

Multiple Agency Fiscal Note Summary

Bill Number: 1389 P 2S HB	Title: Residential rent increases
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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
Office of Attorney General	0	0	35,000	0	0	0	0	0	0
Office of Attorney General	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	35,000	0	0	0	0	0	0

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total

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	10.6	3,126,000	3,126,000	3,161,000	8.1	2,433,000	2,433,000	2,433,000	5.8	1,740,000	1,740,000	1,740,000
Office of Attorney General	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Department of Commerce	5.5	2,298,325	2,298,325	2,298,325	7.4	3,379,214	3,379,214	3,379,214	7.4	3,379,214	3,379,214	3,379,214
Total \$	16.1	5,424,325	5,424,325	5,459,325	15.5	5,812,214	5,812,214	5,812,214	13.2	5,119,214	5,119,214	5,119,214

Estimated Capital Budget Expenditures

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

Estimated Capital Budget Breakout

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Date Published:
Final 2/28/2023

Individual State Agency Fiscal Note

Bill Number: 1389 P 2S HB	Title: Residential rent increases	Agency: 100-Office of Attorney General
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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
Legal Services Revolving Account-State 405-1	20,000	15,000	35,000		
Total \$	20,000	15,000	35,000		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	10.6	10.6	10.6	8.1	5.8
Account					
General Fund-State 001-1	1,563,000	1,563,000	3,126,000	2,433,000	1,740,000
Legal Services Revolving Account-State 405-1	20,000	15,000	35,000	0	0
Total \$	1,583,000	1,578,000	3,161,000	2,433,000	1,740,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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: Jessica Van Horne	Phone: 360-786-7288	Date: 02/22/2023
Agency Preparation: Chad Standifer	Phone: 3605863650	Date: 02/27/2023
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/27/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/28/2023

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: Adds definitions to RCW 59.18 (Residential Landlord-Tenant Act), including defining “Department” to mean the Department of Commerce (Commerce).

Section 2: Adds a new section to RCW 59.18, prohibiting rent increases during the first 12 months after tenancy and during any 12 month period in an amount greater than inflation, or three percent (whichever is greater) up to a maximum of seven percent above existing rent. Provides a tenant with a cause of action if rent is paid in excess of amounts permitted. Authorizes the Attorney General’s Office (AGO) to investigate potential violations. The AGO may issue cease and desist letters, enforceable in court. Authorizes the AGO to enforce this section in court and for the court to impose a civil penalty of \$25,000 per violation, plus costs, attorneys’ fees, damages and restitution.

Section 3: Adds a new section to RCW 59.18, provides for exemptions to prohibition in Section 2, including authorizing Commerce to issue a significant hardship exemption to landlords under certain conditions. Authorizes Commerce to adopt rules to establish a process for review landlord requests for individual significant hardship exemptions. Authorizes Commerce to establish a “banked capacity program” to allow for an additional three percent per year increase. Provides details as to the operation of the banked capacity program. Authorizing Commerce to adopt rules to implement the banked capacity program, and requiring Commerce to make information about the program available on its website. Beginning April 1, 2024, authorizes landlords to raise rents by higher percentages in areas with a declared emergency as identified by Commerce through rule.

Section 4: Adds a new section to RCW 59.18. Requires Commerce to calculate the maximum annual rent increase percentage allowed under Section 2 through Section 6, to publish that information in a press release, and maintain that information on its website.

Section 5: Adds a new section to RCW 59.18. Specifies the details of the annual notice required by landlords regarding rent increases, possible increases, and banked capacity.

Section 6: Adds a new section to RCW 59.20 (Manufactured / Mobile Home Landlord-Tenant Act), prohibiting rent increases during the first 12 months after tenancy and during any 12 months period in an amount greater than inflation or three percent (whichever is greater) up to a maximum of seven percent above existing rent. Provides a tenant with a cause of action if rent is paid in excess of amounts permitted. Authorizes the AGO to investigate potential violations. The AGO may issue cease and desist letters, enforceable in court. Authorizes the AGO to enforce this section in court and for the court to impose a civil penalty of \$25,000 per violation, plus costs, attorneys’ fees, damages and restitution.

Section 7: Adds a new section to RCW 59.20. Provides for exemptions to prohibition in Section 2, including authorizing Commerce to issue a significant hardship exemption to landlords under certain conditions. Authorizes landlords participating in the banked capacity program to increase rent by an additional three percent per year.

Section 8: Adds a new section to RCW 59.20, requiring landlords to provide annual notice to tenants of rent increases, possible increases, and banked capacity, in the form specified in Section 5.

Section 9: Adds a section to RCW 59.18 finding that violations of Section 2, 3, or 5 by a landlord is an unfair or deceptive act and an unfair method of completion under the Consumer Protection Act (CPA), RCW 19.86, and that violations of Sections 2, 3, or 5 violate RCW 19.86.020.

Section 10: Adds a section to RCW 59.20 finding that violations of Section 6, 7, or 8 by a landlord is an unfair or deceptive act and an unfair method of completion under the CPA, RCW 19.86, and that violations of Section 6, 7, or 8 violate RCW

19.86.020.

Section 11: Provides an immediate effective date for the act.

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.

Indeterminate cash receipts.

The Attorney General's Office (AGO) and the Department of Commerce (Commerce) assume that this bill would have a substantial, but indeterminate impact on the needs for new legal services for appeals of agency decisions on landlord hardship exemption determinations.

The AGO is currently unable to estimate the number of applicable exemptions, possible appeals, and superior court cases in order to represent Commerce.

Cash receipts are assumed to equal the Legal Services Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agency is Commerce. The AGO will bill all clients for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency's fiscal note. Appropriation authority is necessary in the AGO budget.

AGO AGENCY ASSUMPTIONS:

Commerce will be billed for non-Seattle rates:

FY 2024: \$20,000 for 0.08 Assistant Attorney General FTE (AAG) and 0.04 Legal Assistant 3 FTE (LA).

FY 2025: \$15,000 for 0.06 AAG and 0.03 LA.

FY 2026 and each FY thereafter: Indeterminate impact.

AGO Consumer Protection (CPR) 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.

Indeterminate expenditure impact.

Attorney General's Office (AGO) Agency Assumptions:

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

Location of staffing is assumed to be in Seattle and non-Seattle office buildings.

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

Agency administration support FTE are included in the tables. 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 Agriculture & Health Division (AHD) legal services for the Department of Commerce (Commerce):

The AGO will bill Commerce for legal services based on the enactment of this bill.

AHD and Commerce assume that this bill would have a substantial, but indeterminate impact on the needs for new legal services for appeals of agency decisions on landlord hardship exemption determinations.

AHD is currently unable to estimate the number of applicable exemptions, possible appeals, and superior court cases in order to represent Commerce.

Additionally, AHD and Commerce assume a contentious (more than) one-year rule making process. This process would include extensive stakeholder engagement and lengthy drafting of rules required by Section 3.

AHD will provide legal services for implementation of new landlord hardship exemption and banked capacity programs.

AHD total FTE workload impact for non-Seattle rates:

FY 2024: \$20,000 for 0.08 AAG and 0.04 LA.

FY 2025: \$15,000 for 0.06 AAG and 0.03 LA.

FY 2026 and each FY thereafter: Indeterminate impact.

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

CPR assumes that enforcement to ensure compliance will be a priority for AGO during the first three years after enactment.

CPR assumes there will be a need to stand up a new unit to administer and track cease-and-desist letters in new area of law for AGO enforcement.

CPR assumes a need to adjust rule-making by Commerce over exemptions to the rent increase limitations.

CPR assumes that litigation will be necessary to ensure industry compliance.

CPR assumes that industry compliance will increase as a result of litigation enforcement efforts.

CPR assumes that the complaint volume for all rental increases will be significant, given the number of rent complaints, even when AGO has no authority. This is based off the number of rent complaints received during the COVID pandemic, and rent complaints with respect to mobile home parks where AGO has some existing authority.

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

CPR assumes annual direct litigation costs of \$85,000 in FY 2027 and each following year. These direct litigation costs will include expert costs of \$60,000, two depositions to aid in enforcement of \$6,000 (\$3,000 per deposition), travel expenses for depositions and witness interviews of \$2,000, and e-document management costs of \$15,000.

CPR total FTE and direct costs workload impact for Seattle rates:

FY 2024 to FY 2026 (per FY): \$1,563,000 for 3.0 AAG, 1.5 PL, 1.5 Investigators FTE (INV), 1.5 LA, 2.0 Program Specialist 2 FTE (PS), and direct litigation costs of \$125,000.

FY 2027 and in each FY thereafter: \$870,000 for 1.5 AAG, 1.0 PL, 1.0 INV, 0.75 LA, 1.0 PS, and direct litigation costs of \$83,000.

AHD and CPR total FTE and direct costs workload impact for Seattle and non-Seattle rates:

FY 2024: \$1,583,000 for 3.08 AAG, 1.5 PL, 1.5 INV, 1.54 LA, 2.0 PS, and direct litigation costs of \$125,000.

FY 2025: \$1,578,000 for 3.06 AAG, 1.5 PL, 1.5 INV, 1.53 LA, 2.0 PS, and direct litigation costs of \$125,000.

FY 2026: \$1,563,000 for 3.0 AAG, 1.5 PL, 1.5 INV, 1.5 LA, 2.0 PS, and direct litigation costs of \$125,000.

FY 2027 and in each FY thereafter: \$870,000 for 1.5 AAG, 1.0 PL, 1.0 INV, 0.75 LA, 1.0 PS, and direct litigation costs of \$83,000.

The AGO Civil Rights Division (CRD) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload. New legal services are nominal and costs are not included in this request.

The AGO Administrative Division (ADM) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing. 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	1,563,000	1,563,000	3,126,000	2,433,000	1,740,000
405-1	Legal Services Revolving Account	State	20,000	15,000	35,000	0	0
Total \$			1,583,000	1,578,000	3,161,000	2,433,000	1,740,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	10.6	10.6	10.6	8.1	5.8
A-Salaries and Wages	952,000	948,000	1,900,000	1,450,000	1,024,000
B-Employee Benefits	318,000	317,000	635,000	486,000	344,000
C-Professional Service Contracts	80,000	80,000	160,000	140,000	120,000
E-Goods and Other Services	220,000	220,000	440,000	336,000	236,000
G-Travel	13,000	13,000	26,000	21,000	16,000
Total \$	1,583,000	1,578,000	3,161,000	2,433,000	1,740,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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	0.1	0.1	0.1		
Assistant Attorney General-Seattle	124,635	3.0	3.0	3.0	2.3	1.5
Legal Assistant 3	55,872	0.0	0.0	0.0		
Legal Assistant 3-Seattle	67,044	1.5	1.5	1.5	1.1	0.8
Management Analyst 5	91,524	1.0	1.0	1.0	0.8	0.5
Paralegal 2-Seattle	75,096	1.5	1.5	1.5	1.3	1.0
Program Specialist	55,755	2.0	2.0	2.0	1.5	1.0
Senior Investigator-Seattle	98,532	1.5	1.5	1.5	1.3	1.0
Total FTEs		10.6	10.6	10.6	8.1	5.8

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Agriculture & Health Division (AHD)	20,000	15,000	35,000		
Consumer Protection Division (CPR)	1,563,000	1,563,000	3,126,000	2,433,000	1,740,000
Total \$	1,583,000	1,578,000	3,161,000	2,433,000	1,740,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1389 P 2S HB	Title: Residential rent increases	Agency: 103-Department of Commerce
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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:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.6	7.4	5.5	7.4	7.4
Account					
General Fund-State 001-1	597,318	1,701,007	2,298,325	3,379,214	3,379,214
Total \$	597,318	1,701,007	2,298,325	3,379,214	3,379,214

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: Jessica Van Horne	Phone: 360-786-7288	Date: 02/22/2023
Agency Preparation: Tedd Kelleher	Phone: 360-725-2930	Date: 02/27/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 02/27/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/28/2023

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.

Significant changes related to the Department of Commerce (Department) in the second substitute versus the substitute (noted by section below) do not substantially change the fiscal impact on the Department.

Section 1 defines the terms used in the bill for Department, inflation, and rent increase.

Section 2(1) would limit how often rent on a tenancy can be increased to once every 12 months; and to no more than 3% or the rate of inflation - whichever is higher.

Section 2(2) defines the notice a landlord must provide if rent is increased above the amount allowed in Section 2(1).

Section 2(3) would not allow landlords to charge tenants under month-to-month agreements additional rent versus tenants with longer commitments.

Section 2(4) would limit move-in fees and security deposits to no more than one-month's rent.

Section 2(5-7) would grant the Attorney General authority to investigate violations of Section 2, and take enforcement actions.

Section 2(8) would grant tenants a legal cause of action against landlords who violate Section 2.

Section 2(9) states that remedies under Section 2 would be in addition to other remedies provided by law.

Section 2(10) would provide an additional defense to an eviction when the eviction was connected to an unlawful increase in rent under Section 2.

Section 2(11) would prevent a landlord from reporting a tenant to a tenant screening service for failure to pay a rent that was in violation of Section 2.

Section 2(12) state that nothing in Section 2 would limit local government authority to take actions enforcing local provisions consistent with Section 2.

Section 3(1-2) would allow landlords to increase rent in an amount greater than allowed under Section 1 when 1) building has been occupied for less than 12 years, or 2) building is owned or operated by a public or non-profit housing agency that regulates rents.

Section 3(3) would allow rent to be increased by up to seven percent, or by four percent plus the maximum increase allowed under Section 2, whichever is greater when improvements were made in the year prior to notice of a rent increase.

Section 3(4) would allow a landlord to request from the department an exemption to the rent increase limit due to significant hardship and grants the department the authority to adopt rules governing the exception process. This version of the proposal clarifies significant hardship to mean "sudden and unexpected dramatic cost increases," which is the standard the Department assumed as part of the last fiscal note. This version also specifies that the Department would accept hardship exemptions starting April 2024, which is sooner than the January 2025 the Department assumed in the fiscal note for the previous version of this bill. This version adds a provision allowing the Department to charge a fee for hardship application.

Section 3(5) would allow landlords who choose not in increase rent to allowable increases, by complying with a rent banking

process defined through by this section and rulemaking by the Department. It is assumed the process defined by the Department would not include submission of any information to the Department, instead relying on a detailed documentation process shared with the impacted tenant.

Section 3(6) would allow the Department to allow rent increases beyond the standards limits in areas where a declared emergency contributed to significant cost increases (a provision new to this version of the bill).

Section 3(7) would limit state liability related to administering this act (a provision new to this version of the bill).

Section 4 would require the Department of Commerce (Department) to calculate the allowable rent increase as defined in Sections 2 and 6 and publish the rent increase limit in a press release and on the department's website.

Section 5 defines the notice landlords provide to tenants regarding changes in rent.

Section 7 would limit rent increases for manufactured housing as defined by RCW 59.20 under the same framework as described in Section 2.

Section 8 would require notices of rent increases and banked rent for manufactured housing under the requirements in Section 5.

Section 10 includes legal findings related to the provisions of this proposal.

Section 11 would enact the proposal 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.

Section 3(4) would allow the Department to charge fees associated with applications for exemptions from the rent limit, but the cash receipts impact is indeterminate because the amount of the fee that would be set during a fee setting process is unknown, and the number of applications cannot be accurately forecasted.

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.

Significant changes related to the Department of Commerce (Department) in the second substitute versus the substitute (noted by section below) do not substantially change the fiscal impact on the Department.

Section 3(4) would allow a landlord to request from the department an exemption to the rent increase limit due to significant hardship.

Assumptions: The fiscal note assumes the process to request and grant exceptions to the rent limit would be similar to that used in British Columbia, Canada. The definition of "significant hardship" would be narrowly and clearly defined by the Department of Commerce (Department) during the rules making process, resulting in about 1,000 exemption requests per year (from the 1.1 million rental units in Washington State), and making adjudication of the requests less complex. It is not possible to accurately predict how many hardship exemption requests would be filed with the Department each year, and as a result the number of staff needed to adjudicate requests could be an order of magnitude larger than described below, requiring the Department to adjust staffing count and types based on actual experience implementing the proposal.

During implementation the Department may choose to contract for accounting and other support for the adjudicating

process to increase the available skillsets or capacity to process claims, in place of or to supplement the staff described below. Exemption requests would be adjudicated by an individual adjudicator (not a board), and in almost all cases the decision by the adjudicator would not be appealed to a court. Adjudicating a hardship request would take an average of seven hours by Department staff, including reviewing the claim, requesting additional information as needed, notifying the landlord and tenant of the hearing, conducting the hearing, and documenting the final judgement (less for most, with a higher number of hours for more complex and contentious claims). Each claim would be reviewed by a Certified Public Accountant, averaging two hours of review per claim.

Adjudication hearings would in almost all cases be conducted via online meetings. Hiring the initial staff necessary staff would take at least three months, and developing the rules and associated processes, forms, and training would take 15 months. The volume of claims would be low enough that standard tools would be used to collect exemptions requests (such as email, secure file transfer, commonly available web form interfaces customizable by staff without special skills, standard mail, etc.) so that no specialized information technology would need to be developed and maintained.

Section 3(6) would allow the Department to allow rent increases beyond the standard limits in areas where a declared emergency contributed to significant cost increases (a provision new to this version of the bill). Assumptions: declared emergency's that significantly impacted the costs of rental housing would average no one than one per year and would add additional administrative burden associated with development and maintaining the declared emergency process (including developing the required rules). The additional administrative burden would be roughly offset by a reduction in the number of individual claims that would be filed to address hardships related to a declared emergency under the prior version of the legislation, and the process would be managed by the staff administering responsibilities under Section 3(4).

Section 4 would require the department to calculate the allowable rent increase as defined in Sections 2 and 6 and publish the rent increase limit in a press release and on the department's website. These duties would take about 20 hours per year and would be carried out by the 1.0 FTE WMS Band 2 Managing Director. Section 5 would require rulemaking to define the process to bank unused rent increases. The rulemaking would be done concurrently with the rulemaking in Section 3(4) and done by the staff performing rulemaking in that section.

Cost Narrative

2.0 FTE WMS Band 2 (4,176 hours) for FY 24 and 5.0 FTE WMS Band 2 (10,440 hours) for FY25-FY29 to lead the work unit responsible for adjudicating exemption requests and develop the initial rules, processes and supporting written materials in consultation with stakeholders, and in accordance with the rule making process.

1.0 FTE Commerce Specialist 2 (2,088 hours) for FY 24-FY29 to support the WMS managing director and coordinate assignment of exemption requests and related communications and provide administrative support to the hearings process.

Salaries and Benefits:

FY24: \$416,404

FY25-FY29: \$923,996 per year

Professional Service Contracts:

FY25-FY29: \$400,000 per year

Goods and Other Services:

FY24: \$28,917

FY25-FY29: \$58,016 per year

Equipment and Capital Outlays:

FY24-FY25: \$15,000 per year

FY27-FY28: \$7,200 per year

Intra-agency Reimbursements:

FY24: \$136,997

FY25-FY29: \$303,995 per year

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

Summary of Total Costs:

FY24: \$597,318

FY25: \$1,701,007

FY26: \$1,686,007

FY27-FY28: \$1,693,207 per year

FY29: \$1,686,007

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	597,318	1,701,007	2,298,325	3,379,214	3,379,214
Total \$			597,318	1,701,007	2,298,325	3,379,214	3,379,214

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.6	7.4	5.5	7.4	7.4
A-Salaries and Wages	316,481	705,554	1,022,035	1,411,108	1,411,108
B-Employee Benefits	99,923	218,442	318,365	436,884	436,884
C-Professional Service Contracts		400,000	400,000	800,000	800,000
E-Goods and Other Services	28,917	58,016	86,933	116,032	116,032
G-Travel					
J-Capital Outlays	15,000	15,000	30,000	7,200	7,200
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	136,997	303,995	440,992	607,990	607,990
9-					
Total \$	597,318	1,701,007	2,298,325	3,379,214	3,379,214

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Services - Indirect	111,168	0.6	1.4	1.0	1.4	1.4
Commerce Specialist 2	70,799	1.0	1.0	1.0	1.0	1.0
WMS Band 2	122,841	2.0	5.0	3.5	5.0	5.0
Total FTEs		3.6	7.4	5.5	7.4	7.4

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.

Section 3(4) would require rule making to define the hardship exception request process.

Section 3(5) would require rulemaking to define the rent banking process.

Section 3(6) would require rulemaking to determine when to grant exceptions to rent limits due to a declared emergency.