

Multiple Agency Fiscal Note Summary

Bill Number: 6040 SB	Title: Public works payments
-----------------------------	-------------------------------------

Estimated Cash Receipts

NONE

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
Department of Enterprise Services	Fiscal note not available											
University of Washington	Fiscal note not available											
Washington State University	Fiscal note not available											
Eastern Washington University	Fiscal note not available											
Central Washington University	Fiscal note not available											
The Evergreen State College	.0	0	0	0	.0	0	0	0	.0	0	0	0
Western Washington University	Fiscal note not available											
Department of Transportation	Fiscal note not available											
State Parks and Recreation Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Fish and Wildlife	Fiscal note not available											
Community and Technical College System	.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

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 Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Enterprise Services	Fiscal note not available								
University of Washington	Fiscal note not available								
Washington State University	Fiscal note not available								
Eastern Washington University	Fiscal note not available								
Central Washington University	Fiscal note not available								
The Evergreen State College	.0	0	0	.0	0	0	.0	0	0
Western Washington University	Fiscal note not available								
Department of Transportation	Fiscal note not available								
State Parks and Recreation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Fish and Wildlife	Fiscal note not available								
Community and Technical College System	.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

NONE

Prepared by: Kelsey Rote, OFM	Phone: (360) 000-0000	Date Published: Preliminary 1/31/2024
--------------------------------------	---------------------------------	---

Individual State Agency Fiscal Note

Bill Number: 6040 SB	Title: Public works payments	Agency: 376-The Evergreen State College
-----------------------------	-------------------------------------	--

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: Danielle Creech	Phone: 360-786-7412	Date: 01/26/2024
Agency Preparation: Daniel Ralph	Phone: 360-867-6500	Date: 01/30/2024
Agency Approval: Lisa Dawn-Fisher	Phone: 564-233-1577	Date: 01/30/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 01/31/2024

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.

SB 6040 relates to prompt payment for public works.

Section 1(1)(b) states that payments to subcontractors that are state certified small, women, and minority-owned businesses must be paid no later than 30 days after the work is accepted, regardless of when the prime contractor receives payment for work performed on the public work.

Based on the lead agency assumptions issued by DES, there would be minimal one-time costs associated with this bill (the insertion of the new language into the college's public works contracts) and no fiscal impact on the college.

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: 6040 SB	Title: Public works payments	Agency: 465-State Parks and Recreation Commission
-----------------------------	-------------------------------------	--

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: Danielle Creech	Phone: 360-786-7412	Date: 01/26/2024
Agency Preparation: Mark Bibeau	Phone: (360) 902-8610	Date: 01/29/2024
Agency Approval: Van Church	Phone: (360) 902-8542	Date: 01/29/2024
OFM Review: Shelly Willhoite	Phone: (360) 890-2366	Date: 01/29/2024

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.

The proposed legislation would require payment for accepted work no later than 30 days for state certified small, women and minority owned disadvantaged business enterprises regardless of when the prime contractor receives payment.

The contractual relationship for payment of accepted work by a covered sub-contractor is with the prime contractor, not Parks, so the agency is not impacted by this proposed legislation.

State Parks has determined the proposed legislation would have no fiscal impact to the agency.

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.

None.

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: 6040 SB	Title: Public works payments	Agency: 699-Community and Technica College System
-----------------------------	-------------------------------------	--

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: Danielle Creech	Phone: 360-786-7412	Date: 01/26/2024
Agency Preparation: Brian Myhre	Phone: 360-704-4413	Date: 01/31/2024
Agency Approval: Stephanie Winner	Phone: 360-704-1023	Date: 01/31/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 01/31/2024

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.

This bill would require payment to be made to subcontractors that are state certified small, women, and minority owned or disadvantaged business enterprises no later than 30 days after the work is accepted by the state or municipality, regardless of when the prime contractor receives payment.

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.

No cash receipts impact.

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.

No expenditure impact.

The bill would require payment to be made to subcontractors that are state certified small, women, and minority owned or disadvantaged business enterprises no later than 30 days after the work is accepted by the state, regardless of when the prime contractor receives payment.

This bill would affect the timing of payment, not the actual payment. It is expected that payments can be made within the 30-day time period specified in the bill. There is no fiscal impact.

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 6040 SB

Title: Public works payments

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities: potential of accrued interest liability
- Counties: potential of accrued interest liability
- Special Districts: potential of accrued interest liability
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: which jurisdictions may become liable for payment and accrued interest to a subcontractor if a contractor is late on payment, amount of accrued interest

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Alexander	Phone: 360-725-5038	Date: 01/29/2024
Leg. Committee Contact: Danielle Creech	Phone: 360-786-7412	Date: 01/26/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/29/2024
OFM Review: Myra Baldini	Phone: (360) 688-8208	Date: 01/31/2024

Part IV: Analysis

A. SUMMARY OF BILL

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

This bill would require contractors to pay subcontractors no later than 30 days after work on a public works project is accepted by the state or municipality, regardless of when the prime contractor receives payment, if the subcontractor is:

- a state certified small, women, or minority owned businesses
- a disadvantaged business enterprise
- recognized as a women or minority owned business enterprise in a state of Washington port, county, or municipal small business or women or minority owned business enterprise program

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.

This bill would have an indeterminate impact on local government expenditures.

According to Washington State Association of Counties (WSAC) the language in the bill is unclear regarding who is responsible for paying the subcontractors. It is assumed that the local governments will continue to pay the prime contractor and the prime contractor would be responsible for paying any subcontractors within the timeframe outlined in the bill. Regardless of who issues the payment to the subcontractor, the payment amount is not affected by this bill, only the timeframe of payment. Therefore, this bill would not affect local government expenditures according to WSAC.

According to the Association of Washington Cities, this bill as written, opens up the possibility for project owners (which includes cities) to have to pay the subcontractor if the contractor is late in paying. It also allows for project owners to be liable for covering accrued interest when payment isn't made on time. It is unknown which jurisdictions may become liable for payment and accrued interest to a subcontractor if a contractor is late on payment or the amount of accrued interest. This impact is indeterminate.

Since the bill creates ambiguity, the impact on local government expenditures is indeterminate.

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.

This bill would not impact local government revenues.

Sources:

Association of Washington Cities

Senate Bill Report, SB 6040, State Government and Elections Committee (01/19/2024)

Washington State Association of Counties