or terminate from employment individuals or discriminate against them based on any person's cooperation with law enforcement. After an employee has exhausted administrative remedies, an employer in violation of this section is liable in a civil action for actual or statutory damages of \$10,000 (whichever is more), and reasonable attorneys' fees and costs. Makes it the employer's burden in civil actions to prove that any adverse job action was lawful. Retail establishments covered by this section must provide training on this section.

Section 7: Severability clause.

Section 8: Provides those Sections 1, 2, and 6 constitute a new chapter in RCW 19.

Section 9: Provides an effective date for Sections 3, 4, and 5 of January 1, 2024.

Section 10: Provides an immediate effective date for Sections 1, 2, and 6.

### 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.*

The Attorney General's Office (AGO) Criminal Justice Division (CRJ) and the Administration Division (ADM) 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 is assumed to be effective immediately based on the emergency clause.

Location of staffing is assumed to be in a Seattle office building.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables. 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.

#### Assumptions for the AGO Criminal Justice Division (CRJ):

If enacted, this legislation would require 0.5 AAG to assist in the organized retail theft Task Force the bill creates. The new Task Force would be required to assist associations representing mercantile establishments on collecting and aggregating data on incidents of organized retail theft. The Task Force would hold regular meetings. This bill requires AGO to staff the Task Force. CRJ would take an active role in this Task Force as the subject matter is criminal in nature. The 0.5 AAG would assist with Task Force duties and provide consultation on criminal law and procedure.

CRJ total FTE workload impact for Seattle rate:

FY 2024 and each FY thereafter: \$135,000 for 0.5 AAG and 0.25 LA.

#### Assumptions for the AGO Administration Division (ADM):

ADM assumes the enactment of this bill will require 1.0 Policy Analyst Exempt FTE (PA). New work includes, but is not limited to:

1. Appoint to the Task Force (as well as any outreach necessary to meet legislative requirements for these appointments).
2. Facilitate Task Force meetings.
3. Ongoing outreach and communications with external stakeholders as needed.
4. Ongoing advice to the bidding process.
5. Ongoing data collection coordination with the Liquor and Cannabis Board (LCB).
6. Ongoing data collection coordination with mercantile establishments.
7. Receipt of incidents of organized retail theft.

ADM total FTE workload impact for Seattle rate:

FY 2024 and each FY thereafter: \$154,000 for 1.0 PA.

The AGO Government Compliance & Enforcement Division (GCE) has reviewed this bill and determined it will not significantly increase or decrease the division's workload in representing the LCB. Section 2 would establish an organized retail theft Task Force that would work with mercantile establishments, LCB, and licensees to collect data on incidents of organized retail theft. LCB licensees would be required to report significant incidents of theft to the Task Force. Section 4 of this bill would apply a reduced cannabis excise tax rate for retailers that spend \$3,000, or more for certain physical

security improvements at their retail store in a calendar year. LCB assumes that the reduction in excise tax rates would be a one-time event and could not be renewed on an annual basis. LCB further assumes that it would not need to engage in any rule-making in relation to the enactment of this bill. Also, LCB assumes that any appeals of tax reduction decisions would be handled as brief adjudicative proceedings under the Administrative Procedure Act (APA), with limited if any, requirement for additional investigation. Brief adjudicative proceedings are an internal appeal process at LCB, and GCE does not provide litigation support for these actions. Therefore, LCB assumes no engagement in rulemaking and appeals of excise tax reduction decisions. These actions will be handled as brief adjudicative proceedings. Additionally, the Joint Legislative Audit and Review Committee (JLARC) and the Tax Preferences Board regularly review tax preferences as part of the duties. Based on the above assumptions, GCE does not anticipate any increase in legal services. Therefore, costs are not included in this request.

The AGO Licensing & Administrative Law Division (LAL) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing LCB. LAL advises LCB, including advising on final orders in licensing and enforcement actions, and represents LCB in original, non-enforcement actions. LCB does not anticipate the need for any rule-making in relation to the enactment of this bill. LCB assumes that any appeals of tax reduction decisions will be made through the Brief Adjudicative Process, with limited, if any, requirement for final orders or additional investigation. In part, this conclusion is driven by the assumption that the reduction in excise tax rates is a one-time event and cannot be renewed on an annual basis. LAL assumes new legal services are nominal and costs are not included in this request.

The AGO Revenue and Finance Division (REV) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing the Department of Revenue (DOR). Section 4 creates a Business & Occupation (B&O) tax, which is unlikely to generate any advice requests or result in any litigation. Therefore, costs are not included in this request.

AGO total workload impact for Seattle rates:

FY 2024 and each FY thereafter: \$289,000 for 0.5 AAG, 0.25 LA, and 1.0 PA.

**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	289,000	289,000	578,000	578,000	578,000
<b>Total \$</b>			289,000	289,000	578,000	578,000	578,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.0	2.0	2.0	2.0	2.0
A-Salaries and Wages	196,000	196,000	392,000	392,000	392,000
B-Employee Benefits	62,000	62,000	124,000	124,000	124,000
E-Goods and Other Services	30,000	30,000	60,000	60,000	60,000
G-Travel	1,000	1,000	2,000	2,000	2,000
<b>Total \$</b>	289,000	289,000	578,000	578,000	578,000

**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	0.5	0.5	0.5	0.5	0.5
Legal Assistant 3-Seattle	67,044	0.3	0.3	0.3	0.3	0.3
Management Analyst 5	91,524	0.2	0.2	0.2	0.2	0.2
Policy Analyst (exempt)	95,000	1.0	1.0	1.0	1.0	1.0
<b>Total FTEs</b>		2.0	2.0	2.0	2.0	2.0

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

<b>Program</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>2023-25</b>	<b>2025-27</b>	<b>2027-29</b>
Administrative Division (ADM)	154,000	154,000	308,000	308,000	308,000
Criminal Justice Division (CRJ)	135,000	135,000	270,000	270,000	270,000
<b>Total \$</b>	<b>289,000</b>	<b>289,000</b>	<b>578,000</b>	<b>578,000</b>	<b>578,000</b>

**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> 5259 S SB	<b>Title:</b> Product theft	<b>Agency:</b> 110-Office of Administrative Hearings
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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: Jarrett Sacks	Phone: 360-786-7448	Date: 02/14/2023
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 02/16/2023
Agency Approval: Deborah Feinstein	Phone: 360-407-2717	Date: 02/16/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/17/2023

## 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.*

No fiscal impact. This legislation will not measurably increase the appeal workload for the Office of Administrative Hearings (OAH).

The Attorney General's Office has reached out to the Liquor & Cannabis Board and the Department of Labor & Industries. Agencies are in agreement that, if any appeals are referred to OAH, they will be at nominal level.

### 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.*

None.

## 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.*

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 5259 S SB	<b>Title:</b> Product theft	<b>Agency:</b> 140-Department of Revenue
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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
GF-STATE-State 01 - Taxes 05 - Bus and Occup Tax	(1,400,000)	(8,400,000)	(9,800,000)	(16,800,000)	(16,800,000)
<b>Total \$</b>	(1,400,000)	(8,400,000)	(9,800,000)	(16,800,000)	(16,800,000)

### Estimated Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	4.7	7.8	6.3	6.1	5.8
GF-STATE-State 001-1	584,300	694,500	1,278,800	1,029,900	982,000
<b>Total \$</b>	584,300	694,500	1,278,800	1,029,900	982,000

### 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: Jarrett Sacks	Phone: 60-786-7448	Date: 02/14/2023
Agency Preparation: Van Huynh	Phone: 60-534-1512	Date: 02/17/2023
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 02/17/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/17/2023

Request # 5259-2-1

## 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.*

Note: This fiscal note reflects language in SSB 5259, 2023 Legislative Session.

#### COMPARISON OF THE SUBSTITUTE BILL WITH THE ORIGINAL:

The substitute bill adds a tax performance statement and clarifies the tax credit. These are some of the specifics provided:

- The credit applies only to qualifying purchases made on or after January 1, 2024.
- The credit claimed may not exceed the amount of tax due and may not be refunded.
- Credits may be claimed after June 30, 2030, for purchases made before June 30, 2030.

#### CURRENT LAW:

There is no business and occupation (B&O) tax credit for the amount spent by a business on physical security improvements to their mercantile establishment.

#### PROPOSAL:

This bill creates a B&O tax credit for the amount spent by a business on physical security improvements to their mercantile establishment. The credit equals the amount spent.

The credit may be claimed on physical security improvements made by the business in the previous four quarters. A business' credit cannot exceed \$3,000 in each calendar year.

The credit applies only to qualifying purchases made on or after January 1, 2024. Unused credit may be carried over and used in subsequent tax reporting periods. However, no credit may be claimed more than 12 months from the end of the tax reporting period in which the credit was earned. The credit claimed may not exceed the amount of tax due and may not be refunded. Credits may be claimed after June 30, 2030, for purchases made before June 30, 2030, subject to certain eligibility criteria and limitations.

The credit expires June 30, 2030.

"Mercantile establishment" is a place of business for retailing goods.

"Physical security improvements" means physical improvements, additions, or other similar changes to a mercantile establishment exclusively for the purposes of preventing the theft of merchandise including, but not limited to:

- Security cameras;
- Antitheft mirrors;
- Antitheft signage;
- Merchandising security equipment such as secure stands or mounts, locking display cases or display locks, electronic article surveillance, and storefront crash barriers or safety bollards.

#### EFFECTIVE DATE:

The credit provision of the bill takes effect January 1, 2024. However, due to the time it will take the department to program a complex new credit with a per-taxpayer cap, the department is unable to fully implement the bill and provide taxpayers with the ability to claim this credit until April 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.*

### ASSUMPTIONS

- Currently, many retailers already have security equipment.
- Annually, 15% of retail businesses buy security equipment.
- A business spends about \$3,000 on security equipment.
- This bill will be fully implemented with the credit available to taxpayers as of April 1, 2024.

### DATA SOURCES

- Department of Revenue, excise tax data
- Various sources on business security equipment

### REVENUE ESTIMATES

This bill decreases state revenues by an estimated \$1.4 million in the two months of impacted collections in fiscal year 2024, and by \$8.4 million in fiscal year 2025, the first full year of impacted collections.

### TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ (1,400)
FY 2025 -	\$ (8,400)
FY 2026 -	\$ (8,400)
FY 2027 -	\$ (8,400)
FY 2028 -	\$ (8,400)
FY 2029 -	\$ (8,400)

Local Government, if applicable (cash basis, \$000): 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.*

### ASSUMPTIONS:

This estimate affects 61,000 taxpayers.

### FIRST YEAR COSTS:

The department will incur total costs of \$584,300 in fiscal year 2024. These costs include:

Labor Costs – Time and effort equate to 4.7 FTEs.

- Answer phone calls and counter inquiries on tax questions and tax return preparation from businesses, individuals, and accountants/CPAs.
- Create special notice and update relevant information on the department's website.
- Respond to letter ruling requests and email inquiries.
- Set up, program, and test computer systems for a new credit type.
- Resolve corrections to account, out of balance, and amended returns; prepare refunds and assessments; and respond to secure messages, correspondence, and telephone questions.
- Correspond with taxpayers impacted by reporting changes.

- Work the credit program.
- Test and verify computer systems for new credit.
- Hear administrative reviews that provide taxpayers with an informal, non-adversarial dispute resolution process for the review of a disputed action by the department.

Object Costs - \$134,500.

- Postage.
- Printing.
- Contract computer system programming.

**SECOND YEAR COSTS:**

The department will incur total costs of \$694,500 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 7.8 FTEs.

- Answer additional phone calls and counter inquiries on tax questions and tax return preparation from businesses, individuals, and accountants/CPAs.
- Respond to letter ruling requests and email inquiries.
- Resolve corrections to accounts, out of balance, and amended returns; prepare refunds and assessments; and respond to secure messages, correspondence, and telephone questions.
- Correspond with taxpayers impacted by reporting changes.
- Work the credit program.
- Hear additional administrative reviews that provide taxpayers with an informal, non-adversarial dispute resolution process for the review of a disputed action by the department.
- Perform field audits.

Object Costs - \$800.

- Printing.
- Postage.

**ONGOING COSTS:**

Ongoing costs for the 2025-27 biennium equal \$1,029,900 and include similar activities described in the second-year costs. Time and effort equate to 6.4 FTEs in fiscal year 2026 and 5.8 FTEs in fiscal year 2027.

**Part III: Expenditure Detail**

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	4.7	7.8	6.3	6.1	5.8
A-Salaries and Wages	259,400	410,700	670,100	642,700	613,000
B-Employee Benefits	85,600	135,500	221,100	212,000	202,200
C-Professional Service Contracts	132,000		132,000		
E-Goods and Other Services	74,400	103,200	177,600	131,100	124,600
G-Travel		3,200	3,200	6,400	6,400
J-Capital Outlays	32,900	41,900	74,800	37,700	35,800
<b>Total \$</b>	<b>\$584,300</b>	<b>\$694,500</b>	<b>\$1,278,800</b>	<b>\$1,029,900</b>	<b>\$982,000</b>

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

<b>Job Classification</b>	<b>Salary</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>2023-25</b>	<b>2025-27</b>	<b>2027-29</b>
EXCISE TAX EX 1	44,808	1.8	3.6	2.7	2.7	2.5
EXCISE TAX EX 2	55,872	0.9	1.8	1.4	1.4	1.3
EXCISE TAX EX 3	61,632	0.4	0.9	0.7	0.7	0.6
IT SYS ADM-JOURNEY	92,844	0.1		0.1		
MGMT ANALYST4	73,260	0.5		0.3		
REVENUE AUDITOR 2	61,632		0.9	0.5	0.9	0.9
TAX INFO SPEC 1	44,808	0.6	0.3	0.5	0.3	0.3
TAX POLICY SP 2	75,120	0.3	0.1	0.2	0.1	0.1
TAX POLICY SP 3	85,020	0.1	0.2	0.2	0.1	0.1
<b>Total FTEs</b>		4.7	7.8	6.3	6.1	5.8

**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**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5259 S SB	<b>Title:</b> Product theft	<b>Agency:</b> 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:**

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: Jarrett Sacks	Phone: 360-786-7448	Date: 02/14/2023
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 02/15/2023
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 02/15/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/15/2023

## 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 (organized retail theft task force):

- (1) The organized retail theft task force is established to improve coordination and collaboration among law enforcement agencies.
- (2) The attorney general must appoint members on the task force and may increase or decrease the size of the task force as deemed necessary by the attorney general.
- (5) The task force must work with the liquor and cannabis board and their retail licensees to collect and aggregate data on significant incidents of theft, burglary, and robbery. Liquor and cannabis board retail licensees must report significant incidents of theft, burglary, and robbery to the task force.
- (6) Requires the Attorney General to transmit the data the Organized Retail Theft Task Force receives under the bill to the Association of Sheriffs and Police Chiefs for remittance to the appropriate law enforcement agencies.

Section 3 (Tax preference statement/JLARC):

- (3) It is the legislature's specific public policy objective to reduce theft at retailers in Washington. The legislature further acknowledges that security improvements are expensive, and the cost may not be feasible for all businesses. The tax preferences under this act are intended to incentivize retailers to implement security precautions that reduce or prevent theft and ensure that such measures are accessible to all retailers.
- (4) (a) The joint legislative audit and review committee must review the effectiveness of the tax preferences in sections 4 (B&O tax credit) and 5 (cannabis excise tax reduced rate) of this act in achieving the public policy objectives described in subsection (3) of this section. The review must include an evaluation of the following:
  - (i) The amount of retailers in this state that make security improvements and use the tax preference in section 4 or 5 of this act; and
  - (ii) The type and cost of security improvements; and
  - (iii) The amount of theft incidents occurring at retailers identified under (a)(i) of this subsection prior to and after using the tax preference in section 4 or 5 of this act.
- (b) If a review finds that the number of retailers implementing security improvements in this state has increased, and corresponds with a decrease in retail theft, then the legislature intends to extend the expiration date of these tax preferences.
- (5) The joint legislative audit and review committee may use any data source it deems necessary in performing the evaluation under this section.

Section 5: (RCW 69.50.535 – Cannabis excise tax)

(1)(b)(i) The 37% cannabis excise tax is reduced to 32 percent for cannabis retailers that spend \$3,000 or more for physical security improvements to prevent theft at any single cannabis retail establishment in a calendar year. The reduced rate begins the month after the \$3,000 threshold is met and expires after 12 months. The reduced tax rate established in this section only applies to cannabis retail stores at which the physical security improvements were implemented. The reduced tax may be applied to multiple cannabis retail stores owned by the same person if the \$3,000 threshold is met at each individual retail store. The reduced tax rate established in this subsection (1)(b)(i) may only be claimed once for each cannabis retail establishment.

1(b)(ii) For the purposes of this subsection (1)(b), "physical security improvements" means physical improvements, additions, or other similar changes to a cannabis retail establishment exclusively for the purposes of preventing the theft of merchandise including, but not limited to: Security cameras, antitheft mirrors, antitheft signage, merchandising security equipment such as secure stands or mounts, locking display cases or display locks, electronic article surveillance, and storefront crash barriers or safety bollards.

(7) This section expires June 30, 2030.

Section 9: Effective date: Sections 3 [JLARC], 4 [B&O tax credit], and 5 [Cannabis excise tax reduced rate] of this act take effect January 1, 2024.

Section 10: Emergency clause – Sections 1 [intent statement], 2 [organized retail theft task force], and 6 [employer-employee relationship] take effect immediately.

#### CHANGES MADE BY THE SUBSTITUTE:

Section 2 (organized retail theft task force:

(6) NEW: Requires the Attorney General to transmit the data the Organized Retail Theft Task Force receives under the bill to the Association of Sheriffs and Police Chiefs for remittance to the appropriate law enforcement agencies.

Section 3 NEW (Tax preference statement/JLARC):

(3) It is the legislature's specific public policy objective to reduce theft at retailers in Washington. The legislature further acknowledges that security improvements are expensive, and the cost may not be feasible for all businesses. The tax preferences under this act are intended to incentivize retailers to implement security precautions that reduce or prevent theft and ensure that such measures are accessible to all retailers.

(4) (a) The joint legislative audit and review committee must review the effectiveness of the tax preferences in sections 4 (B&O tax credit) and 5 (cannabis excise tax reduced rate) of this act in achieving the public policy objectives described in subsection (3) of this section. The review must include an evaluation of the following:

(i) The amount of retailers in this state that make security improvements and use the tax preference in section 4 or 5 of this act; and

(ii) The type and cost of security improvements; and

(iii) The amount of theft incidents occurring at retailers identified under (a)(i) of this subsection prior to and after using the tax preference in section 4 or 5 of this act.

(b) If a review finds that the number of retailers implementing security improvements in this state has increased, and corresponds with a decrease in retail theft, then the legislature intends to extend the expiration date of these tax preferences.

(5) The joint legislative audit and review committee may use any data source it deems necessary in performing the evaluation under this section.

Section 5 (old section 4): Cannabis excise tax reduced rate

(1)(b)(ii): Modifies the definition of “physical security improvements” with [means physical improvements, additions, or other similar changes to a cannabis retail establishment exclusively for the purposes of preventing the theft of merchandise including, but] not limited to: Security cameras, antitheft mirrors, antitheft signage, merchandising security equipment such as secure stands or mounts, locking display cases or display locks, electronic article surveillance, and storefront crash barriers or safety bollards. [new language in brackets]

(7) This section expires June 30, 2030.

Section 6 (old section 5) employer-employee relationship:

1a) Excludes employees who single out or profile a person for intervention based on a listed protected class from the protections for employee interventions to prevent retail theft.

(2) Prohibits retail establishments from suspending without pay, terminating from employment, or discriminating in employment against an individual who notifies law enforcement of organized retail theft incidents or who otherwise cooperates with law enforcement investigations into organized retail theft.

(3a) Modifies, for the purposes of the employee intervention protections, the definition of reasonable grounds to include knowledge that a person has possession of unpurchased merchandise, rather than knowledge a person has concealed

possession of the merchandise.

(4a) Requires an employee to exhaust administrative remedies before engaging in a civil action for violations of the employee intervention protections.

(4b) Provides that the employer has the burden to establish that an adverse job action against an employee for intervening was lawful.

(4c) Provides that an employer is not liable for civil claims or actions resulting from an act by an employee that is protected under the bill, as long as the action was not directed by the employer.

(5) Requires retail establishments to provide training to employees at the commencement of employment and at least annually on the protections provided by the bill.

Section 9: Effective date: Sections 3 [JLARC], 4 [B&O tax credit], and 5 [Cannabis excise tax reduced rate] of this act take effect January 1, 2024.

Section 10: Emergency clause – Sections 1 [intent statement], 2 [organized retail theft task force], and 6 [employer-employee relationship] take effect immediately.

## 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 would reduce the 37% cannabis excise tax to 32% for cannabis retailers that spend \$3,000 or more for physical security improvements to prevent theft at any single cannabis retail establishment in a calendar year. The reduced rate begins the month after the \$3,000 threshold is met and expires after 12 months. The reduced tax rate established in this section only applies to cannabis retail stores at which the physical security improvements were implemented. The reduced tax rate may be applied to multiple cannabis retail stores owned by the same person if the \$3,000 threshold is met at each individual retail store. The reduced tax rate established in this bill may only be claimed once for each cannabis retail establishment.

This reduced rate expires June 30, 2030.

However, the cannabis excise tax is collected from the customer, the retailer only remits it. Lowering the tax rate to 32% does not benefit the retailer except to make their products cheaper to the customer. The only way the retailer recoups the \$3,000 spent on security upgrades is to increase their sales volume to the point that their net profit exceeds the \$3,000.

Given that the retailer does not directly benefit from the tax reduction, the agency doesn't have an assumption on how many retailers would choose to participate in this, and thus any impact to cash receipts from reduced taxes is indeterminate.

## 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.*

No fiscal impact to the agency.

### FINANCE DIVISION:

- The Tax and Fee unit would be able to absorb additional tracking of licensees who qualify for reduced tax rate for 12 months, one time only.
- The Great Plains finance system used by the agency does not calculate taxes and no changes would be required.
- The new 32% rate will be added to the unit's verification spreadsheet.
- A new reporting form in Excel will be developed to accommodate the new temporary rate.

### ENFORCEMENT DIVISION:

This bill will require changes to the Electronic Notebook to capture reported theft data. The agency can make the changes needed to the Enforcement Notebook with the existing vendor contract with no additional cost.

The additional work to verify that cannabis retailers have spent \$3,000 for physical security improvements can be completed with current staff levels. This is based on the assumptions that the tax break is a onetime event and not a continual 12 month renewal for tax breaks.

### **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

<b>Bill Number:</b> 5259 S SB	<b>Title:</b> Product theft	<b>Agency:</b> 235-Department of Labor and Industries
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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: Jarrett Sacks	Phone: 360-786-7448	Date: 02/14/2023
Agency Preparation: Bobby Kendall	Phone: 902-6980	Date: 02/17/2023
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 02/17/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/17/2023

## 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 adds new chapters to Title 19 and amends RCW 69.50.535 to organize a retail theft task force in order to provide relief to retailers impacted by the cost of physical security improvements to prevent theft at cannabis retail establishments.

### 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.*

The proposed bill does not have fiscal impact for the Department of Labor and Industries (L&I). Listed statutes within the bill are not within the enforcement scope of L&I.

## 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

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.*