

Multiple Agency Fiscal Note Summary

Bill Number: 2437 HB	Title: Retirement savings
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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
Office of State Treasurer	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 the Governor	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Commerce	Fiscal note not available											
State Investment Board	Fiscal note not available											
Office of Minority and Women's Business Enterprises	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	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 the Governor	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	Fiscal note not available								
State Investment Board	Fiscal note not available								
Office of Minority and Women's Business Enterprises	.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

NONE

This preliminary package is incomplete. Other impacted agencies' fiscal notes will be distributed as soon as possible.

Prepared by: Amy Hatfield, OFM

Phone:
(360) 280-7584

Date Published:
Preliminary 1/23/2024

Individual State Agency Fiscal Note

Bill Number: 2437 HB	Title: Retirement savings	Agency: 075-Office of the Governor
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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: Megan Mulvihill	Phone: 360-786-7304	Date: 01/18/2024
Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 01/22/2024
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 01/22/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/22/2024

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 2 of HB 2437 establishes the Washington State Multiple Employer Retirement Plan Board within the Office of the State Treasurer. The following members are appointed by the governor:

- (A) Two members representing the interests of small, independent businesses in Washington;
- (B) Two members representing minority and women-owned businesses;
- (C) One member associated with the small business resiliency network under the Department of Commerce; and
- (D) Two employee representatives, one of whom must be a current employee and one of whom must be retired.

The Office of the Governor estimates these appointments can be accomplished within current resources and therefore doesn't have a fiscal impact.

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: 2437 HB	Title: Retirement savings	Agency: 090-Office of State Treasurer
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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: Megan Mulvihill	Phone: 360-786-7304	Date: 01/18/2024
Agency Preparation: Mandy Kaplan	Phone: (360) 902-8977	Date: 01/23/2024
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/23/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/23/2024

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.

House Bill 2437 creates the Washington State Multiple Employer Retirement Plan (Plan).

Section 2 establishes the Plan Board (board) in the Office of the State Treasurer (Office). The board is comprised of 9 voting members, including the State Treasurer who will serve as the Chair, and 4 ex officio members. The Board is required to meet at least four times a year. The inaugural meeting must occur before January 1, 2025.

Section 3 sets out the powers and responsibilities of the board, including to establish, implement, operate, and maintain the plan. Responsibilities include:

- Hire, retain; and terminate a plan executive director and other such employees as the board determines necessary to administer the plan;
- Adopt rules and procedures necessary to implement, administer, and operate the plan;
- Arrange for and facilitate compliance with applicable state and federal laws;
- Apply for determination letters from the internal revenue service to verify the plan meets pertinent criteria;
- Enter into competitively procured contracts and agreements (through the request for proposal (RFP) process) with contractors extent necessary to design, implement, and administer the plan, including consultants, actuaries, investment advisors, investment administrators, investment management firms, and third-party administrators;
- Arrange for investments under the plan and designate investment portfolios;
- Develop and implement an investment policy that defines the plan's investment objectives;
- Establish a process for enrollments, contributions, and distributions under the plan;
- Collect fees to defray the cost of administering the plan;
- Establish procedures for the timely and fair resolution of participant and other disputes related to accounts or program operation;
- Develop and implement an outreach plan to educate participants and citizens;
- Facilitate annual meetings in which employers and employees can provide feedback; and
- Submit an annual report to the legislature, participating employers and plan participants.

Section 4 provides criteria the design, establishment, and operation of the plan must meet, including:

- Be operated as a multiple employer plan under section 413(c) of the internal revenue code or a series of single-employer plans with combined administrative and investment structures;
- Be available on a voluntary, opt-in basis to eligible employers and eligible employees; and
- Allow voluntary employer contributions and adopt rules and conditions to the plan documents regarding employee eligibility.

Section 5 designates the Washington State Investment Board (WSIB) as the investment manager of the plan. All investment and operating costs of the investment manager must be paid by participants and recovered under procedures agreed to by the board and the WSIB.

Section 11 provides the plan must be implemented and operational by January 1, 2027.

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 9 creates the plan administrative account, which may only be used for the purposes of plan administrative and operating expenses. All receipts from the plan must be deposited in the account. The governing board must collect administrative fees from individual participants to defray the costs of administering the program. Projected fee collections

are currently unavailable, therefore the cash receipt impact is indeterminate.

Section 10 creates the Washington State Multiple Employer Retirement Plan Trust Account in the custody of the State Treasurer and the Board must serve as the trustee. The board must deposit in the account all moneys received for the plan from participating employers and participants. It is unknown how many employers and employees will participate, how many funds will be invested, and how the funds will be invested and perform, 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.

House bill 2437 establishes the board in the office. The board is tasked with establishing, implementing, and operationalizing the plan by January 1, 2027. Between bill passage and implementation, the board must:

- Hire a plan executive director and other employees the Board deems necessary to administer the plan;
- Design the plan to be compliant with all applicable state and federal laws and work with the internal revenue service to ensure the plan meets pertinent criteria;
- Manage RFP processes to interview, select, contract, and manage consultants necessary to design, implement, and administer the plan, including consultants, actuaries, investment advisors, investment administrators, investment management firms, and third-party administrators;
- Develop an investment policy that defines the plan’s investment objectives;
- Establish processes and develop rules necessary to implement, administer, and operate the plan, including participant enrollment, contributions, distributions, collection of administrative fees, dispute resolution, and outreach and education plan
- Facilitate annual meetings in which employers and employees can provide feedback; and
- Submit an annual report to the legislature, participating employers, and plan participants.

The office will require additional staff and resources to facilitate the statutory requirements provided in the bill, including:

- Program staff, including a plan executive director, administrative staff, and other employees the board deems necessary to administer the plan;
- Contracts administrator, to manage multiple RFPs; and
- Additional legal support, to ensure the plan to be compliant with applicable state and federal laws and work with the internal revenue service to design the plan.

After plan implementation, depending on how the board designs the program, the office may need additional staff to manage the plan.

Because it is unknown how many additional office staff the board will deem necessary and require to establish, implement, and operationalize the program, and the timeline in which they would be required, the expenditure impact is non-zero but indeterminate.

The following estimated annual wage and benefit information is based on the roles described in the bill, for illustrative purposes:

- Executive Director: Salaries - \$154,500 Benefits - \$46,500
- Administrative Assistant: Salaries - \$70,000 Benefits - \$21,000
- Contracts Administrator: Salaries - \$113,000 Benefits - \$34,000

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.

Individual State Agency Fiscal Note

Bill Number: 2437 HB	Title: Retirement savings	Agency: 147-Office of Minority and Women's Business Enterprises
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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: Megan Mulvihill	Phone: 360-786-7304	Date: 01/18/2024
Agency Preparation: Diann Lewallen	Phone: (360) 407-8121	Date: 01/23/2024
Agency Approval: Diann Lewallen	Phone: (360) 407-8121	Date: 01/23/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/23/2024

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.

HB 2437 establishes the Washington state multiple employer retirement plan board within the office of the state treasurer and establishes a new multiple employer retirement plan to be administered by the that board. Among others, the composition of the board includes two members representing minority and women-owned businesses.

Office of Minority and Women's Business Enterprises (OMWBE) anticipates no fiscal impact because the bill does not require action from OMWBE to participate in any of the required activities to create, promote, or oversee the new program.

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.



Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
2437 HB	Retirement savings

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

Office of the Governor	0	0	0	0	0	0	0	0	0	0	0
Office of State Treasurer Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0
Office of Minority and Women's Business Enterprises	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0



Ten-Year Analysis

Bill Number 2437 HB	Title Retirement savings	Agency 075 Office of the Governor
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 1/22/2024 1:49:24 pm
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 1/22/2024 1:49:24 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 2437 HB	Title Retirement savings	Agency 090 Office of State Treasurer
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☐ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☒ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

Biennial Totals

Narrative Explanation (Required for Indeterminate Cash Receipts)

Projected fee collections is currently unavailable, therefore the cash receipt impact is indeterminate.

Agency Preparation: Mandy Kaplan	Phone: (360) 902-8977	Date: 1/23/2024 4:42:38 pm
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 1/23/2024 4:42:38 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 2437 HB	Title Retirement savings	Agency 147 Office of Minority and Women's Business Enterprises
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Diann Lewallen	Phone: (360) 407-8121	Date: 1/23/2024 8:21:19 am
Agency Approval: Diann Lewallen	Phone: (360) 407-8121	Date: 1/23/2024 8:21:19 am
OFM Review:	Phone:	Date: