

Multiple Agency Fiscal Note Summary

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| Bill Number: 6111 SB | Title: Prevailing wage sanctions |
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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 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 Attorney General | Fiscal note not available | | | | | | | | | | | |
| Department of Labor and Industries | .0 | 0 | 0 | 226,000 | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 |
| Total \$ | 0.0 | 0 | 0 | 226,000 | 0.0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 |

Estimated Capital Budget Expenditures

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|------------------------------------|---------------------------|-------|-------|---------|-------|-------|---------|-------|-------|
| | FTEs | Bonds | Total | FTEs | Bonds | Total | FTEs | Bonds | Total |
| Office of Attorney General | Fiscal note not available | | | | | | | | |
| 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

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| Prepared by: Anna Minor, OFM | Phone: (360) 790-2951 | Date Published: Preliminary 1/16/2024 |
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Individual State Agency Fiscal Note

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|-----------------------------|---|---|
| Bill Number: 6111 SB | Title: Prevailing wage sanctions | 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 |
|--|---------|---------|---------|---------|---------|
| Account | | | | | |
| Public Works Administration Account-State 234-1 | 0 | 226,000 | 226,000 | 0 | 0 |
| Total \$ | 0 | 226,000 | 226,000 | 0 | 0 |

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

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|--------------------------------------|-----------------------|------------------|
| Legislative Contact: Jarrett Sacks | Phone: 360-786-7448 | Date: 01/10/2024 |
| Agency Preparation: Donald Jenson Jr | Phone: 360-902-6981 | Date: 01/16/2024 |
| Agency Approval: Trent Howard | Phone: 360-902-6698 | Date: 01/16/2024 |
| OFM Review: Anna Minor | Phone: (360) 790-2951 | Date: 01/16/2024 |

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 |
|-----------------|-------------------------------------|-------|---------|---------|---------|---------|---------|
| 234-1 | Public Works Administration Account | State | 0 | 226,000 | 226,000 | 0 | 0 |
| Total \$ | | | 0 | 226,000 | 226,000 | 0 | 0 |

III. B - Expenditures by Object Or Purpose

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | | | | | |
| A-Salaries and Wages | | | | | |
| B-Employee Benefits | | | | | |
| C-Professional Service Contracts | | 226,000 | 226,000 | | |
| E-Goods and Other Services | | | | | |
| G-Travel | | | | | |
| J-Capital Outlays | | | | | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| 9- | | | | | |
| Total \$ | 0 | 226,000 | 226,000 | 0 | 0 |

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

See attached.

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

This bill relates to prevailing wage sanctions, penalties, and debarment, amending RCW 39.12.010, adding a new section to RCW 39.12.

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

Section 2 amends RCW 39.12.010, adding definitions for contractors.

Section 3 adds a new section to RCW 39.12, allowing the Department of Labor and Industries (L&I) to extend a sanction to a contractor as defined by L&I with substantially identical operations, corporate and/or management structure to an entity that has been debarred or otherwise sanctioned under RCW 39.12.050, RCW39.12.055, RCW 39.12.065, or any associated rule, is subject to the same debarment or sanctions that entity.

Section 4 states the effective date of the bill is January 1, 2026.

II. B – Cash Receipt Impact

The cash receipt impact with regard to penalties is indeterminate. While a slight increase in investigations is likely, it is unknown how many of them will result in penalties.

II. C – Expenditures

Appropriated – Operating Costs

This bill increases expenditures to the Public Works Administration account, fund 234. The following assumptions were used to estimate the resources requested to implement this bill.

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 modify and enhance L&I's Prevailing Wage Compliance Tool application to be able to attach entities deemed to be successors to an investigation.

- \$225,686 is needed for 1,607 contractor hours in the 2023-25 biennium for all information technology changes.

Staffing

A slight increase in the number of investigations is expected with this bill, but not enough to justify additional staff. Additional investigations will be conducted with existing resources.

Rule making

Rule making is necessary to bring rules into alignment with the new law. The expedited rule making process will be used, which does not require hearings. Therefore, no rules making costs.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

This legislation would result in rule changes to:

- WAC 296-127-020, Interpretation of phrases used in RCW 39.12