

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5786 SB	<b>Title:</b> Updating Business Corporation Act
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## Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	No fiscal impact					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. 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
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of the Secretary of State	1.0	1,335,184	1,335,184	1,335,184	.5	109,538	109,538	109,538	.5	109,538	109,538	109,538
<b>Total \$</b>	<b>1.0</b>	<b>1,335,184</b>	<b>1,335,184</b>	<b>1,335,184</b>	<b>0.5</b>	<b>109,538</b>	<b>109,538</b>	<b>109,538</b>	<b>0.5</b>	<b>109,538</b>	<b>109,538</b>	<b>109,538</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Office of the Secretary of State	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

# Estimated Capital Budget Breakout

<b>Prepared by:</b> Cheri Keller, OFM	<b>Phone:</b> (360) 584-2207	<b>Date Published:</b> Final 1/15/2024
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# Judicial Impact Fiscal Note

<b>Bill Number:</b> 5786 SB	<b>Title:</b> Updating Business Corporation Act	<b>Agency:</b> 055-Administrative Office of the Courts
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.*

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 for 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.

Legislative Contact: Ryan Giannini	Phone: 3607867285	Date: 12/13/2023
Agency Preparation: Angie Wirkkala	Phone: 360-704-5528	Date: 01/04/2024
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 01/04/2024
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 01/08/2024

188,244.00

Request # 005-1

Form FN (Rev 1/00)

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Bill # 5786 SB

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

The proposed legislation would make multiple updates to Washington Business Corporation Act (Title 23B RCW) relating to corporate mergers and acquisitions, share exchanges, entity conversions, activities, and governance. It would also repeal multiple sections of the act.

### II. B - Cash Receipts Impact

None

### II. C - Expenditures

No fiscal impact is expected to the Administrative Office of the Courts or the courts.

## Part III: Expenditure Detail

### III. A - Expenditure By Object or Purpose (State)

NONE

### III. B - Expenditure By Object or Purpose (County)

NONE

### III. C - Expenditure By Object or Purpose (City)

NONE

### III. D - FTE Detail

NONE

### III. E - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B1 - Expenditures by Object Or Purpose (State)

NONE

### IV. B2 - Expenditures by Object Or Purpose (County)

NONE

### IV. B3 - Expenditures by Object Or Purpose (City)

NONE

### IV. C - Capital Budget Breakout

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

NONE

None

188,244.00

Form FN (Rev 1/00)

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5786 SB	<b>Title:</b> Updating Business Corporation Act	<b>Agency:</b> 085-Office of the Secretary of State
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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	2.0	1.0	0.5	0.5
<b>Account</b>					
General Fund-State 001-1	0	1,335,184	1,335,184	109,538	109,538
<b>Total \$</b>	0	1,335,184	1,335,184	109,538	109,538

### 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: Ryan Giannini	Phone: 3607867285	Date: 12/13/2023
Agency Preparation: Bonnie Luntzel	Phone: 360-570-5575	Date: 01/10/2024
Agency Approval: Mike Woods	Phone: (360) 704-5215	Date: 01/10/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	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.*

One of the Office of Secretary of State's (OSOS) Corporations and Charities Division responsibilities is to register business entities in Washington State. This will make changes to how certain entities can merge.

#### Section 2

Allows for two domestic corporate entities to merge and create a new entity.

#### Section 3

A domestic corporation may acquire all of the shares of one or more classes or series of shares of another corporation, or all of the interests of one or more classes or series of interests on an other entity, in exchange for shares or other securities.

#### Section 10

Allows for an abandonment of Articles of Incorporation Upon Merger.

Allows for an abandonment of a Share Exchange.

### 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.*

To implement the changes in this bill the Corporations and Charities Filing System (CCFS, which is currently being upgraded) will incur one-time/upfront cost for an IT system development team, system testing, and deployment of enhancements. There will be additional one-time costs related to staff training and continuing costs related to staffing for system maintenance.

This requires our office to contract out and conduct training for new technology for maintenance.

The tasks below are necessary to implement this bill.

- Screen updates: Internal and External
- Updates to the adoption module for amendments for business entities under RCW 23B.
- Updates to functionality and adoption module of amendment to survivor under service type Merger.
- Share exchange service type.
- Update functionality of screen modules.
- New Service Types: Internal and External
- Create a new service type "Articles of Incorporation Upon Merger".
- Will require new functionality as well as screen modules.
- Create a new service type "Abandonment of Articles of Incorporation Upon Merger".
- Will require new functionality as well as screen modules.
- Create a new service type "Abandonment of Share Exchange".
- Will require new functionality as well as screen modules.
- Documents: Internal and External

- Create new certificate for new service types.
- Update existing merger certificate.
- Correspondence Updates
- Update to web pages
- Forms
- Update amendment forms and instructions for business entities under RCW 23B
- Update guidance documents for business entities under RCW 23B.
- Accessibility
- Updates for the above
- Records Retention
- Updates for the above
- Train staff on all new system and filing procedures.

FY 2025 – 2029

0.5 FTE: Project Manager Sr/Spec – Vendor Management, establish functional requirements, facilitate project resources, release schedules, and reporting. Coordinate communication between stakeholders, application developer, and management analysts. Annual costs are projected to be \$54,769 for compensation and standard goods and services.

FY 2025

2,100 Hours App Developer CONTRACT VENDOR Code and program system functional requirements as established by the project manager and division stakeholders @ \$175/hr = \$367,500 for 12 Months

2,100 Hours Business Analyst CONTRACT VENDOR Create user stories and user acceptance criteria in collaboration with business users and subject matter experts. @ \$175/hr = \$367,500 for 12 Months

1,575 Hours Tester CONTRACT VENDOR - Perform functional testing of system builds and enhancements. Accessibility, retention, and regression testing. @150/hr = \$236,250 for 9 months

OCIO oversight @\$100,000

.5 FTE Management Analyst 3 – Perform functional testing of system enhancements as assigned by the Management Analyst 4, report errors, and perform testing of system builds and enhancements and regression testing of successful code release. Annual costs are projected to be \$64,369 for compensation and standard goods and services.

.5 FTE Management Analyst 4 – Provide functional testing assignments to management analysts and perform functional testing of system enhancements. Track and problem solve coding errors as reported by management analysts in coordination with the project manager and application developer testing of system builds and enhancements and regression testing. Annual costs are projected to be \$72,398 for compensation and standard goods and services.

.5 FTE Data Analyst 4 – will work with stakeholders to create guidance materials and perform training of functionality newly created. Annual costs are projected to be \$72,398 for compensation and standard goods and services.

**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	1,335,184	1,335,184	109,538	109,538
<b>Total \$</b>			0	1,335,184	1,335,184	109,538	109,538

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		2.0	1.0	0.5	0.5
A-Salaries and Wages		153,510	153,510	60,228	60,228
B-Employee Benefits		57,128	57,128	25,588	25,588
C-Professional Service Contracts		1,071,250	1,071,250		
E-Goods and Other Services		11,700	11,700	5,850	5,850
G-Travel		5,000	5,000	2,500	2,500
J-Capital Outlays		5,000	5,000	2,500	2,500
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		31,596	31,596	12,872	12,872
9-					
<b>Total \$</b>	0	1,335,184	1,335,184	109,538	109,538

**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
Data Consultant 4	58,237		0.5	0.3		
IT Project Manager Sr/Sp	42,908		0.5	0.3	0.5	0.5
Management Analyst 3	51,256		0.5	0.3		
Management Analyst 4	58,237		0.5	0.3		
<b>Total FTEs</b>			2.0	1.0	0.5	0.5

**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

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.*