

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5425 2S SB	<b>Title:</b> Fire sprinkler contractors
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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.								
Washington State Patrol	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	0	0	0	0	0	0	0	0	0

## 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
Washington State Patrol	1.5	0	0	488,550	1.5	0	0	446,000	1.5	0	0	446,000
<b>Total \$</b>	1.5	0	0	488,550	1.5	0	0	446,000	1.5	0	0	446,000

## 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
Washington State Patrol	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	0.0	0	0	0.0	0	0	0.0	0	0

## Estimated Capital Budget Breakout

NONE

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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5425 2S SB	<b>Title:</b> Fire sprinkler contractors	<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: Jarrett Sacks	Phone: 360-786-7448	Date: 02/25/2023
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 02/27/2023
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/27/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/27/2023

## 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.*

2SSB 5425 creates the fire protection compliance account, coupled with the general fund as the recipient of the earnings from investments under RCW 43.79A.040(4).

### 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.

There may be an impact on the debt service limitation calculation. Changes to the earnings credited to the general fund impacts, by an equal amount, general state revenues.

### 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> 5425 2S SB	<b>Title:</b> Fire sprinkler contractors	<b>Agency:</b> 225-Washington State Patrol
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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	1.5	1.5	1.5	1.5	1.5
<b>Account</b>					
Fire Protection Contractor License Account-State 210-1	265,550	223,000	488,550	446,000	446,000
<b>Total \$</b>	265,550	223,000	488,550	446,000	446,000

### 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: 02/25/2023
Agency Preparation: Yvonne Ellison	Phone: 360-596-4042	Date: 02/28/2023
Agency Approval: Mario Buono	Phone: (360) 596-4046	Date: 02/28/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 03/06/2023

## 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 proposed legislation will have a fiscal impact to the Washington State Patrol (WSP).

The second substitute version of the proposed legislation removes the delay in implementation of the fee increases authorized in Section 1. This changes our fiscal impact assumptions.

Section 1 increases fees for contractors installing, inspecting, maintaining and servicing NFPA 13-D fire sprinkler systems from \$100 to \$125, and for NFPA 13-R systems from \$300 to \$375.

Section 2 removes penalties received under RCW 18.160.120 from the receipts deposited into the Fire Protection Contractor License Account (210).

Section 3(1) increases the fine range for infractions of rule as defined under RCW 18.16.030 (2) (b) (iii) from not less than \$200 and not more than \$5,000 to not less than \$300 and not more than \$7,500 for the first infraction, not less than \$400 and not more than \$10,000 for a second infraction, and not less than \$1,000 and not more than \$15,000 for the third and any subsequent infractions by the same contractor.

Section 3(2) increases the fine range for infractions for failure to obtain a certificate of competency under RCW 18.160.040 from not less than \$1,000 and not more than \$5,000 to not less than \$1,500 and not more than \$7,500 for the first infraction, not less than \$2,500 and not more than \$10,000 for a second infraction, and not less than \$5,000 and not more than \$25,000 for the third and any subsequent infractions by the same contractor.

Section 3(3) directs fines collected under the section be deposited into the Fire Protection Compliance Account.

New Section 4 creates and defines the Fire Protection Compliance Account.

Section 5(2)(a) adds the requirement that a person issued a training certificate for fire sprinkler fitting work be supervised on the jobsite and under the control of a residential or journey-level fire protection sprinkler fitter certified to perform the work being done. Subsections (i) and (ii) define the required supervision ratios.

Section 5(2)(b) makes it a violation for a contractor to allow a trainee to perform sprinkler fitting work without the required supervision.

Section 6 changes permissive language ‘may’ to mandatory language ‘must’ regarding the investigation of alleged violations of RCW 18.270 upon the receipt of a complaint and requires WSP to adopt rules to provide procedures and processes for, as well as a form to use, when submitting a complaint.

### 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 full impact of the proposed legislation to cash receipts will not be known until after rulemaking is complete.

The proposed legislation increases the cost structure of fees and fines related to Chapter 18.160 RCW Fire Sprinkler System Contractors, creates the Fire Protection Compliance Account, and moves the deposit of fines collected under the chapter from the Fire Protection Contractor License Account (210) to the new Fire Protection Compliance Account.

The changes in the distribution of revenue for fines is expected to reduce revenues to the Fire Protection Contractor License Account (210). This decrease will be partially offset by the expected addition of Level 1 and Level 2 licensing fees for fire protection sprinkler fitter trainees. As a result, we expect to see a decrease of \$15,000 per biennium in revenue to the Fire Protection Contractor License Account (210), with \$18,000 per biennium in revenue to the new Fire Protection Compliance Account. This will be insufficient to support the required work.

## 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.*

Our overall fiscal impact has increased slightly as a result of rounding, rulemaking, and the recent change to our approved indirect cost rate which becomes effective July 1, 2023.

Section 6 requires the WSP to investigate potential violations of Chapter 18.270 RCW upon receipt of a complaint. The capacity to support this increase does not exist at current staffing levels and additional FTEs will be required.

We estimate that the enforcement responsibilities in the proposed legislation will require an additional one (1) Deputy State Fire Marshal FTE and one-half (0.5) Office Assistant 3 FTE. The estimated cost is approximately \$259,000 in the first fiscal year and \$223,000 per fiscal year ongoing.

Additional rulemaking will be required as a result of this proposed legislation. Rulemaking within the WSP requires input from various individuals including the Government and Media Relations Captain and Legislative Analyst, the impacted division, the Bureau Commander for the impacted bureau, the Risk Management Division Commander, and the Chief or his designee.

The costs associated with legislative rule making are dependent upon the individuals working on the effort and how much time is required of each, but generally include the Government and Media Relations staff (8.5 hours), Subject Matter Expert (SME – 40 hours), and various reviewers (16 hours). The estimated agency cost for rule making on this legislation would be approximately \$6,550.

We base estimated salary expenditures on current levels for the positions requested per published salary schedules, plus any applicable incentive or assignment pay. We compute estimated benefits expenditures based on federal or state mandated rates plus state provided amounts for health insurance and workers' compensation insurance. We assume that any increases in these rates or amounts will be covered by legislation establishing the increase.

We compute estimated support expenditures such as supplies & materials, communications, computer costs (hardware and software), vehicle and vehicle operating costs, among others, using average costs to support agency FTEs. We adjust the estimated support costs to reflect the needs of individual divisions or positions within the agency.

We base our estimate for agency indirect costs on the federal indirect cost rate of 33.41 percent approved by the U.S. Department of Transportation on February 14, 2023. This rate is effective July 1, 2023, and is used on all estimates completed after the approval date. We apply this indirect cost rate percentage to all categories of expenditure with only two exceptions: capital equipment and expenditures after \$25,000 of each projected contract. Indirect costs include, but are not limited to, computer and telecommunications support, payroll processing, vendor payments, general accounting, procurement administration, inventory control, and human resource management.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
210-1	Fire Protection Contractor License Account	State	265,550	223,000	488,550	446,000	446,000
<b>Total \$</b>			265,550	223,000	488,550	446,000	446,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.5	1.5	1.5	1.5	1.5
A-Salaries and Wages	106,700	103,000	209,700	206,000	206,000
B-Employee Benefits	42,200	41,000	83,200	82,000	82,000
C-Professional Service Contracts					
E-Goods and Other Services	14,000	13,000	27,000	26,000	26,000
G-Travel	4,000	4,000	8,000	8,000	8,000
J-Capital Outlays	42,000	8,000	50,000	16,000	16,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-Agency Indirect Costs	56,650	54,000	110,650	108,000	108,000
<b>Total \$</b>	265,550	223,000	488,550	446,000	446,000

### 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
Deputy State Fire Marshal	80,952	1.0	1.0	1.0	1.0	1.0
Office Assistant 3	43,800	0.5	0.5	0.5	0.5	0.5
<b>Total FTEs</b>		1.5	1.5	1.5	1.5	1.5

### 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.*

Rulemaking is required as follows:

Section 1: WAC 212-080-073;

Section 3: WAC 212-080-212;

Section 5: WAC 212-090-018, WAC 212-90-093, WAC 212-90-205



# Multiple Agency Ten-Year Analysis Summary

<b>Bill Number</b> 5425 2S SB	<b>Title</b> Fire sprinkler contractors
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

## Estimated Cash Receipts

Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Washington State Patrol Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# Ten-Year Analysis

<b>Bill Number</b> 5425 2S SB	<b>Title</b> Fire sprinkler contractors	<b>Agency</b> 090 Office of State Treasurer
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                         
  **Partially Indeterminate Cash Receipts**
                         
  **Indeterminate Cash Receipts**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 2/27/2023 9:01:04 am
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 2/27/2023 9:01:04 am
OFM Review:	Phone:	Date:

# Ten-Year Analysis

<b>Bill Number</b> 5425 2S SB	<b>Title</b> Fire sprinkler contractors	<b>Agency</b> 225 Washington State Patrol
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                 
  **Partially Indeterminate Cash Receipts**
                 
  **Indeterminate Cash Receipts**

## Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
<b>Total</b>												

### Biennial Totals

## Narrative Explanation (Required for Indeterminate Cash Receipts)

The full impact of the proposed legislation to cash receipts will not be known until after rulemaking is complete.

The proposed legislation increases the cost structure of fees and fines related to Chapter 18.160 RCW Fire Sprinkler System Contractors, creates the Fire Protection Compliance Account, and moves the deposit of fines collected under the chapter from the Fire Protection Contractor License Account (210) to the new Fire Protection Compliance Account.

The changes in the distribution of revenue for fines is expected to reduce revenues to the Fire Protection Contractor License Account (210). This decrease will be partially offset by the expected addition of Level 1 and Level 2 licensing fees for fire protection sprinkler fitter trainees. As a result, we expect to see a decrease of \$15,000 per biennium in revenue to the Fire Protection Contractor License Account (210), with \$18,000 per biennium in revenue to the new Fire Protection Compliance Account. This be insufficient to support the required work.

Agency Preparation: Yvonne Ellison	Phone: 360-596-4042	Date: 2/28/2023 4:30:51 pm
Agency Approval: Mario Buono	Phone: (360) 596-4046	Date: 2/28/2023 4:30:51 pm
OFM Review:	Phone:	Date: