

Multiple Agency Fiscal Note Summary

Bill Number: 5634 E 2S SB	Title: Problem gambling
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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
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.								
State Lottery	0	(569,311)	0	0	(676,552)	0	0	(678,356)	0
Department of Revenue	0	0	703,000	0	0	942,000	0	0	942,000
Total \$	0	(569,311)	703,000	0	(676,552)	942,000	0	(678,356)	942,000

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
Washington State Health Care Authority	1.3	0	0	496,000	1.3	0	0	496,000	1.3	0	0	496,000
State Lottery	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State Gambling Commission	.0	0	0	3,312	.0	0	0	3,312	.0	0	0	3,312
Department of Revenue	.3	81,900	81,900	81,900	.0	0	0	0	.0	0	0	0
Horse Racing Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Health	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	1.6	81,900	81,900	581,212	1.3	0	0	499,312	1.3	0	0	499,312

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
State Lottery	.0	0	0	.0	0	0	.0	0	0
Washington State Gambling Commission	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Horse Racing Commission	.0	0	0	.0	0	0	.0	0	0
Department of Health	.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

Prepared by: Arnel Blancas, OFM	Phone: (360) 000-0000	Date Published: Final 3/21/2023
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Individual State Agency Fiscal Note

Bill Number: 5634 E 2S SB	Title: Problem gambling	Agency: 107-Washington State Health Care Authority
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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.
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Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.3	1.3	1.3	1.3	1.3
Account					
Problem Gambling Account-State 08K-1	248,000	248,000	496,000	496,000	496,000
Total \$	248,000	248,000	496,000	496,000	496,000

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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 03/14/2023
Agency Preparation: Alexa Price	Phone: 360-725-0000	Date: 03/17/2023
Agency Approval: Carl Yanagida	Phone: 360-725-5755	Date: 03/17/2023
OFM Review: Arnel Blancas	Phone: (360) 000-0000	Date: 03/21/2023

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.

Please see attached narrative.

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.

Please see attached narrative.

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.

Please see attached narrative.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
08K-1	Problem Gambling Account	State	248,000	248,000	496,000	496,000	496,000
Total \$			248,000	248,000	496,000	496,000	496,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.3	1.3	1.3	1.3	1.3
A-Salaries and Wages	83,000	83,000	166,000	166,000	166,000
B-Employee Benefits	30,000	30,000	60,000	60,000	60,000
C-Professional Service Contracts	94,000	94,000	188,000	188,000	188,000
E-Goods and Other Services	2,000	2,000	4,000	4,000	4,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	39,000	39,000	78,000	78,000	78,000
9-					
Total \$	248,000	248,000	496,000	496,000	496,000

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
Fiscal Analyst 3	65,000	0.3	0.3	0.3	0.3	0.3
Medical Assistance Program Specialist 3	83,000	1.0	1.0	1.0	1.0	1.0
Total FTEs		1.3	1.3	1.3	1.3	1.3

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

Part V: New Rule Making Required

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

HCA Fiscal Note

Bill Number: 5634 E2SSB

HCA Request #: 23-209

Part II: Narrative Explanation

II. A - Brief Description of What the Measure Does That Has Fiscal Impact

As compared to the second substitute bill, this engrossed second substitute changes this program to a year-round integrated Problem Gambling prevention effort that includes community engagement and restores the language from the previous bills that a person must be unable to afford treatment.

The requirement for year-round prevention efforts creates a fiscal impact that did not exist in the previous iterations of this bill. Currently, HCA's problem gambling prevention efforts are primarily concentrated in an annual awareness month.

AN ACT Relating to problem gambling that updates language, clarifies committee requirements, and increases business and operating (B&O) tax percentages.

Sec. 2 amends RCW 41.05.750 to require HCA to expand its existing prevention efforts year-round, which is to include community engagement, and that the program is to support and certify problem gambling professionals. It also adds that the department of health may license or certify behavioral health agencies for problem gambling treatment. Washington Health Care Authority (HCA) must also conduct a program evaluation that includes tracking participants and evaluating outcomes. This section updates that HCA is responsible for facilitating an ongoing advisory committee that will hold quarterly meetings. The committee is further clarified to be a nine-member group with specific requirements for each member in addition to updating the function of the committee to include tracking recommendation progress, providing advice and feedback, and discussing emerging problem gambling issues.

Sec. 3 requires the commission to transfer revenue derived from shared game lottery to the problem gambling account in the amount of 0.20 percent in fiscal year 2024 of the net receipts. Net receipts is defined as the difference between revenue received from the sale of lottery tickets or shares and revenue received from the sale of shared game lottery tickets or shares and the sum of payments made to winners. In fiscal year 2025 and subsequent fiscal years the percentage to be transferred will increase to 0.26 percent.

Sec. 4 states only businesses operating contests of chance with a gross income of more than \$50,000 per year will be affected by section 3 of this bill.

II. B - Cash Receipts Impact

Indeterminate. HCA assumes funds in the Problem Gambling Account will increase due to the B&O tax percentage increase however, there is no way to determine an exact amount due to how the net receipts are calculated.

II. C – Expenditures

Sec. 2: Prevention Expansion, Tracking Participation, and Evaluating Outcomes

- 1.0 FTE Medical Assistance Program Specialist 3 to strengthen its existing prevention efforts to work community-based organizations with a focus on populations known to be at higher-risk for problem gambling such as Youths, Young adults, BIPOC, Military, etc and to transform the

HCA Fiscal Note

Bill Number: 5634 E2SSB

HCA Request #: 23-209

annual awareness month to a more robust, 12-months-a-year effort. In addition, this position would monitor program participation and outcomes, ensure the program is training and certifying professionals to an acceptable standard of care, and facilitate more treatment contracts as funds and number of counselors allows.

- Currently, there is only \$26,000 in the State Problem Gambling Program budget for a Problem Gambling Awareness Month each year. To expand the effort to a continuous 12-month effort, HCA assumes the need for \$10,000 per month. This would require an additional \$94,000 in appropriation so that its total prevention budget is \$120,000 a year.
- Indirect administrative costs are calculated at \$39,000 per 1.0 FTE. This cost is included in Object T based on HCA's federally approved cost allocation plan and are captured and/or included as a Fiscal Analyst 3 classification.

Fiscal Impacts from Recommendations of the Problem Gambling Task Force

HCA acknowledges the changes in the bill do not explicitly call for specific expansions in problem gambling services. However, consistent with earlier iterations of this bill, Section 1(e) indicates the 2022 Problem Gambling Task Force Final Report (the report) played a significant role in establishing the need to generate increased revenue to support the service expansion recommendations identified in the report.

In alignment with cost estimates highlighted in the report, HCA estimates the costs to implement the recommendations would be an additional \$2.8 million (Problem Gambling Account) in the 2023-25 biennium. This additional funding shall address the pressure of increased community demand for treatment services on HCA-contracted problem gambling treatment providers and to contract with more state-certified program gambling treatment provider agencies and sole providers.

While the report also identifies the need to replace an aging data system called the TARGET2000 data system, the above estimate does not include system replacement costs.

II. C - Operating Budget Expenditures

Account	Account Title	Type	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
08K-1	Problem Gambling Account	State	248,000	248,000	248,000	248,000	248,000	248,000	496,000	496,000	496,000
Totals			\$ 248,000	\$ 248,000	\$ 248,000	\$ 248,000	\$ 248,000	\$ 248,000	\$ 496,000	\$ 496,000	\$ 496,000

II. C - Expenditures by Object Or Purpose

		FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
FTE		1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
A	Salaries and Wages	83,000	83,000	83,000	83,000	83,000	83,000	166,000	166,000	166,000
B	Employee Benefits	30,000	30,000	30,000	30,000	30,000	30,000	60,000	60,000	60,000
C	Professional Service Contracts	94,000	94,000	94,000	94,000	94,000	94,000	188,000	188,000	188,000
E	Goods and Other Services	2,000	2,000	2,000	2,000	2,000	2,000	4,000	4,000	4,000
T	Intra-Agency Reimbursements	39,000	39,000	39,000	39,000	39,000	39,000	78,000	78,000	78,000
Totals		\$ 248,000	\$ 248,000	\$ 248,000	\$ 248,000	\$ 248,000	\$ 248,000	\$ 496,000	\$ 496,000	\$ 496,000

II. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation.

Job title	Salary	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
FISCAL ANALYST 3	65,000	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
MEDICAL ASSISTANCE PROGRAM SPECIALIST 3	83,000	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Totals		1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3

Part IV: Capital Budget Impact

None.

HCA Fiscal Note

Bill Number: 5634 E2SSB

HCA Request #: 23-209

Part V: New Rule Making Require

None.

Individual State Agency Fiscal Note

Bill Number: 5634 E 2S SB	Title: Problem gambling	Agency: 116-State Lottery
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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
Problem Gambling Account-State 08k-1	233,745	335,566	569,311	676,552	678,356
WA Opportunity Pathways Account-State 17f-1	(233,745)	(335,566)	(569,311)	(676,552)	(678,356)
Total \$					

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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 03/14/2023
Agency Preparation: John Iyall	Phone: 360-810-2870	Date: 03/14/2023
Agency Approval: Josh Johnston	Phone: 360-810-2878	Date: 03/14/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 03/15/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

E2S SB 5634 recognizes and addresses problem gambling and gambling disorders. The following sections relate to Washington’s Lottery:

- Section 2 requires the Health Care Authority to establish and facilitate an ongoing advisory committee, which must include a representative from the Lottery. This work can be accomplished within existing resources.
- Section 3 increases the Lottery’s contribution to the problem gambling account created in RCW 41.05.751. It is currently thirteen one-hundredths (0.13) of one percent of net receipts. It would increase to 0.20 percent of net receipts in fiscal year 2024, and then to 0.26 percent of net receipts in fiscal year 2025 and subsequent years. This provision would shift distribution of Lottery revenue from 17F the Washington Opportunity Pathways Account to 08K the Problem Gambling Account. Minor necessary accounting changes can be accomplished within existing resources.
- Section 6 requires the Lottery to maintain placement of problem gambling and gambling disorder informational signs, including a toll-free helpline number, at retail locations. This requirement continues current obligations and has no new fiscal impact.

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 increases the Lottery’s contribution to the problem gambling account created in RCW 41.05.751. It is currently thirteen one-hundredths (0.13) of one percent of net receipts. It would increase to 0.20 percent of net receipts in fiscal year 2024, and then to 0.26 percent of net receipts in fiscal year 2025 and subsequent years. This provision would shift distribution of Lottery revenue from 17F the Washington Opportunity Pathways Account to 08K the Problem Gambling Account by the amounts shown in the estimated cash receipts table.

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

Bill Number: 5634 E 2S SB	Title: Problem gambling	Agency: 117-Washington State Gambling Commission
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.0	0.0	0.0	0.0
Account					
Gambling Revolving Account-Non-Appropriated 884 -6	1,656	1,656	3,312	3,312	3,312
Total \$	1,656	1,656	3,312	3,312	3,312

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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 03/14/2023
Agency Preparation: Kriscinda Hansen	Phone: 360-486-3489	Date: 03/14/2023
Agency Approval: Kriscinda Hansen	Phone: 360-486-3489	Date: 03/14/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 03/15/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

There is no change to this fiscal note from the one submitted for 5634 2SSB.

Section 2 (4) requires an ongoing advisory committee that will hold quarterly meetings to track progress of recommendations from the 2022 final report, provide advice and feedback upon request, and discuss emerging issues related to problem gambling and identify possible strategies for improvement. It also requires that committee membership include at least one representative from the Gambling Commission.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Section 2 (4) requires at least one representative from the Gambling Commission be on the ongoing advisory committee established by the Health Care Authority.

For purposes of this fiscal note, the Gambling Commission assumes the following:
The Gambling Commission Deputy Director will be on the advisory committee. Quarterly meetings will be 8 hours each and require 6 hours of preparation per meeting, totaling 56 hours a year.
Meetings would be remote with no travel expenses.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
884-6	Gambling Revolving Account	Non-Appropriated	1,656	1,656	3,312	3,312	3,312
Total \$			1,656	1,656	3,312	3,312	3,312

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.0	0.0	0.0	0.0
A-Salaries and Wages	1,052	1,052	2,104	2,104	2,104
B-Employee Benefits	273	273	546	546	546
C-Professional Service Contracts					
E-Goods and Other Services	331	331	662	662	662
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	1,656	1,656	3,312	3,312	3,312

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 Director	143,520	0.0	0.0	0.0	0.0	0.0
Total FTEs		0.0	0.0	0.0	0.0	0.0

III. D - Expenditures By Program (optional)
NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures
NONE

IV. B - Expenditures by Object Or Purpose
NONE

IV. C - Capital Budget Breakout
Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.
NONE

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

NONE

Part V: New Rule Making Required

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

Department of Revenue Fiscal Note

Bill Number: 5634 E 2S SB	Title: Problem gambling	Agency: 140-Department of Revenue
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
Problem Gambling Account-State 01 - Taxes 05 - Bus and Occup Tax	232,000	471,000	703,000	942,000	942,000
Total \$	232,000	471,000	703,000	942,000	942,000

Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3	0.3	0.3		
Account					
GF-STATE-State 001-1	51,000	30,900	81,900		
Total \$	51,000	30,900	81,900		

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: Jeffrey Mitchell	Phone: (360) 786-7438	Date: 03/14/2023
Agency Preparation: Van Huynh	Phone: (360) 534-1512	Date: 03/14/2023
Agency Approval: Valerie Torres	Phone: (360) 534-1521	Date: 03/14/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/15/2023

Request # 5634-4-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Note: This fiscal note reflects language in E2SSB 5634, 2023 Legislative Session.

COMPARISON OF THE ENGROSSED SECOND SUBSTITUTE BILL WITH THE SECOND SUBSTITUTE:

The engrossed second substitute makes changes to the problem and pathological gambling treatment program. These changes do not affect the department's impacts as shown in the fiscal note.

CURRENT LAW:

A business and occupation (B&O) tax rate of 1.5% applies to the gross income of businesses operating contests of chance.

An additional tax is imposed on such businesses. The amount of the additional tax equals to the gross income of the business derived from contests of chance multiplied by the rate of 0.13%. The revenue from this additional tax is deposited into the problem gambling account. The additional tax does not apply to a business with gross income less than \$50,000 per year.

For businesses engaging in parimutuel wagering, a B&O tax rate of 0.13% applies to the gross income derived from parimutuel wagering. The revenue from this tax is deposited into the problem gambling account.

PROPOSAL:

For businesses operating contests of chance, this bill increases the rate of the additional tax to 0.2% through June 30, 2024, and 0.26% thereafter.

For businesses in parimutuel wagering, the tax rate increases to 0.2% through June 30, 2024, and 0.26% thereafter.

EFFECTIVE DATE:

This bill takes effect on July 1, 2023.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

- Calendar year 2021 business activity represents activity occurring in future years.

DATA SOURCES:

- Department of Revenue, Excise tax data

REVENUE ESTIMATES:

This bill increases state revenues by an estimated \$232,000 in the 11 months of impacted collections in fiscal year 2024, and by \$471,000 in fiscal year 2025, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):	
FY 2024 -	\$ 232
FY 2025 -	\$ 471
FY 2026 -	\$ 471

FY 2027 - \$ 471
FY 2028 - \$ 471
FY 2029 - \$ 471

Local Government, if applicable (cash basis, \$000): None.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

This bill affects 700 taxpayers.

FIRST YEAR COSTS:

The department will incur total costs of \$51,000 in fiscal year 2024. These costs include:

Labor Costs - Time and effort equate to 0.3 FTE.

- Process tax return work items, assist taxpayers with reporting questions and respond to inquiries via email and web message and paper correspondence.
- Examine accounts and make corrections as necessary.
- Gathering requirements, implementation meetings, documentation, and testing of system changes due to tax rate changes.

Object Costs - \$17,600.

- Computer system changes, including contract programming.

SECOND YEAR COSTS:

The department will incur total costs of \$30,900 in fiscal year 2025. These costs include:

Labor Costs - Time and effort equate to 0.3 FTE.

- Process tax return work items, assist taxpayers with reporting questions and respond to inquiries via email and web message and paper correspondence.
- Examine accounts and make corrections as necessary.
- Continued computer system testing, monitoring and maintenance.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3	0.3	0.3		
A-Salaries and Wages	20,200	20,200	40,400		
B-Employee Benefits	6,700	6,700	13,400		
C-Professional Service Contracts	17,600		17,600		
E-Goods and Other Services	4,400	3,100	7,500		
J-Capital Outlays	2,100	900	3,000		
Total \$	\$51,000	\$30,900	\$81,900		

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
EXCISE TAX EX 2	55,872	0.1	0.1	0.1		
MGMT ANALYST4	73,260	0.2	0.2	0.2		
Total FTEs		0.3	0.3	0.3		

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5634 E 2S SB	Title: Problem gambling	Agency: 185-Horse Racing Commission
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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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 03/14/2023
Agency Preparation: Seth Flory	Phone: (360) 407-8165	Date: 03/17/2023
Agency Approval: Seth Flory	Phone: (360) 407-8165	Date: 03/17/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 03/21/2023

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.

Engrossed 2nd Substitute Senate Bill 5634 amends several RCW related to problem gambling and gambling disorder.

The amendments proposed in Sections 2 and 6 are relevant to the Horse Racing Commission, but do not substantially change the Commission's roles and responsibilities from what they are under current law. Therefore, no fiscal impact is expected to result from the adoption of this legislation.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

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

Bill Number: 5634 E 2S SB	Title: Problem gambling	Agency: 303-Department of Health
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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: Jeffrey Mitchell	Phone: 360-786-7438	Date: 03/14/2023
Agency Preparation: Donna Compton	Phone: 360-236-4538	Date: 03/16/2023
Agency Approval: Kristin Bettridge	Phone: 3607911657	Date: 03/16/2023
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 03/16/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

No change in fiscal impact to the department, engrossed second substitute bill clarifies that the treatment program must be year-round and include community engagement as a requirement to be considered as a contractor for this work, and adds the requirement that a person must be unable to afford treatment to receive assistance from this HCA program. This does not change how DOH would license BHAs for problem gambling.

This bill outlines the legislatures intention to provide long-term, dedicated funding for prevention, public awareness, education, and accessible treatment services for individuals impacted by problem gambling or gambling disorders.

This bill requires no immediate rulemaking or any change in program implementation practices; therefore, there is no fiscal impact to the Department of Health.

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.

None