

Individual State Agency Fiscal Note

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| Bill Number: 1392 E 2S HB | Title: Electronics repair | Agency: 100-Office of Attorney General |
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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 | 5.0 | 2.5 | 3.1 | 1.3 |
| Account | | | | | |
| General Fund-State 001-1 | 0 | 845,000 | 845,000 | 1,044,000 | 398,000 |
| Total \$ | 0 | 845,000 | 845,000 | 1,044,000 | 398,000 |

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.

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|-----------------------------------|-----------------------|------------------|
| Legislative Contact: Angela Kleis | Phone: 360-786-7469 | Date: 03/14/2023 |
| Agency Preparation: Dave Merchant | Phone: 360-753-1620 | Date: 03/17/2023 |
| Agency Approval: Edd Giger | Phone: 360-586-2104 | Date: 03/17/2023 |
| OFM Review: Cheri Keller | Phone: (360) 584-2207 | Date: 03/20/2023 |

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: Contains findings.

Section 2: Adds new definitions necessary to implement the bill.

Section 3: Requires manufacturers of digital electronic equipment and parts that are manufactured for the first time and first sold or leased in Washington, on or after July 1, 2023, must make available to repair facilities, on fair and reasonable terms, any parts, tools, and documentation required for the diagnosis, maintenance, or repair of such equipment and its parts. The parts, tools, and documentation may be made available either directly from the manufacturer or an authorized third-party provider. The manufacturer may offer parts, such as integrated batteries, to repair professionals preassembled with other parts rather than as individual components.

Section 4: Requires written notice to customers related to data safety and customer rights and remedies.

Section 5: Contains exclusions for trade secrets or independent providers to repair providers, alter warranty or contract terms, and for various other activities relating to modification and access to information.

Section 6: Provides that manufacturers are not liable for services performed by repair professionals, and manufacturers do not warrant services provided by repair professionals. In addition, while manufacturers must offer tools upon fair and reasonable terms, the manufacturer is not responsible for the content and functionality of such tools.

Section 7: States that violations of the Fair Repair Act are deemed to affect public interest and constitute an unfair or deceptive act in trade or commerce for purposes of the Consumer Protection Act. Violations are only enforceable by the Attorney General.

Sections 8 & 9: Include codification instructions.

Section 10: Contains a null and void clause.

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.

General Fund-State (GF-S) Account 001-1: Attorney General's Office (AGO) Consumer Protection Division (CPR) 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.

Attorney General's Office (AGO) Agency Assumptions:

This bill is assumed effective 90 days after the end of the 2023 legislative session.

Location of staffing is assumed to be in a Seattle office building.

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 Consumer Protection Division's (CPR) Legal Services:

CPR assumes that enforcement to ensure compliance will be a priority for the AGO.

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

CPR assumes that other regulators will take action to enforce similar laws.

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

CPR assumes that the bill will remain, as currently drafted, without a private right of action under the Consumer Protection Act (CPA).

Assume no enforcement activity in first year of implementation because only applies to equipment manufactured and sold/leased in Washington State (WA) after July 1, 2023.

AAG will investigate potential violations; draw conclusions from investigation; draft Civil Investigative Demand (CID)/discovery requests; engage in settlement negotiations; file lawsuit.

Paralegals (PL) will manage documents, draft CID/discovery requests and manage responses; assist with legal pleadings and research.

Investigators (INV) will interview witnesses; review investigative records; other investigative tasks as assigned.

Direct Litigation Costs FY 2025 and FY 2026:

Expert costs: \$75,000.

Depositions to aid in enforcement: \$18,000 (\$3,000 each, estimating 6 depositions).

Travel expenses for depositions, witness interviews, other: \$3,000.

E-document management costs: \$10,000.

Filing fees and costs: \$360.

Direct Litigation Costs FY 2027 and in each FY thereafter:

Depositions to aid in enforcement: \$9,000 (\$3,000 each, estimating 3 depositions).

Travel expenses for depositions, witness interviews, other: \$1,500.

CPR total workload impact using Seattle rates:

FY 2025 – FY 2026 (in each FY): \$845,000 for 2.0 AAG, 1.0 LA, 0.5 INV and 1.0 PL, this includes direct litigation costs of \$106,360.

FY 2027 and in each FY thereafter: \$199,000 for 0.5 AAG, 0.25 LA, 0.2 INV and 0.2 PL, this includes direct litigation costs of \$10,500.

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 | 0 | 845,000 | 845,000 | 1,044,000 | 398,000 |
| Total \$ | | | 0 | 845,000 | 845,000 | 1,044,000 | 398,000 |

III. B - Expenditures by Object Or Purpose

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|----------------------------------|---------|---------|---------|-----------|---------|
| FTE Staff Years | | 5.0 | 2.5 | 3.1 | 1.3 |
| A-Salaries and Wages | | 486,000 | 486,000 | 611,000 | 250,000 |
| B-Employee Benefits | | 159,000 | 159,000 | 199,000 | 80,000 |
| C-Professional Service Contracts | | 75,000 | 75,000 | 75,000 | |
| E-Goods and Other Services | | 116,000 | 116,000 | 147,000 | 62,000 |
| G-Travel | | 9,000 | 9,000 | 12,000 | 6,000 |
| Total \$ | 0 | 845,000 | 845,000 | 1,044,000 | 398,000 |

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 |
|------------------------------------|---------|---------|---------|---------|---------|---------|
| Assistant Attorney General-Seattle | 124,635 | | 2.0 | 1.0 | 1.3 | 0.5 |
| Legal Assistant 3-Seattle | 67,044 | | 1.0 | 0.5 | 0.6 | 0.3 |
| Management Analyst 5 | 91,524 | | 0.5 | 0.3 | 0.3 | 0.1 |
| Paralegal 2-Seattle | 75,096 | | 1.0 | 0.5 | 0.6 | 0.2 |
| Senior Investigator-Seattle | 98,532 | | 0.5 | 0.3 | 0.4 | 0.2 |
| Total FTEs | | | 5.0 | 2.5 | 3.1 | 1.3 |

III. D - Expenditures By Program (optional)

| Program | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|------------------------------------|---------|---------|---------|-----------|---------|
| Consumer Protection Division (CPR) | | 845,000 | 845,000 | 1,044,000 | 398,000 |
| Total \$ | | 845,000 | 845,000 | 1,044,000 | 398,000 |

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.