

# Multiple Agency Fiscal Note Summary

**Bill Number:** 1003 S HB

**Title:** Research/technology comm

## Estimated Cash Receipts

Agency Name	2003-05		2005-07		2007-09	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost. Please see discussion."					
Office of Attorney General	0	(673,000)	0	(168,000)	0	(168,000)
Office of Financial Management	(903,000)	673,000	(250,000)	168,000	(250,000)	168,000
<b>Total \$</b>	(903,000)	0	(250,000)	0	(250,000)	0

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

## Estimated Expenditures

Agency Name	2003-05			2005-07			2007-09		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	(673,000)	.0	0	(168,000)	.0	0	(168,000)
Community, Trade, and Economic Development	.0	0	19,000,000	.0	0	20,000,000	.0	0	74,000,000
Office of Financial Management	.0	0	(19,000,000)	.0	0	(20,000,000)	.0	0	(75,000,000)
State Investment Board	.0	0	0	.0	0	0	.0	0	0
<b>Total</b>	0.0	\$0	\$(673,000)	0.0	\$0	\$(168,000)	0.0	\$0	\$(1,168,000)

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

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**Prepared by:** Robin Campbell, OFM

**Phone:**

360-902-0575

**Date Published:**

Final 3/19/2003

\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1003 S HB	<b>Title:</b> Research/technology comm	<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. Please see discussion.**

Estimated Expenditures from:

	FY 2004	FY 2005	2003-05	2005-07	2007-09
<b>Fund</b>					
<b>Total \$</b>					

*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:	Phone:	Date: 02/24/2003
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 02/25/2003
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 02/25/2003
OFM Review: Deborah Feinstein	Phone: 360-902-0614	Date: 03/03/2003

Part II: Narrative Explanation

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

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

SHB 1003 creates the biomedical research and technology transfer account & the investing in innovation trust fund. The State Investment Board is directed to invest the money in the investing in innovation trust fund. This bill allows these accounts to retain their earnings.

Earnings:  
The amount of earnings by an account is a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period in question. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average balances, and hence differing earnings.

There will be an impact to the earnings; however, the actual earnings will be determined more by the impact to the average daily balance than the amount of increases or decreases in receipts, disbursements, and transfers. Currently, estimated earnings are indeterminable. Without projected monthly estimates of receipts, disbursements, and transfers, OST is unable to estimate the changes to the average balance of the account and the impact to earnings.

Based on the November 2002 Revenue Forecast, the net rate for estimating earnings for FY 04 is 2.44% and for FY 05 is 3.37%. The rate used for FY 05 should also be used for subsequent fiscal years. Approximately \$24,400 in FY 04 and \$33,700 in FY 05 in net earnings and \$5,000 in OST management fees would be gained or lost annually for every \$1 million increase or decrease in average daily balance.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

SHB 1003 creates the biomedical research and technology transfer account & the investing in innovation trust fund. The State Investment Board is directed to invest the money in the investing in innovation trust fund. This bill allows these accounts to retain their earnings.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years					
Total:					

Part IV: Capital Budget Impact

**Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1003 S HB	<b>Title:</b> Research/technology comm	<b>Agency:</b> 100-Office of Attorney General
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

FUND	FY 2004	FY 2005	2003-05	2005-07	2007-09
Miscellaneous Program	(589,000)	(84,000)	(673,000)	(168,000)	(168,000)
Account-Private/Local 759-7					
<b>Total \$</b>	(589,000)	(84,000)	(673,000)	(168,000)	(168,000)

### Estimated Expenditures from:

	FY 2004	FY 2005	2003-05	2005-07	2007-09
<b>Fund</b>					
Miscellaneous Program	(589,000)	(84,000)	(673,000)	(168,000)	(168,000)
Account-Private/Local 759-7					
<b>Total \$</b>	(589,000)	(84,000)	(673,000)	(168,000)	(168,000)

*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:	Phone:	Date: 02/24/2003
Agency Preparation: Linda Moran	Phone: 360 753-2619	Date: 03/19/2003
Agency Approval: Steve Nielson	Phone: 360-753-2516	Date: 03/19/2003
OFM Review: Robin Campbell	Phone: 360-902-0575	Date: 03/19/2003

Part II: Narrative Explanation

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

*Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

The bill directs 10% of the tobacco Master Settlement Agreement (MSA) proceeds into the biomedical research and technology account. Expenditures from the account may be used only for grants awarded by the research and technology transfer commission and for operation of the commission established under this act.

The bill creates the investing and innovation trust fund in the custody of the state treasurer. The bill appears to provide that all court awards or court approved or out of court regulatory settlements from action taken by the Attorney General in the areas of telecommunications, energy, and technology (CY Pres funds) that are not specifically awarded for the benefit of identifiable parties to the legal action, or for court costs or attorneys' fees, or that are otherwise directed for deposit by statute, must be deposited into the trust fund.

The bill also creates the research and technology transfer commission, and specifies the duties of the commission.

II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

Section 2 - Biomedical Research and Technology Transfer Account: Addressed in OFM's fiscal note.

Section 3-Investing in Innovation Trust Fund:

Section 3 directs all litigation awards or settlements related to telecommunications, energy, and technology since 1998 to be deposited to the new Investing in Innovation Trust Fund. Since 1997, out of the 4.3M that was deposited from our Consumer Protection Division into the General Fund, 753k was related to telecommunications and technology (Telemark, American Circulation Services, Fax.com, MSI Marketing, Travel Incentives, Qwest). Most of the money (500k) is from the Qwest settlement in 2002. It is important to note that currently there are no payments due to Washington State for these types of cases.

In addition to funds that the office already deposits into the general fund, this bill appears to also capture cy pres monies and deposit them into the trust fund. Cy Pres is a judicially created doctrine to ensure the fair distribution of recoveries when individual consumers cannot be identified. Cy Pres means next best use. Cy Pres funds are court approved distributions specifically directed to benefit the harmed "class" of consumers for which the lawsuit was originally brought. The amounts that would be deposited each year vary. For example, in 2002 there were 2 Cy Pres distributions: 5k from Wild West Tours, and 500k in the Qwest settlement (note - this is in addition to the General Fund money listed above). It is important to note that between the years of 1997 and 2001, there were no CY Pres distributions in the areas of telecommunications, energy, or technology. Solely for the purpose of this fiscal note, an average amount over the past six years, or \$84,000 per year, is assumed to be deposited to the Investing in Innovation Trust Fund instead pursuant to a cy pres distribution plan in years beginning in Fiscal Year 2004. In addition, a one-time transfer of \$505,000 would be made from AGO local funds to the new trust account provided it has not already been distributed pursuant to a cy pres plan.

All money received from energy litigation is traditionally given back to consumers, so there would typically be no money deposited to the account under this bill. However, there has been a settlement of an energy lawsuit in 2002 which resulted in a settlement of \$15 million to be paid over three years. The case is one of several against energy companies for alleged market manipulations and overcharges. The money will be held in an interest bearing account until the investigations into the other energy suppliers are concluded. This money will be distributed to consumers directly or through a cy pres distribution plan.

As far as technology, there is 88k that is due in judgements. However, there is no guarantee that the money will actually come in.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Cy pres money is distributed to benefit the harmed class of consumers for which the lawsuit was originally brought when individual consumers cannot be identified. These representative organizations will no longer receive funds from lawsuits brought to remedy wrongs suffered by consumers. Instead the fund created under this bill will become the beneficiary of the proceeds from the litigation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(589,000)	(84,000)	(673,000)	(168,000)	(168,000)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$(589,000)	\$(84,000)	\$(673,000)	\$(168,000)	\$(168,000)

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1003 S HB	<b>Title:</b> Research/technology comm	<b>Agency:</b> 103-Community, Trade & Economic Develop
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

<b>FUND</b>					
<b>Total \$</b>					

### Estimated Expenditures from:

	FY 2004	FY 2005	2003-05	2005-07	2007-09
<b>Fund</b>					
Biomedical R&T Trans Acct-Non-Appropriated NEW-6	9,000,000	10,000,000	19,000,000	20,000,000	74,000,000
<b>Total \$</b>	9,000,000	10,000,000	19,000,000	20,000,000	74,000,000

*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:

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- ☐ 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:	Phone:	Date: 02/24/2003
Agency Preparation: Karen McArthur	Phone: 36-0725-4027	Date: 03/06/2003
Agency Approval: Robin Pollard	Phone: 360-725-4063	Date: 03/06/2003
OFM Review: Robin Campbell	Phone: 360-902-0575	Date: 03/13/2003



Part II: Narrative Explanation

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

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

Sections 1, 2 & 3 – establish funding for research and development awards from a portion of the master tobacco settlement and separately from investment proceeds from non-directed settlements by the attorney general in certain areas. These sections provide for awarding funds under the direction of a newly created commission, and provide for the Executive Director of the Washington Technology Center or their designee to authorize expenditures from these accounts.

Sections 4 & 5 – Outlines membership of the commission, appointment process and designation of the chairperson.

Section 6 – Outlines a strategic assessment function for the commission to determine biomedical research and biotechnology investments, also technology, telecommunications and energy research that would likely create jobs and business opportunities.

Section 7 – Directs the commission to establish a competitive process for awarding grants including a peer review process of proposals. Allows for creation of a commercial development fund.

Section 8 – Calls for review of the grants program periodically, and for the commission to establish benchmarks against which the program shall be evaluated.

Section 9 – Allows for up to one percent of the available funds to be used for administrative costs of the commission.

Section 10-12 – Appear to have no fiscal impact.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The funds would be passed through from CTED to the WTC. Below are WTC’s assumptions as to their expenditures. A series of expenditures will be necessary to support the commission itself from Sections 4, 5, 6, 7 & 8. Money to support the commission meetings, travel reimbursement as outlined in the Act and the peer review panels would total \$11,000 a year, with an additional \$50,000 in startup costs the first year. These costs are based on the expenses incurred for WTC Board Meetings and the current peer review meetings. Larger awards will require peer review members from out-of-state to ensure a completely objective analysis.

Staffing is necessary to provide program direction and support for a program that is anticipated to be between \$10 and \$15 million a year, Sections 7 & 9. The primary role of the Managing Director will be project and proposal development, negotiation, as well as overseeing assessments called for in the act, developing program benchmarks and measuring program impact. The Program Managers role is to ensure that research results are progressing to industry, and to develop programs to ensure the transfer of the results. It is assumed that WTC is not required to pay university overhead support to WTC’s fiscal agent the University of Washington.

Assessments called for in the act are anticipated to come out of the award funding, to be reviewed on a similar peer review basis as the regular research awards.

No support is assumed for a commercialization fund.

The Innovation Fund is not expected to reach \$10 million by FY 09 and is not part of the analysis.

Award processing and grant management will generally be supported with WTC’s current infrastructure and staffing for the 4-5 grants made a year. Occasional outside expertise will be required to conduct financial and program audits on a regular basis.

The Act, However only provides 1% of the funding available for administrative support. It is estimated that with next

year's tobacco payout, that WTC would have \$94,000 to support administrative costs. For the first four years of the program the 1% is not sufficient to fully support one professional staff person managing the program. The administrative support would be enough to hire a part-time Program Manager, pay for their benefits and some level of associated costs, plus minimum support for the review committee members. Beginning with 2008, WTC would be able to fully staff the program with a Managing Director and a Program Manager as well as supporting the peer review costs from the administrative costs. The two program managers together would support movement of the R&D work into industry and ensure a comprehensive approach impacting Washington's economy.

Please see attached tables for further cost discussion.

## Part III: Expenditure Detail

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

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	90,000,000	10,000,000	100,000,000	20,000,000	74,000,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
<b>Total:</b>	<b>\$90,000,000</b>	<b>\$10,000,000</b>	<b>\$100,000,000</b>	<b>\$20,000,000</b>	<b>\$74,000,000</b>

## Part IV: Capital Budget Impact

## Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Action	Cost	Number of Times	Total Costs
Commission Meetings	\$1,250 per meeting (including travel reimbursement of \$750 per meeting)	2 meetings per year	\$2,500 total cost
Peer Review Panel Meetings	\$1,500 per meeting	1 meetings per year	\$1,500 total cost
Travel Reimbursement for Peer Review Members	\$7,000 per meeting, including out-of-state members	1 meetings per year	\$7,000 total cost
National Academy of Sciences Assistance	\$50,000 – assist in developing peer review teams	One time cost	\$50,000 one time cost

Cost Category	Startup Amount	Annual Amount
Managing Director	\$ 99,000	\$ 99,000
Program Manager	\$ 60,000	\$ 60,000
Benefits @ 23.2% (UW rate)	\$ 36,888	\$ 36,888
Startup Costs (equipment, computers, etc.) – one time	\$ 8,000	\$
Personal Service Agreements (honorarium)	\$ 20,000	\$ 20,000
Other Costs @ 36% of personnel	\$ 70,520	\$ 70,520
Travel	\$ 3,600	\$ 3,600
Commission/Peer Review Costs	\$ 61,000	\$ 11,000
Total Costs	\$359,008	\$301,008

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1003 S HB	<b>Title:</b> Research/technology comm	<b>Agency:</b> 105-Office of Financial Management
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

FUND	FY 2004	FY 2005	2003-05	2005-07	2007-09
General Fund-State 001-1	(778,000)	(125,000)	(903,000)	(250,000)	(250,000)
Health Services Account-State 760-1	(9,000,000)	(10,000,000)	(19,000,000)	(20,000,000)	(75,000,000)
Biomedical Research and Technology Transfer Acct-Non-Appropriated NEW-6	9,000,000	10,000,000	19,000,000	20,000,000	75,000,000
Investing in Innovation Trust Fund-Non-Appropriated NEW-6	1,367,000	209,000	1,576,000	418,000	418,000
<b>Total \$</b>	589,000	84,000	673,000	168,000	168,000

### Estimated Expenditures from:

	FY 2004	FY 2005	2003-05	2005-07	2007-09
<b>Fund</b>					
Health Services Account-State 760-1	(9,000,000)	(10,000,000)	(19,000,000)	(20,000,000)	(75,000,000)
<b>Total \$</b>	(9,000,000)	(10,000,000)	(19,000,000)	(20,000,000)	(75,000,000)

*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:

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/24/2003
Agency Preparation: Robin Campbell	Phone: 360-902-0575	Date: 02/26/2003
Agency Approval: Aaron Butcher	Phone: 360-902-0406	Date: 03/18/2003
OFM Review: Robin Campbell	Phone: 360-902-0575	Date: 03/18/2003

Part II: Narrative Explanation

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

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

Section 2: Creates biomedical research and technology account. A portion of the tobacco settlement agreement receipts is deposited to the account. Future tobacco related court awards or settlements are also deposited into the account. Expenditures may only be for grants awarded by the Research and Technology Transfer Commission (created in this act) and for operation of the Commission, and must be approved by the director of the Washington Technology Center. This is an allotted, non-appropriated account.

Section 3: Creates the investing in innovation trust fund. All awards or settlements related to telecommunications, energy, and technology since 1998 are to be deposited to the account. The fund may also receive gifts, grants, and awards from federal court actions. The State Investment Board shall invest funds. Investment earnings shall be retained by the fund. The first \$10 million deposited to the fund is considered the principal and cannot be used. The investment earnings may be used only for grants awarded by the Research and Technology Transfer Commission (created in this act) and for operation of the Commission, and must be approved by the director of the Washington Technology Center.

All remaining sections are addressed in fiscal notes from other agencies.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Section 2 directs ten percent of the tobacco settlement payments received by the state from 2003 through 2007 to the newly created biomedical research and technology transfer account. The amount received by the state is the gross payment, less 29.2% held back for payment of the debt on the 2002 \$450 million securitization. Starting in 2008, the share to the biomedical research and technology transfer account would equal the amount over \$100 million. This translates to distributions to the new account of \$19.0 million in 2003-05, \$19.6 million in 2005-07, and \$75.0 million in 2007-09 (see attached chart). This amount would have been transferred to the Health Services Account.

Section 3 directs all awards or settlements related to telecommunications, energy, and technology since 1998 to be deposited to the new Investing in Innovation Trust Fund. Since 1997, out of the \$4.3 million in court awards and settlements deposited to the General Fund-State, approximately \$753,000 in payments was related to telecommunications and technology (see attached list). It is important to note that currently there are no payments due to Washington State for these types of cases. Solely for the purpose of this fiscal note, an average amount over the past six years, or \$125,000 per year, is assumed to be deposited to the Investing in Innovation Trust Fund instead of the General Fund-State in years beginning in Fiscal Year 2004. In addition, a one-time transfer of \$653,000 would be made from the General Fund-State to the new trust account

In addition to the amount deposited in the General Fund-State, since 1997, \$505,000 from a telecommunications lawsuit was deposited to the Cy Pres account as ordered by the courts. It is assumed that under this legislation, the court would not be able to direct a portion of an award to the Cy Pres account since it is not for identifiable parties, court costs or attorney fees. The Office of the Attorney General (AG) maintains this account; the AG fiscal note reflects the negative impact on the account. These funds would be deposited to the Investing in Innovation Trust Fund. It is important to note that \$500,000 was from a single case in 2002. Solely for the purpose of this fiscal note, an average amount over the past six years, or \$84,000 per year, is assumed to be deposited to the Investing in Innovation Trust Fund instead of the Cy Pres Account in years beginning in Fiscal Year 2004. In addition, a one-time transfer of \$505,000 would be made from the Cy Pres account to the new trust account.

All money received for energy is given back to consumers, so there would be no money from energy lawsuits deposited to the new trust fund under this bill.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Expenditures from the new Biomedical Research and Technology Transfer Account and the new Investing in Innovation Trust fund are addressed in the fiscal note from the Department of Community, Trade and Economic Development. Reduced expenditures from the Cy Pres Account are addressed in the fiscal note from the Office of the Attorney General.

Expenditure reductions would be made in the Health Services Account equal to the value of the revenue reductions. Expenditure reductions of \$19 million would equate to 4,400 slots in the Basic Health program next biennium, with further reductions in subsequent biennia.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(9,000,000)	(10,000,000)	(19,000,000)	(20,000,000)	(75,000,000)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$(9,000,000)	\$(10,000,000)	\$(19,000,000)	\$(20,000,000)	\$(75,000,000)

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

## Tobacco Settlement Payments

dollars in millions

					Tobacco Bond Payments: 29.2% of	Total Washington State Receipts	New Biomedical Acct Transfer	Net to Health Services Account
	Annual Payments <sup>1</sup>	Strategic Payments <sup>2</sup>	Subtotal		Subtotal			
2004	\$ 133	\$ -	\$ 133	\$	39	\$ 94	\$ 9	\$ 85
2005	135	-	135		39	95	10	86
2006	137	-	137		40	97	10	87
2007	139	-	139		41	99	10	89
2008	144	49	193		56	137	37	100
2009	146	49	195		57	138	38	100

<sup>1</sup> Annual payments continue forever and are adjusted for reduced cigarette consumption and inflation. WA's share of U.S. total is 2.05%.

<sup>2</sup> Strategic contribution payments are based on WA's contribution to the resolution of the tobacco litigation. WA's share of U.S. total is 5.76%.

**CONSUMER PROTECTION DIVISION**  
**Amounts Deposited into General Fund 1997-2002**

<b>Year</b>	<b>Case Name</b>	<b>GF-State Deposit</b>	<b>Totals</b>
<b>1997</b>	Telemark	\$100,000	
	subtotal 1997		<b>\$100,000</b>
<b>1998</b>	Telemark	\$100,000	
	American Circulation Services	\$6,667.48	
	subtotal 1998		<b>\$106,667</b>
<b>1999</b>	American Circulation Services	\$9,973.49	
	subtotal 1999		<b>\$9,973</b>
<b>2000</b>	None of these types of payments		
	subtotal 2000		<b>\$0</b>
<b>2001</b>	Fax.com	\$30,000	
	subtotal 2001		<b>\$30,000</b>
<b>2002</b>	MSI Marketing	\$4,000	
	Travel Incentives	\$2,000	
	Qwest	\$500,000	
	subtotal 2002		<b>\$506,000</b>
<b>Total Deposited to General Fund 97-02</b>			<b>\$752,641 *</b>
<b>Six Year Average (rounded)</b>			<b>\$125,000</b>

\* Monies awarded in court judgments or settlements but which are not collected, because defendants don't pay or become insolvent, are not included in the total amounts. Monies awarded but not collected from all types of awards or settlements from 1997-2002 are in excess of \$4.4 million.



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1003 S HB	<b>Title:</b> Research/technology comm	<b>Agency:</b> 126-State Investment Board
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## Part I: Estimates

☒ No Fiscal Impact

*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:	Phone:	Date: 02/24/2003
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Agency Approval: Sandra Joudrey	Phone: (360)664-8291	Date: 02/28/2003
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