

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1731 HB 1731 AMH RSG H1228.1	<b>Title:</b> Short-term rentals/liquor	<b>Agency:</b> 195-Liquor and Cannabis Board
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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
Statewide Tourism Marketing Account-State 22T-1	22,500	22,500	45,000	45,000	45,000
<b>Total \$</b>	22,500	22,500	45,000	45,000	45,000

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.4	0.1	0.3	0.1	0.1
<b>Account</b>					
Liquor Revolving Account-State 501-1	217,032	7,647	224,679	15,294	15,294
<b>Total \$</b>	217,032	7,647	224,679	15,294	15,294

### 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.

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## 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(18)

- Creates a new annual special permit to allow a short-term rental operator to provide a complimentary bottle of wine to rental guests who are age 21 and over.
- Permit fee is \$75/year and applies to all properties owned or operated by the short-term rental operator and identified in the permit application.
- The bottle of wine may be consumed on or off the premises of the rental property.
- The definition of “short-term rental,” “operator”, and “guest” have the same meanings as in RCW 64.37.010.
  - "Short-term rental" means a lodging use, that is not a hotel or motel or bed and breakfast, in which a dwelling unit, or portion thereof, that is offered or provided to a guest by a short-term rental operator for a fee for fewer than thirty consecutive nights.
  - "Short-term rental" does not include any of the following:
    - (i) A dwelling unit that is occupied by the owner for at least six months during the calendar year and in which fewer than three rooms are rented at any time;
    - (ii) A dwelling unit, or portion thereof, that is used by the same person for thirty or more consecutive nights; or
    - (iii) A dwelling unit, or portion thereof, that is operated by an organization or government entity that is registered as a charitable organization with the secretary of state, state of Washington, or is classified by the federal internal revenue service as a public charity or a private foundation, and provides temporary housing to individuals who are being treated for trauma, injury, or disease, or their family members.
  - "Operator" or "short-term rental operator" means any person who receives payment for owning or operating a dwelling unit, or portion thereof, as a short-term rental unit.
  - "Guest" means any person or persons renting a short-term rental unit.

Section 1(18): Moneys received by the board from annual special permits issued under this subsection must be deposited in the statewide tourism marketing account in RCW 43.384.040.

#### CHANGES MADE BY THE SUBSTITUTE:

Section 1(18) language was modified to state that the moneys received from the new permit must be deposited into the state tourism marketing account.

### 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 creates a new annual special permit to allow a short-term rental operator to provide a complimentary bottle of wine to rental guests who are age 21 and over. The permit fee is \$75/year and applies to all properties owned or operated by the short-term rental operator and identified in the permit application. Moneys received by the Washington State Liquor and Cannabis Board ("Board") from the annual special permits issued under this subsection must be deposited in the statewide tourism marketing account in RCW 43.384.040.

Through research with other state agencies, the Board estimates that there are 30,000 short-term rental properties throughout the state. The Board estimates that 1% of those businesses would apply for this permit.

\$75 x 300 = \$22,500/year.

### 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.

**BOARD DIVISION**

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

- A new permit type for short-term rental operator (new privilege code)
  - This permit would have a \$75 dollar fee
  - This permit would be required to renew annually

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

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**LICENSING DIVISION**

There will be ongoing staff costs to process the estimated 300 permits per year, of 0.1 FTE Customer Service Specialist 3.

0.1 FTE Customer Service Specialist 3 - \$7,647/yr (\$7,370 salary/benefits, \$277 in associated costs).

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**INFORMATION TECHNOLOGY DIVISION**

The expected impact of this bill would be driven by changes to the iSeries, Enforcement Notebook, Replication, and BI/SSRS Reports.

Vendor costs:

- iSeries - \$42,000 (280 hours x \$150/hr)
- Enforcement Notebook - \$800 (8 hours x \$100/hr)

IT Staff costs (iSeries, Replication, and BI/SSRS reports):

0.3 FTE IT App Development - Senior/Specialist - \$46,585/yr (\$46,264 salary/benefits, \$321 in associated costs).

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
501-1	Liquor Revolving Account	State	217,032	7,647	224,679	15,294	15,294
<b>Total \$</b>			217,032	7,647	224,679	15,294	15,294

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.4	0.1	0.3	0.1	0.1
A-Salaries and Wages	40,675	5,060	45,735	10,120	10,120
B-Employee Benefits	12,959	2,310	15,269	4,620	4,620
C-Professional Service Contracts	162,800		162,800		
E-Goods and Other Services	584	263	847	526	526
G-Travel					
J-Capital Outlays	14	14	28	28	28
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	217,032	7,647	224,679	15,294	15,294

**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
Customer Service Specialist 3	50,592	0.1	0.1	0.1	0.1	0.1
IT App Development - Senior/Specialist	118,716	0.3		0.2		
<b>Total FTEs</b>		0.4	0.1	0.3	0.1	0.1

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

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Board Division (010)	120,000		120,000		
Licensing Division (050)	7,647	7,647	15,294	15,294	15,294
Information Technology Division (070)	89,385		89,385		
<b>Total \$</b>	217,032	7,647	224,679	15,294	15,294

**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.*

New rules would need to be written for the new annual special permit in Section 1(18).