

Multiple Agency Fiscal Note Summary

Bill Number: 2036 HB	Title: Adult entertainment
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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 Attorney General	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 Attorney General	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Office of Administrative Hearings	.0	0	0	0	.0	0	0	0	.0	0	0	0
Board of Industrial Insurance Appeals	Fiscal note not available											
Liquor and Cannabis Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
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

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other			328,960						
Local Gov. Other	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Local Gov. Total			328,960						

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	.0	0	0	.0	0	0	.0	0	0
Office of Administrative Hearings	.0	0	0	.0	0	0	.0	0	0
Board of Industrial Insurance Appeals	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

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Anna Minor, OFM	Phone: (360) 790-2951	Date Published: Preliminary 1/23/2024
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Individual State Agency Fiscal Note

Bill Number: 2036 HB	Title: Adult entertainment	Agency: 100-Office of Attorney General
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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: Kelly Leonard	Phone: 360-786-7147	Date: 01/02/2024
Agency Preparation: Chad Standifer	Phone: 3605863650	Date: 01/10/2024
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 01/10/2024
OFM Review: Val Terre	Phone: (360) 280-3973	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.

Section 1: New Section – Legislative findings.

Section 2: Amending RCW 49.17.470 – requiring adult entertainment establishments to provide training for employees on a variety of topics by January 1, 2025 or within 30 days of hiring, whichever is later, and at least two years thereafter; authorizing the Department of Labor and Industries (L&I) to require establishments to report information about their training efforts; requiring establishments to provide at least one dedicated security personnel during operating hours; authorizing L&I to adopt rules requiring additional security personnel based on certain factors; requires establishments to provide proof of compliance with the requirement to provide panic buttons; requiring establishments to provide L&I with copies of information concerning allegations of violence towards entertainers; prohibiting establishments from allowing any person under 18 and clarifying that the Liquor and Cannabis Board (LCB) may adopt a stricter age requirement for establishments holding a license under RCW 66.24; other requirements pertaining to establishments; requiring L&I to share information requested by LCB for the purpose of safeguarding worker safety in establishments seeking or operating with a license under RCW 66.24.

Section 3: New Section – adding to RCW 49.44 – defining leasing fees as the amounts charged from an entertainer by establishments in exchange for allowing the entertainer to perform; requiring establishments to have certain standards relating to leasing fees charged to entertainers; other requirements pertaining to what establishments may require of entertainers; requiring L&I to adjust for inflation the lease amounts allowed to be charged.

Section 4: New Section – adding to RCW 49.44 – prohibiting state agencies or local governments from enforcing laws against entertainers based solely on entertainers touching their own bodies, and from enforcing laws that restrict distance from others where the entertainer does not engage in sexual conduct with another person.

Section 5: New Section - Severability clause.

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.

1. The AGO Labor and Industries Division (LNI) has reviewed this bill and determined it will not increase or decrease the division's workload representing the Department of Labor & Industries (L&I).

The enactment of this bill will not impact the provision of legal services to L&I because the new duties and obligations of L&I are more technical and administrative rather than legal. For example, the education and training L&I would draft for adult entertainers might consume client resources but would not have a significant impact on our workload. Any increase in litigation or advice is projected nominal and costs are not included in this request.

2. The AGO Licensing and Administrative Law Division (LAL) has reviewed this bill and determined it will not significantly increase or decrease the division's workload in representing the Liquor and Cannabis Board (LCB).

The enactment of this bill will have indeterminate impact on the provision of legal services because while the bill does not require LCB to take any action, LCB may engage in rulemaking to permit alcohol service by adult entertainment establishments. If LCB decides to engage in such rulemaking, and depending on the specifics of any rules adopted, there may be some impact on the provision of legal services, requiring work not only on the rulemaking process but also advising the LCB in its adjudicative capacity on final orders. If adult entertainment establishments are permitted to receive alcohol licenses, there may be an increase in licensing actions and enforcement actions. LAL projects that any increased provision of legal services will be nominal based on the small number of licensing and enforcement actions that would be likely to occur. Any advice on rulemaking is likely to last for one fiscal year.

3. The AGO Government Compliance and Enforcement Division (GCE) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing the LCB.

GCE litigates licensing and enforcement actions for LCB. The enactment of HB 2036 would have indeterminate impact on GCE’s legal work for LCB. This bill would permit, but would not require, LCB to engage in rulemaking to permit alcohol service by adult entertainment establishments. It is currently unknown whether LCB would pursue such rulemaking, and if so, the precise language of the rules. For these reasons, the impact of this bill is indeterminate.

If LCB decided to engage in such rulemaking, and depending on the specifics of the rules adopted, GCE anticipates that it would see a nominal impact on legal service to this client relating to the review of the proposed rules, litigation of any licensing actions for these establishments and litigation of a small number of enforcement actions that would be likely to arise on an annual basis. New legal services are nominal and costs are not included in this request.

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: 2036 HB	Title: Adult entertainment	Agency: 110-Office of Administrative Hearings
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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: Kelly Leonard	Phone: 360-786-7147	Date: 01/02/2024
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 01/05/2024
Agency Approval: Pete Boeckel	Phone: 360-407-2730	Date: 01/05/2024
OFM Review: Val Terre	Phone: (360) 280-3973	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.

No fiscal impact. This legislation will not increase the appeal workload for the Office of Administrative Hearings (OAH). The biggest impact will be on the Board of Industrial Insurance Appeals due to the amendments to the Washington Industrial Safety & Health Act which are not within OAH’s jurisdiction. The amendments to Chapter 49.44 RCW which may fall under OAH jurisdiction does not call for administrative enforcement.

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

Revised

Bill Number: 2036 HB	Title: Adult entertainment	Agency: 195-Liquor and Cannabis Board
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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: Kelly Leonard	Phone: 360-786-7147	Date: 01/02/2024
Agency Preparation: Colin O'Neill	Phone: (360) 664-4552	Date: 01/18/2024
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/18/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/19/2024

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.

No fiscal impact to the LCB.

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: 2036 HB	Title: Adult entertainment	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.
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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: Kelly Leonard	Phone: 360-786-7147	Date: 01/02/2024
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.

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.

Part II: Explanation

This bill adds workplace safety and operational standards for adult entertainment establishments and protections for adult entertainers. The bill amends 49.17.470 RCW, adding new sections to chapter 49.44 RCW and creating a new section.

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

Section 2 amends RCW 49.17.470 and adds new section to RCW 49.44.

- Requires adult entertainment establishments to provide mandatory training to employees on first-aid, sexual harassment, conflict de-escalation, and other specified topics.
- Adds that L&I may require establishments to annually report trainings and to establish what information must be reported to the agency.
- Establishes certain safety requirements for establishments, including keypad locks for locker rooms, cleaning supplies, and certain safety signage.
- Establishes minimum dedicated security personnel for establishments and allows for L&I to adopt rules for additional security personnel based on, but not limited to, factors such as history of security events, cameras, and size of venue.
- Establishes that L&I must require annual reporting of compliance and maintenance of panic buttons.
- Establishes that L&I must require annual reporting of written processes and procedures related to responding to customer violence and criminal procedures.
- Establishes restrictions on leasing fees charged to entertainers by establishments.

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, 2024. 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

Rule making

\$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

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2036 HB	Title: Adult entertainment
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Part I: Jurisdiction—Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Cities with adult entertainment licensing and/or regulation ordinances and code provisions.
- ☒ Counties: Same as above.
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☒ Expenditures represent one-time costs: Ordinance planning and adoption costs.
- ☐ Legislation provides local option:
- ☐ Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
City		257,000	257,000		
County		71,960	71,960		
TOTAL \$		328,960	328,960		
GRAND TOTAL \$	328,960				

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

Part III: Preparation and Approval

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 01/10/2024
Leg. Committee Contact: Kelly Leonard	Phone: 360-786-7147	Date: 01/02/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/10/2024
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 01/10/2024

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This legislation focuses on enhancing the safety and rights of workers in adult entertainment establishments.

Sec. 4 of this act would establish new prohibitions for local governments over local law enforcement actions with respect to adult entertainers interacting with themselves or with patrons when the entertainer does not engage in sexual contact with another person.

The act would take effect 90 days after the adjournment of the session in which it is passed.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

In the adult entertainer advisory committee report published by the Department of Labor and Industries in 2020, it is noted that most cities in Washington have passed ordinances that restrict or ban certain services or entertainer practices in adult entertainment establishments. If this legislation is passed, cities would need to pass an ordinance to update the municipal code.

The Municipal Research and Services Center (MRSC) reports that current data sources indicate at least 25 cities and seven counties with code provisions would no longer be allowed if this legislation is passed (list provided below). Based on this research, it is likely that all local governments with adult entertainment regulations would need to review and change their municipal codes and ordinances if this bill comes law.

The Local Government Fiscal Program Unit Cost Model estimates that the cost the typical cost per jurisdiction to adopt an ordinance with a hearing of the same complexity from \$3,195 for a simple ordinance to \$10,280 for a complex ordinance. These estimates include costs for draft ordinances, an advisory commission meeting and recommendation, finalized ordinance, publication of ordinance, and general public information. Assuming these ordinances are complex, with a hearing of the same complexity, costs will be at least \$10,280 for each city and county that adopts an ordinance. The total cost to pass a complex ordinance for the 32 jurisdictions listed below is \$328,960 (32 x \$10,280). If this act were to become law these costs would likely be incurred in FY25.

These cities are among those with adult entertainment-related code provisions: Seattle, Bellevue, Tacoma, Everett, Auburn, Spokane, Olympia, Bellingham, Federal Way, Shoreline, Tukwila, Renton, Kent, Kennewick, Kelso, Vancouver, Oak Harbor, Gig Harbor, Snohomish, Mukilteo, University Place, Benton City, Sunnyside, Yakima, Sequim, Port Angeles and Port Townsend.

These counties are among those with adult entertainment-related code provisions: King, Snohomish, Pierce, Thurston, Spokane, Kitsap, and Yakima counties.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

The legislation would have no revenue impacts for local government.

SOURCES:

Association of Washington Cities

Department of Labor and Industries, Adult Entertainer Advisory Committee Report to the Legislature, November 2020

Local Government Fiscal Note Program, FN ES SB 5614 AMH LAWS H1686.3 (2023)
Local Government Fiscal Note Program, FN HB 1756 (2019)
Local Government Fiscal Note Program, Unit Cost Model (2024)
Municipal Research and Services Center