

Multiple Agency Fiscal Note Summary

Bill Number: 2151	Title: Cannabis Lab Accreditation
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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
Department of Ecology	0	0	(498,000)	0	0	(996,000)	0	0	(996,000)
Department of Agriculture	0	0	40,000	0	0	80,000	0	0	80,000
Total \$	0	0	(458,000)	0	0	(916,000)	0	0	(916,000)

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

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Liquor and Cannabis Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Ecology	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Agriculture	.0	(40,000)	(40,000)	0	4.5	1,631,840	1,631,840	1,711,840	4.5	1,631,840	1,631,840	1,711,840
Total \$	0.0	(40,000)	(40,000)	0	4.5	1,631,840	1,631,840	1,711,840	4.5	1,631,840	1,631,840	1,711,840

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Department of Agriculture	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

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Date Published:
Final 1/10/2024

Individual State Agency Fiscal Note

Bill Number: 2151	Title: Cannabis Lab Accreditation	Agency: 195-Liquor and Cannabis Board
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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: Peter Clodfelter	Phone: 360-786-7127	Date: 12/14/2023
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 01/03/2024
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/03/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/10/2024

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.

This bill reassigns the duties of accreditation of private cannabis testing laboratories from the department of ecology to the department of agriculture.

Section 1 – the Department of Agriculture must, in consultation with the Liquor and Cannabis Board, adopt rules to implement section 2.

Section 2 (RCW 69.50.348) – references to the “Department of Ecology” are replaced with “Department of Agriculture.”

Section 3 – repeals RCW 43.21A.736 (Cannabis product testing fees-rules)

Section 4 – Section 2 of this act takes effect July 1, 2024.

Section 5 – Sections 1 & 3 take effect immediately.

II. B - Cash receipts Impact

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

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: 2151	Title: Cannabis Lab Accreditation	Agency: 461-Department of Ecology
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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
Dedicated Cannabis Account-State 315-1		(498,000)	(498,000)	(996,000)	(996,000)
Total \$		(498,000)	(498,000)	(996,000)	(996,000)

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: Peter Clodfelter	Phone: 360-786-7127	Date: 12/14/2023
Agency Preparation: Gary Koshi	Phone: 360-701-7645	Date: 01/03/2024
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 01/03/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 01/03/2024

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.

Under current law, RCW 69.50.348, the responsibility to accredit cannabis-testing laboratories is scheduled to transfer from the Washington State Liquor and Cannabis Board (WSLCB) to the Department of Ecology (Ecology), effective July 1, 2024. Under RCW 43.21A.736, Ecology is currently required to adopt rules by July 1, 2024, to implement the program.

This bill would replace Ecology with the Department of Agriculture (WSDA) as the agency responsible for accrediting cannabis-testing laboratories starting July 1, 2024.

Section 2 would amend RCW 69.50.348 to transition private cannabis lab accreditation responsibility from WSLCB to WSDA rather than from WSLCB to Ecology, effective July 1, 2024. Section 2(5) would remove the requirement for Ecology to establish fees to fully cover the costs of the program, and instead allow WSDA to establish fees that support their costs to implement the program.

Section 3 would repeal RCW 43.21A.736, which would no longer require Ecology to adopt rules and establish fees to accredit cannabis-testing laboratories.

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.

This bill would result in a reduction to cash receipts for Ecology starting in fiscal year (FY) 2025.

RCW 69.50.348(5) currently requires Ecology to establish a fee schedule to fully cover, but not exceed, the administrative and oversight costs of the accreditation program. Ecology has undertaken rulemaking as required to begin charging this fee in FY 2025. In order to fully recover Ecology's costs to implement the program, Ecology estimates the fee revenue would be approximately \$498,000 per year.

Section 2 of this bill would transition private cannabis lab accreditation responsibility from WSLCB to WSDA rather than from WSLCB to Ecology, effective July 1, 2024, and would remove the requirement for Ecology to establish fees. Therefore, estimated fee revenue would be eliminated beginning in FY 2025.

Cash Receipts Summary

FY 2025 and ongoing: -\$498,000 per year, Dedicated Cannabis Account

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.

This bill would have no expenditure impact to Ecology compared to the current 2023-25 enacted budget. However, as a result of changing cannabis lab accreditation program to WSDA instead of Ecology, Ecology would no longer require new 2024 supplemental funding to implement the program beginning in FY 2025.

While the responsibility under current law to accredit cannabis-testing laboratories is scheduled to transfer to Ecology July 1, 2024, Ecology currently has no budget in the 2023-25 biennium to support this activity. In the 2022 session, the Legislature passed E2SSB 5796 to identify appropriation levels from the Dedicated Cannabis Account through the 2021-23 biennium, and the 2023-25 operating budget removed remaining Dedicated Cannabis Account appropriation for this activity from Ecology's budget. Ecology would require additional funding beginning in FY 2025 to be able to meet the current

statutory requirement. This funding is included in the Governor's 2024 supplemental operating budget proposal PL PJ Cannabis Lab Accreditation.

In addition, this bill would not require Ecology to repeal or revise any rules because Ecology has not yet adopted rules to take over accreditation of cannabis-testing laboratories.

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: 2151	Title: Cannabis Lab Accreditation	Agency: 495-Department of Agriculture
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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
Dedicated Cannabis Account-State 315-1		40,000	40,000	80,000	80,000
Total \$		40,000	40,000	80,000	80,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.0	0.0	4.5	4.5
Account					
General Fund-State 001-1	0	(40,000)	(40,000)	1,631,840	1,631,840
Dedicated Cannabis Account-State 315-1	0	40,000	40,000	80,000	80,000
Total \$	0	0	0	1,711,840	1,711,840

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: Peter Clodfelter	Phone: 360-786-7127	Date: 12/14/2023
Agency Preparation: Trecia Ehrlich	Phone: 360-584-3711	Date: 01/08/2024
Agency Approval: Lori Peterson	Phone: 360-974-9767	Date: 01/08/2024
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 01/08/2024

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.

Under current law (Chapter 15.150 RCW), the Department of Agriculture (Agriculture) sets and maintains cannabis testing laboratory quality standards. The proposed legislation would reassign the responsibility for the accreditation of private cannabis testing laboratories from the Department of Ecology (Ecology) to the Department of Agriculture.

Section 1 would require Agriculture to consult with the Liquor and Cannabis Board and adopt rules to implement section 2 by July 1, 2024. This section would authorize Agriculture to use expedited rule making.

Section 2 (1) would establish Agriculture as the agency responsible for establishing accreditation requirements for private cannabis testing laboratories.

Section 2 (5) would authorize Agriculture to support costs for laboratory accreditation and laboratory quality standards through assessment of fees. Agriculture would be required to review established fee schedules biennially. Fees collected by Agriculture would be deposited in the Dedicated Cannabis Account created in RCW 69.50.530.

Per section 4, section 2 would be effective July 1, 2024.

Per section 5, sections 1 and 3 would be effective immediately upon the bill enactment.

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 2 (5) would authorize Agriculture to support costs of lab standards and accreditation of private labs through a fee. Agriculture assumes a certification fee of \$3,000 to \$5,000 per year would be assessed to each lab seeking accreditation, and revenue from collected fees would be deposited in the Dedicated Cannabis Account, beginning in fiscal year 2025.

There are currently 8 labs in the state seeking accreditation. Based on the number of estimated fee payers and a fee range of \$3,000 to \$5,000 per lab, estimated cash receipts in the Dedicated Cannabis Account would range between \$24,000 and \$40,000 each year, beginning in FY 2025. For purposes of this fiscal note, the upper range of the estimate is provided in the tables.

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.

The fiscal impact to Agriculture is less than \$50,000 in fiscal year 2025, and greater than \$50,000 in fiscal year 2026 and ongoing each fiscal year thereafter.

Agriculture received one-time General Fund-State authority in the 2023-25 biennium to stand up the Cannabis Lab Analysis Standards Program (CLASP). Under current law, Agriculture assumed a potential reduction of staffing for ongoing CLASP workload, beginning in the 2025-27 biennium. The changes in the proposed legislation would require current staffing levels to be maintained on an ongoing basis to support accreditation of private testing labs and administer annual fees, in addition to the maintenance and updates of lab standards.

Agriculture assumes the current CLASP program staff funded through the existing 2023-25 biennium authority would implement the accreditation requirements that take effect on July 1, 2024, and the other provisions that take effect

immediately. The current staffing level that would need to be maintained on an ongoing basis for lab standards, accreditation, and fee administration is as follows:

WMS Band 2 Manager – 1.0 FTE beginning fiscal year 2026 and ongoing each fiscal year thereafter for coordination with the Liquor and Cannabis Board and program oversight.

Management Analyst 3 – 0.5 FTE beginning fiscal year 2026 and ongoing each fiscal year thereafter for program and fee administration.

Operations Research Specialist – 1.0 FTE beginning fiscal year 2026 and ongoing each fiscal year thereafter for oversight of lab standards and accreditation.

Microbiologist 4 – 1.0 FTE beginning fiscal year 2026 and ongoing each fiscal year thereafter for microbiological standards and accreditation for microbiological laboratory testing.

Chemist 4 – 1.0 FTE beginning fiscal year 2026 and ongoing each fiscal year thereafter for chemistry standards and accreditation for chemistry laboratory testing.

Total estimated costs would be \$855,920 in fiscal year 2026 and ongoing each fiscal year thereafter . Costs are assumed to be in the General Fund-State, based on the current funding source for the CLASP. Beginning in FY 2025, revenue from accreditation fees would offset current and ongoing program costs. A portion of the total estimated costs beginning in FY 2026 is estimated in the Dedicated Cannabis Account. Because revenue is estimated from fees beginning in FY 2025, this fiscal note assumes the revenue would offset a state general fund costs in current biennium budget authority for FY 2025.

Summary of cost assumptions by object:

Salary estimates are current biennium actual rates at Step L.

Benefits are calculated based on current standard statewide benefit rates.

Goods and Services are the agency average of \$8,600 per direct program FTE. Goods and Services also include building lease costs, estimated at \$3,800 per FTE per year, professional development costs estimated at \$500 per FTE per year, and personnel services charges, estimated to be 0.347% of salaries.

Travel costs are estimated to be \$6,000 per year.

Agency Administrative Overhead is calculated based on a rate of 24.6% of direct program salaries and benefits.

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	(40,000)	(40,000)	1,631,840	1,631,840
315-1	Dedicated Cannabis Account	State	0	40,000	40,000	80,000	80,000
Total \$			0	0	0	1,711,840	1,711,840

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years				4.5	4.5
A-Salaries and Wages				947,420	947,420
B-Employee Benefits				321,000	321,000
C-Professional Service Contracts					
E-Goods and Other Services				119,380	119,380
G-Travel				12,000	12,000
J-Capital Outlays					
N-Grants, Benefits & Client Services					
9-Agency Administrative Overhead				312,040	312,040
Total \$	0	0	0	1,711,840	1,711,840

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
CHEMIST 4	113,712				1.0	1.0
MANAGEMENT ANALYST 3	76,607				0.5	0.5
MICROBIOLOGIST 4	103,008				1.0	1.0
OPERATIONS RESEARCH SPECIALIST	108,249				1.0	1.0
WMS BAND 2	110,437				1.0	1.0
Total FTEs					4.5	4.5

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.

Section 1 would require Agriculture to consult with the Liquor and Cannabis Board and adopt rules to implement section 2 by July 1, 2024. This section would authorize Agriculture to use expedited rule making.

The staff for the laboratory standards program are currently conducting rulemaking for lab standards per Chapter 15.150 RCW. Staff currently working on lab standards rulemaking would prepare an emergency rule for the lab accreditation requirements in the event the proposed legislation were enacted.