

Multiple Agency Fiscal Note Summary

Bill Number: 6105 SB	Title: Adult entertainment workers
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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
Liquor and Cannabis Board	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Labor and Industries	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of Administrative Hearings	Fiscal note not available											
Liquor and Cannabis Board	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Labor and Industries	.6	0	0	314,000	1.1	0	0	266,000	1.1	0	0	266,000
Department of Labor and Industries	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Total \$	0.6	0	0	314,000	1.1	0	0	266,000	1.1	0	0	266,000

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Administrative Hearings	Fiscal note not available								
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.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: Anna Minor, OFM

Phone:
(360) 790-2951

Date Published:
Preliminary 1/15/2024

Individual State Agency Fiscal Note

Bill Number: 6105 SB	Title: Adult entertainment workers	Agency: 195-Liquor and Cannabis Board
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

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: Susan Jones	Phone: 360-786-7404	Date: 01/10/2024
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 01/11/2024
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/11/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/11/2024

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.

Section 3:

(1) If an adult entertainment establishment has received a citation describing a violation of RCW 49.17.470 or section 2 of this act, or associated rules from the department of labor and industries, and has not abated the violation within the time period provided in the citation, the board:

(a) May not issue or reissue a liquor license to the establishment until the department of labor and industries affirms the violation has been abated; and

(b) Must suspend or cancel the establishment's existing liquor license until the department of labor and industries affirms the violation has been abated.

(2) The board must adopt rules to implement this section.

(3) For purposes of this section "adult entertainment establishment" or "establishment" has the same meaning as in RCW 49.17.470.

II. B - Cash receipts Impact

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

The agency assumes for purposes of this fiscal note, that the board might promote new rules allowing adult entertainment facilities to serve alcohol. However, it is unknown what fee, if any, the board would set for an "adult entertainment liquor license" or endorsement to an existing liquor license.

Therefore, the cash receipt impact is INDETERMINATE.

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.

Based on the language of the bill, the agency assumes for purposes of this fiscal note, that the board might promote new rules allowing adult entertainment facilities to serve alcohol.

However, since this is not certain, this fiscal note is INDETERMINATE. The response below is the agency's attempt to quantify costs that may be incurred if the board does proceed with rule-making.

TOTAL ESTIMATED COSTS:

FY25: \$98,537

FY26+ \$13,421/yr

AGO COSTS (AS BOARD DIVISION): minimal

AGO projects that any increased provision of legal services will be nominal based on the small number of litigation, licensing

and enforcement actions that would be likely to occur. Any advice on rulemaking is likely to last for one fiscal year.

PROJECT COSTS (AS BOARD DIVISION): \$53,700 in FY25

The Washington State Liquor and Cannabis Board ("Board") is currently in the middle of a project to upgrade the agency's internal licensing and enforcement systems. The Licensing, Enforcement, Education, and Administrative Data Systems (LEEADS) is expected to go live in FY 2025. There are change request costs associated with this legislation that will have to be submitted to the vendor. The estimated costs for these change requests is \$53,700 in FY25. Some examples of changes needed follow:

Project vendor costs for change requests: \$37,500

Agency vendor costs for training, development, documentation, etc: \$16,200

LICENSING DIVISION: \$8,941 in FY25

The agency anticipates 18 applications. According to the November 2020 AEA Committee Report, there are 11 adult entertainment facilities in Washington. Also, the agency anticipates interest from currently licensed liquor establishments that may convert to adult entertainment.

In addition, the division would have IT needs, including an identifier or coding (similar to endorsement) in the agency's licensing system that is connected to existing license privileges to track applications, licenses, potentially collect a fee, and ability to notify local authorities.

0.1 FTE Licensing Specialist Senior - \$8,941 (\$8,834 salary/benefits, \$107 in associated costs).

ENFORCEMENT DIVISION: \$13,421/yr ongoing

The Washington State Liquor and Cannabis Board ("Board") keeps detailed statistics on all of its enforcement activities and tracks this activity using a unit of measure called a Field Increment (FI). All direct enforcement activities such as premise checks, inspections and investigations are tracked to determine how many FI's are needed to accomplish each activity. Each FI is equivalent to 1/10th of an hour (6 minutes). For example, if a tavern premise check takes 2 FI's and two officers, it is anticipated that one check will consume 4 FI's. Using historical data to factor out indirect activities such as driving time, training, office time and leave, it has been determined that officers are available for an average of 4,220 FI's each year.

The agency anticipates a workload impact of 0.10 FTE LCB Enforcement Officer 2 (LEO2) ongoing from complaint investigations, licensee support and education, premise checks, undercover operations, and more. Please see the attached "6105 SB Adult Entertainment workers - Enforcement Field Increment Calculator.pdf" for workload calculations.

0.1 FTE LCB Enforcement Officer 2 - \$13,421/yr (\$11,835 salary/benefits, \$1,586 in associated costs).

INFORMATION TECHNOLOGY DIVISION: \$22,475 in FY25

There will be costs to implement this legislation:

Vendor costs to update the iSeries: \$6,000 (40 hrs x \$150/hr)

Staff costs: 0.1 FTE IT App Development - Senior/Specialist - \$16,475/yr (\$16,368 salary/benefits, \$107 in associated costs).

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

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.

New rules would need to be written to allow adult entertainment facilities to sell liquor.

Enforcement Field Increment (FI) Calculator

6105 SB "Adult Entertainment workers" (FY25 & FY26)

	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	1	10	1.3	19
License Support and Education	22	7	1.3	198
Nightclubs	29	2	1.3	75
On Premises Compliance Check	15	1	2	29
Administrative Violation Notice (AVN) Issuance	3	12	2	72
Undercover Operations	2	5	1	10
Licensee Responsible Liquor Sales Class Field	1	15	1	22
On Premises Compliance Check Failure	3	5	2	30

<u>Factors</u>	<u>Values</u>
License Count	29
Complaint Investigations Liquor	5%
License Support and Education	75%
Nightclubs	100%
On Premises Compliance Check	50%
Administrative Violation Notice (AVN) Issuance	3
Undercover Operations	2
Licensee Responsible Liquor Sales Class Field	5%
On Premises Compliance Check Failure	1

Total FI's	455
Total Field Increments per FTE	4,220
FTE's required	0.11
Round	0.10

FY27+

	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	1	10	1.3	15
License Support and Education	10	7	1.3	87
Nightclubs	29	3	2	174
On Premises Compliance Check	15	1	2	29
Administrative Violation Notice (AVN) Issuance	1	12	2	24
Undercover Operations	2	3	2	12
Licensee Responsible Liquor Sales Class Field	1	15	1	22
On Premises Compliance Check Failure	1	5	2	10

<u>Factors</u>	<u>Values</u>
License Count	29
Complaint Investigations Liquor	4%
License Support and Education	33%
Nightclubs	100%
On Premises Compliance Check	50%
Administrative Violation Notice (AVN) Issuance	1
Undercover Operations	2
Licensee Responsible Liquor Sales Class Field	5%
On Premises Compliance Check Failure	1

Total FI's	373
Total Field Increments per FTE	4,220
FTE's required	0.09
Round	0.10

Individual State Agency Fiscal Note

Bill Number: 6105 SB	Title: Adult entertainment workers	Agency: 235-Department of Labor and Industries
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	1.1	0.6	1.1	1.1
Account					
Accident Account-State 608-1	0	267,000	267,000	226,000	226,000
Medical Aid Account-State 609-1	0	47,000	47,000	40,000	40,000
Total \$	0	314,000	314,000	266,000	266,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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: Susan Jones	Phone: 360-786-7404	Date: 01/10/2024
Agency Preparation: Teresa Zyski	Phone: 360-902-4985	Date: 01/15/2024
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 01/15/2024
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 01/15/2024

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.

See attached

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.

See attached

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.

See attached

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
608-1	Accident Account	State	0	267,000	267,000	226,000	226,000
609-1	Medical Aid Account	State	0	47,000	47,000	40,000	40,000
Total \$			0	314,000	314,000	266,000	266,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		1.1	0.6	1.1	1.1
A-Salaries and Wages		90,000	90,000	180,000	180,000
B-Employee Benefits		32,000	32,000	64,000	64,000
C-Professional Service Contracts		165,000	165,000		
E-Goods and Other Services		17,000	17,000	22,000	22,000
G-Travel					
J-Capital Outlays		10,000	10,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	314,000	314,000	266,000	266,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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 5	74,376		0.1	0.1	0.1	0.1
Program Specialist 5	86,208		1.0	0.5	1.0	1.0
Total FTEs			1.1	0.6	1.1	1.1

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

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.

See attached

Part II: Explanation

The proposed bill creates safer work conditions for adult entertainment establishments. The bill amends 49.17.470 RCW, adding a new section to chapter 49.46 RCW and adding a new section to chapter 66.24 RCW.

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

Section 1(2): Adds that an adult entertainment establishment must provide training to its employees to minimize occurrences of unprofessional behavior and enable employees to support entertainers in time of conflict. These establishments must require all employees to take the training within 30 days of hiring, and at least every two years thereafter. The training content must be developed by a third party, with training topics to include but not limited to:

- Preventing sexual harassment;
- Conflict de-escalation; and
- Provide first aid.

Section 1(3): An adult entertainment establishment must provide an accessible panic button in each room in the establishment where an entertainer may be alone with a customer, and in bathrooms and dressing rooms. The establishment must provide L&I, at least annually, proof of compliance and maintenance records of the panic buttons.

Section 1(4): An adult entertainment establishment must have a written process and procedure accessible to all employees and entertainers for submitting accusations. The establishment must provide information collected from any accusations to L&I annually.

1(8): Indicates that L&I may share enforcement and compliance activity in Section 1 with LCB for purposes set forth in section 3 of this bill.

Section 2: Adds a new section to 49.46 RCW. (7): L&I may enforce subsections 2-6 of this section and any applicable rules. Any amounts owed to an entertainer under this section may be enforced as a wage payment requirement under RCW 49.48.082. Any other violations may be enforced as an administrative violation under this chapter and any applicable rules. L&I may

share enforcement and compliance with this section as necessary for the purposes of section 3.
(8): L&I may promulgate rules. (10): L&I must adjust the dollar amount in subsection (3) Every 10 years, beginning January 1, 1034, based on the consumer price index during that time period.
Section 3: If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

Section 3: Adds new section to chapter 66.24 RCW. (1): if an establishment has received a citation describing a violation of RCW 49.17.470 or section 2 of this act, or associated rules from L&I and has not abated the violation within the time period provided in the citation, the board: (a) may not issue or reissue a liquor license to the establishment, (b) must suspend or cancel the establishment's existing liquor license. (2) The board must adopt rules to implement this section. (3) purposes of this section 'adult entertainment establishment' or 'establishment' has the same meaning as in RCW 49.17.470.

II. B – Cash Receipt Impact

There is a potential for cash receipts under section 2 but until rulemaking is complete, that amount is not known and is indeterminate.

II. C – Expenditures

Appropriated – Operating Costs

This proposed bill increases expenditures to the Accident Account, 608, and the Medical Aid Account, 609. The following assumptions were used to estimate the resources requested to implement this bill.

Staffing

1.0 FTE, Program Specialist 5 (PS5), permanent, effective July 1, 2025. Duties include developing rules and procedures related to implementing this bill, intake and review of documents and information that employers would be required to submit to L&I in order to show proof of compliance with this bill and any rules or procedures adopted by L&I.

This position will maintain records and track the following elements:

- Panic Buttons: Develop panic button compliance reporting procedures for establishments to follow. Reports of proof of compliance including installation of panic buttons in all required areas, accessibility of panic buttons, and maintenance records of panic buttons.
- Accusations of violence: Reports of accusations of violence against adult entertainers and banned customers list.
- Information sharing with the Liquor and Cannabis Board (LCB): Share any information collected from adult entertainment establishments as requested by the LCB.

Additional resources may be needed for investigations related to section 2 but will not be known until rulemaking is complete to establish administrative enforcement rules. This is indeterminate at this time.

Information Technology

The expenditure calculations in this fiscal note include changes to the hourly rates for contract technology based on an annual analysis completed by L&I. These changes include rates based on expert skill level and an inflationary factor in all categories. All expenditures in this section are for the 2023-25 biennium.

Contract developers will create a new web application to enable record keeping for adult entertainment establishments.

A total of \$164,590 is needed in the 2023-25 biennium for all information technology changes.

This includes:

- Contractor costs – \$164,590 is needed for 1,280 contractor hours

Rulemaking

\$5,000 is needed for two rule making hearings to occur during in fiscal year 2025. The average cost of one rule making hearing is \$2,500. (Two hearings x \$2,500 each = \$5,000)

Indirect Costs

The amount included in this fiscal note for indirect is:

Fund Name		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
608	Accident	6,000	6,000	6,000	6,000	6,000
609	Medical Aid	1,000	1,000	1,000	1,000	1,000
	Total:	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000

The department assesses an indirect rate to cover agency-wide administrative costs. Labor and Industries' indirect rate is applied on salaries, benefits, and standard costs. For fiscal note purposes, the total indirect amount is converted into salary and benefits for partial or full indirect FTEs. Salary and benefits costs are based on a Fiscal Analyst 5 (Range 59, Step G).

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

This legislation would result in rule changes to:

- Chapter 296-831 WAC – Adult Entertainer Safety