

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1534 2S HB	<b>Title:</b> Construction consumers
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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 State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Labor and Industries	615,000	615,000	0	128,000	128,000	0	128,000	128,000	0
Department of Labor and Industries	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
<b>Total \$</b>	<b>615,000</b>	<b>615,000</b>	<b>0</b>	<b>128,000</b>	<b>128,000</b>	<b>0</b>	<b>128,000</b>	<b>128,000</b>	<b>0</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
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Administrative Hearings	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Labor and Industries	.0	0	0	256,000	2.4	0	0	584,000	4.3	0	0	826,000
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>256,000</b>	<b>2.4</b>	<b>0</b>	<b>0</b>	<b>584,000</b>	<b>4.3</b>	<b>0</b>	<b>0</b>	<b>826,000</b>

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Office of Administrative Hearings	.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> Anna Minor, OFM	<b>Phone:</b> (360) 790-2951	<b>Date Published:</b> Final 3/ 2/2023
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1534 2S HB	<b>Title:</b> Construction consumers	<b>Agency:</b> 090-Office of State Treasurer
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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: Emily Stephens	Phone: 360-786-7157	Date: 02/27/2023
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 03/01/2023
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 03/01/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 03/01/2023

## 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.*

2SHB 1534 creates the homeowner recovery account and allows the account to retain its earnings from investments.

### 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.*

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

### 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.*

## 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> 1534 2S HB	<b>Title:</b> Construction consumers	<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: Emily Stephens	Phone: 360-786-7157	Date: 02/27/2023
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 03/02/2023
Agency Approval: Deborah Feinstein	Phone: 360-407-2717	Date: 03/02/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/02/2023

## 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 Department of Labor & Industries has determined that the language in the second substitute bill does not change our fiscal impact from the original bill. OAH does not hear appeals of contractor registration denials which is what this bill amends in part. The rest of the bill does not appear to create any new appeal rights that would impact appeals heard at OAH.

### 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.*



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1534 2S HB	<b>Title:</b> Construction consumers	<b>Agency:</b> 235-Department of Labor and Industries
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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
General Fund-State 001-1	551,000	64,000	615,000	128,000	128,000
Construction Registration Inspection Account-State 21V-1	(551,000)	(551,000)	(1,102,000)	(1,102,000)	(1,102,000)
Homeowner Recovery Account-Non-Appropriated New-6		487,000	487,000	974,000	974,000
<b>Total \$</b>					

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	0.0	0.0	0.0	2.4	4.3
<b>Account</b>					
Construction Registration Inspection Account-State 21V-1	192,000	64,000	256,000	584,000	826,000
<b>Total \$</b>	192,000	64,000	256,000	584,000	826,000

### 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: Emily Stephens	Phone: 360-786-7157	Date: 02/27/2023
Agency Preparation: Donald Jenson Jr	Phone: 360-902-6981	Date: 03/01/2023
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 03/01/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 03/02/2023

## 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.

See attached.

### 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.

See attached.

### 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.

See attached.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
21V-1	Construction Registration Inspection Account	State	192,000	64,000	256,000	584,000	826,000
<b>Total \$</b>			192,000	64,000	256,000	584,000	826,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years				2.4	4.3
A-Salaries and Wages				293,000	524,000
B-Employee Benefits				121,000	216,000
C-Professional Service Contracts	192,000	64,000	256,000		
E-Goods and Other Services				128,000	82,000
G-Travel				2,000	4,000
J-Capital Outlays				40,000	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	192,000	64,000	256,000	584,000	826,000

### 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
Customer Service Specialist 2	46,980				0.6	1.0
Fiscal Analyst 5	71,520				0.2	0.3
Program Specialist 3	69,756				0.6	1.0
Revenue Agent 2	64,788				1.0	2.0
<b>Total FTEs</b>					2.4	4.3

**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.*

See attached.

## Part II: Explanation

This bill relates to strengthening protections for consumers in the construction industry.

The differences between 2SHB 1534 and SHB 1534 include:

- 2SHB 1534 changes some of the conditions contained in section 6 of the bill.
- 2SHB 1534 changes some of the reporting requirements in section 8 of the bill.
- 2SHB 1534 changes section 10 of the bill, requiring the quarterly transfer of 3.5 percent of licenses, permits, and registrations deposited the previous quarter from the construction registration inspection account to the general fund-state, rather than seven percent.
- 2SHB 1534 adds a new section (section 11), stipulating that if any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

### II. A – Brief Description of What the Measure Does that Has Fiscal Impact

**Section 2(3)(a)** amends RCW 18.27.030 by adding a condition for denial of registration for applicants who are a successor to a business entity with an unsatisfied final judgment, except as provided under section 2(3)(d).

**Section 2(3)(d)** amends RCW 18.27.030 by establishing a rebuttable presumption that an applicant knew or should have known of the relevant unsatisfied final judgment. If an applicant demonstrates by a preponderance of the evidence that the applicant did not know of the unsatisfied final judgment, by having exercised due diligence and timely verifying with the department that the other contractor was in good standing, then the department may grant the application for registration under this section, provided that the applicant meets applicable requirements under this chapter. The Department of Labor and Industries (L&I) shall adopt rules for the purposes of implementing this subsection.

**Section 3** amends RCW 18.27.040, increasing bond amounts from \$12,000 to \$30,000 for general contractors and from \$6,000 to \$15,000 for specialty contractors. The increased bond can be submitted at the time of renewal.

**Section 4** amends RCW 18.27.340, increasing minimum penalty amount from \$1,000 to \$1,200 and maximum penalty amount from \$5,000 to \$6,000. Penalties collected under this section are to be deposited in the homeowner recovery account instead of the general fund-state.

**Section 5** amends RCW 18.27.400, stating penalties collected under this section are to be deposited in the homeowner recovery account instead of the general fund-state.

**Section 6** adds a new section to RCW 18.27 establishing the homeowner recovery program administered by L&I. It gives L&I authority to establish rules to administer the program.

**Section 6(2)** states that beginning July 1, 2026, a person is eligible to recover from the homeowner recovery program after making a claims, and lists the conditions that must be satisfied, including the person proceeding against any bond covering the contractor.

Additional stipulations include:

- It requires L&I to publish a form on its website for claimants to apply for payment from the homeowner recovery account (account) under this section.
- Payment from the account may not exceed \$25,000 per contractor, per parcel.
- Payments are prioritized and paid in order of receipt by L&I.
- Payment is limited to actual damages only, other fees such as court costs, interest, punitive damages shall not be included in payment from the fund.
- Total payments under the homeowner recovery program for a fiscal year to no greater than 80 percent of the account balance calculated at the end of the previous fiscal year L&I must create and maintain a waitlist for eligible claims unpaid due to an insufficient account balance.
- Eligibility for payment does not create a right to payment under this section. Payments under this section are discretionary.

- At the time of payment, the claimant must assign their right, title, and interest to the department to the extent of each payment.
- Upon any payment from the account to a claimant, L&I shall notify the contractor that a payment has been made and include information about how to reimburse the account.
- L&I may pursue reimbursement from the contractor and there are conditions surrounding payment plans.

**Section 7** adds a new section to RCW 18.27 establishing the homeowner recovery account. Expenditures from the account may only be used for the homeowner recovery program. Administrative costs of the program may not be paid from account. An appropriation is not required for expenditures.

**Section 8** adds a new section to RCW 18.27 requiring the department to submit an annual report to the appropriate committees of the legislature by December 1<sup>st</sup> of each year through 2034. The report is to include information on the total number of applications made to the homeowner recovery fund, payments made, the status of the waitlist, and the status of the fund. The report will also include any recommendations for any changes to the program. By December 1, 2035 and each year thereafter, L&I shall notify the appropriate committees of the legislature, by submitting a report, if the department finds there is a significant waitlist of eligible applicants or finds there is insufficient funds in the homeowner recovery account to sustain the homeowner recovery program.

**Section 10** amends RCW 51.44.190 eliminating the June 30, 2023 end date for the quarterly transfer of 3.5 percent of licenses, permits, and registrations deposited the previous quarter from the construction registration inspection account to the general fund-state.

**Section 11** stipulates that if any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

**Section 12** stipulates that sections 3 through 9 of the bill take effect July 1, 2024.

**Section 13** stipulates that section 10 of the bill takes effect June 30, 2023.

## **II. B – Cash Receipt Impact**

### **Receivables – Non-appropriated**

Section 5 of the bill requires fines and penalties received by L&I under RCW 18.27 to be deposited in the newly created Homeowner Recovery Account effective July 1, 2024.

- Based on current estimates, that reflects an annual increase in revenue of \$487,000 to the Homeowner Recovery Account, beginning in fiscal year 2025.

Section 4 of the bill increases the minimum and maximum penalty amounts effective July 1, 2024. The cash receipt impact of the new penalty amounts is indeterminate. The penalty amounts can vary, therefore L&I can't predict the amounts nor frequency of the penalties.

Section 6 of the bill makes consumers eligible to receive payments from the Homeowner Recovery Account effective July 1, 2026. This section also authorizes L&I to pursue recovery of those payments from the contractor. Since this is a new path for consumers to pursue, there is no data about how many complaints will be received, nor the amounts of the payments. However, the following assumptions yield the following estimate:

- 200 claimants per year, based on current data on contractor infractions where the consumer has exhausted the remedy of the contractor bond.
- \$25,000 maximum payment per contractor, per parcel.
- \$5,000,000 annual expenditures beginning in fiscal year 2027. (200 claimants X \$25,000 = \$5,000,000)
- The collections rate for contractor infractions is 15 percent.
- Therefore, \$750,000 received for the new fund beginning in fiscal year 2027. (\$5,000,000 x 15% = \$750,000)

### **Receivables – Operating**

Section 5 of the bill requires fines and penalties received by L&I under RCW 18.27 to be deposited in the newly created Homeowner Recovery Account effective July 1, 2024. Those fines and penalties are currently deposited into the General Fund-State.

- Based on current estimates, that reflects an annual revenue decrease of \$487,000 to the General Fund-State, beginning in fiscal year 2025.

Section 10 of the bill removes the June 30, 2023 end date for the quarterly transfer of 3.5 percent of licenses, permits, and registrations deposited the previous quarter from the Construction Registration Inspection account to the General Fund-State. Future fee increases are likely to offset the decrease in revenue to the Construction Registration Inspection account.

- Based on current estimates, that reflects an annual revenue decrease of \$551,000 to the Construction Registration Inspection account, beginning in fiscal year 2024, and an annual revenue increase of \$551,000 to the General Fund-State, beginning in fiscal year 2024.
- Future fee increases are likely in order to offset the decrease in revenue to the Construction Registration Inspection account.

## **II. C – Expenditures**

### **Non-appropriated Costs**

This bill increases expenditures to the newly created Homeowner Recovery Account beginning July 1, 2026. Since this is a new path for consumers to pursue, there is no data about how many complaints will be received, nor the amounts of the payments. Therefore, expenditures from the new account are indeterminate at this time. However, the following assumptions yield the following estimate:

- 200 claimants per year, based on current data on contractor infractions where the consumer has exhausted the remedy of the contractor bond.
- \$25,000 maximum payment per contractor, per parcel.
- \$5,000,000 annual expenditures beginning in fiscal year 2027. (200 claimants X \$25,000 = \$5,000,000)



### **Appropriated – Operating Costs**

This bill increases expenditures to the Construction Registration Inspection account, fund 21V. The following assumptions were used to estimate the resources requested to implement this bill.

### **Staffing**

1.0 FTE, Program Specialist 3, permanent, beginning April 1, 2026. Duties include reviewing required documentation, determining eligibility of claimants, reviewing court documents, calculating allowed payout amounts, preparing fund payout documentation, drafting and filing judgment paperwork with the superior court. Duties also include tracking and monitoring the recovery fund, and reviewing data and creating reports. This is based on the following assumptions:

- 200 claimants per year, based on current data on contractor infractions where the consumer has exhausted the remedy of the contractor bond.
- 10 hours per claim to perform the duties listed above.
- 2,000 hours per year. (200 claimants x 10 hours = 2,000 hours)
- Therefore, 1 FTE is needed. (2,000 hours / 2,088 FTE hours per year = 0.96 FTE)

1.0 FTE, Customer Service Specialist 2, permanent, beginning April 1, 2026. Duties include reviewing and verifying that summons and complaints received are in compliance with statutory requirements, processing and recording the lawsuit information, sending written explanation to private attorneys and homeowners with reason for denial of legal action. Duties also include suspending registration for unsatisfied judgment and impaired bonds, and educating consumers about the new recovery account. This is based on the following assumptions:

- Processing summons related to the claimant, 22.5 hours per week
- Processing judgments and dismissals, 5 hours per week
- Answering customers questions related to the homeowner recovery account, 5 hours per week.
- Therefore, 1 FTE is needed. (32.5 hours per week / 40 FTE hours per week = 0.82 FTE)

2.0 FTE, Revenue Agent 2 (RA2), permanent, beginning July 1, 2026. Duties include collecting reimbursements to the homeowner recovery account from contractors. This is based on the following assumptions:

- 200 claimants per year, based on current data on contractor infractions where the consumer has exhausted the remedy of the contractor bond.
- Due to the complexity in collecting these reimbursements from contractors, the average caseload for one RA2 is expected to be 100.
- Therefore, 2 FTE are needed. (200 claims / 100 case load = 2 FTE)

### **Information Technology**

This bill adds increased bonding amounts for construction contractors and the ability for the department to deny new applications if the applicant is a successor to a business entity with an unsatisfied final judgement. IT contract support will be required for changes to existing licensing system, QuickCards. IT contract support will be required for solution architecture and development of a new Accounts Receivable (ARC) to recover any funds paid out. This is effective June 30, 2024, and it will require 8 months of time to implement the needed changes to the internal applications.

The bill also provides protection for homeowners through the creation of a homeowner recovery fund for monies awarded from final judgements but not paid by contractors. At this time, IT assumes this a manual process and will not be tracked via a technology solution. However, a request for IT resources related to this portion of the bill may be needed in the future if the manual process is not cost effective.

A total of \$250,160 is needed in the 2023-25 biennium for all information technology changes.

This includes:

- Contractor costs – \$210,160 is needed for 1,528 contractor hours
- QA – \$40,000

The expenditure calculations in this fiscal note include changes to the hourly rates for contract technology based on an annual analysis completed by L&I. These changes include rates based on

expert skill level and an inflationary factor in all categories. All expenditures in this section are for the 2023-25 biennium.

**Printing & Mailing**

\$60,000 is needed for printing and/or mailing costs for:

- Printing and mailing a one-page fact sheet to 67,000 construction contractors, \$46,230 to be spent during fiscal year 2026.
- Printing and mailing a one-page fact sheet to 20,000 consumers, \$13,800 to be spent during fiscal year 2026.

**Rule making**

\$2,500 is needed for one rule making hearings to occur during fiscal year 2024. The average cost of one rule making hearing is \$2,500.

**Indirect Costs**

The amount included in this fiscal note for indirect is:

Fund Name		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
21V	Contractor Reg Inspection	0	0	3,000	25,000	25,000	25,000
	Total:	\$0	\$0	\$3,000	\$25,000	\$25,000	\$25,000

The department assesses an indirect rate to cover agency-wide administrative costs. Labor and Industries’ indirect rate is applied on salaries, benefits, and standard costs. For fiscal note purposes, the total indirect amount is converted into salary and benefits for partial or full indirect FTEs. Salary and benefits costs are based on a Fiscal Analyst 5 (Range 59, Step G).

**Part IV: Capital Budget Impact**

None.

**Part V: New Rule Making Required**

This legislation would result in rule changes to:

- WAC 296-200A, Contractor certificate of registration renewals.
- New WACs may be necessary.