

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 6040 SB	<b>Title:</b> 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	.0	0	0	0	.0	0	0	0	.0	0	0	0
University of Washington	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Washington State University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Eastern Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Central Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
The Evergreen State College	.0	0	0	0	.0	0	0	0	.0	0	0	0
Western Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Transportation	.1	0	0	32,000	.0	0	0	0	.0	0	0	0
State Parks and Recreation Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Fish and Wildlife	.0	0	0	0	.0	0	0	0	.0	0	0	0
Community and Technical College System	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.1</b>	<b>0</b>	<b>0</b>	<b>32,000</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>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									
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	.0	0	0	.0	0	0	.0	0	0
University of Washington	.0	0	0	.0	0	0	.0	0	0
Washington State University	.0	0	0	.0	0	0	.0	0	0
Eastern Washington University	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Central Washington University	.0	0	0	.0	0	0	.0	0	0
The Evergreen State College	.0	0	0	.0	0	0	.0	0	0
Western Washington University	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
State Parks and Recreation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Fish and Wildlife	.0	0	0	.0	0	0	.0	0	0
Community and Technical College System	.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									
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

Eastern Washington University	Non-zero but indeterminate cost and/or savings. Please see discussion.
Western Washington University	Non-zero but indeterminate cost and/or savings. Please see discussion.

<b>Prepared by:</b> Kelsey Rote, OFM	<b>Phone:</b> (360) 000-0000	<b>Date Published:</b> Final 2/ 2/2024
--------------------------------------	---------------------------------	---

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6040 SB	<b>Title:</b> Public works payments	<b>Agency:</b> 179-Department of Enterprise Services
-----------------------------	-------------------------------------	--

## 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: Becky Guyer	Phone: (360) 407-9254	Date: 01/31/2024
Agency Approval: Jessica Goodwin	Phone: (360) 819-3719	Date: 01/31/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/01/2024

## 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(b) is a new section added to RCW 39.04.250 that requires that state certified small, women, and minority-owned businesses; disadvantaged business enterprises; and those recognized as a women or minority-owned business enterprises in a state of Washington port, county, or municipal small business or women or minority-owned business enterprise program must be paid 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.

This new requirement must be included on all public works contracts or agreements entered into by the Department of Enterprise Services. Internal procedures and policies as well as system(s) will need to be updated and/or implemented. The workload associated with updating procedures, policies, contracts, and agreements can be completed within existing workload.

This has no fiscal impact to the Department of Enterprise Services.

### 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

<b>Bill Number:</b> 6040 SB	<b>Title:</b> Public works payments	<b>Agency:</b> 360-University of Washington
-----------------------------	-------------------------------------	---

## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### 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: Danielle Creech	Phone: 360-786-7412	Date: 01/26/2024
Agency Preparation: Alexis Rinck	Phone: 2066858868	Date: 02/01/2024
Agency Approval: Michael Lantz	Phone: 2065437466	Date: 02/01/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/02/2024

## 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.*

Senate Bill 6040 requires that specific sub-contractors that are state-certified as small, women, minority-owned businesses must be paid no later than 30 days after work is accepted. Facilities staff have highlighted feasibility concerns in implementing this bill. While no additional staff would be required to implement, there would be a cost to all public works projects at University of Washington's three campuses.

This is projected given how the current bill language requires contractors to hold the responsibility to pay firms in advance of receiving payment from the project owner. Staff have identified that there would be an increase to contractor costs associated with this that could be reflected in bid pricing. It is unknown by what percentage contractors might increase costs to implement the bill, but the potential range of impact could be between \$373,000 to \$447,600 when just considering a 0.25% to 0.3% increase in costs with contractors.

### 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.*

To implement this bill, no additional FTE are needed. However, the main expenditure would come from increased costs from contractors bidding on projects. The primary factor that makes this fiscal note indeterminate is not knowing how much contractors will increase their bids by. The secondary element that is inability to accurately predict will be how many subcontractors that are minority and women's businesses enterprises would be a part of UW projects each year.

UW has prepared some rough calculations to illustrate some potential impact. Based on current contracts, if 20% of the construction contracts' funding goes to minority and women's business enterprises and contractors increase their projects by 0.25% to 0.3% for administrative burden to cover the requirements of this bill, this would have an estimated impact between \$373,000 and \$447,600.

## 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

<b>Bill Number:</b> 6040 SB	<b>Title:</b> Public works payments	<b>Agency:</b> 365-Washington State University
-----------------------------	-------------------------------------	--

## 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: Emily Green	Phone: 5093359681	Date: 02/01/2024
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 02/01/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/02/2024

## 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 payments in public works.

This bill amends RCW 39.04.250 to add the following: Section 1 (1) (b) Payment to subcontractors that are state certified small, women, and minority-owned, or disadvantaged business enterprises or 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 must be paid no later than 30 days after the work is accepted by the state or municipality, regardless of when the prime contractor receives payment for work performed on the public work.

This bill is not expected to fiscally impact Washington State University, and any costs associated to meet the requirements of this bill could be absorbed through existing resources.

### 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

<b>Bill Number:</b> 6040 SB	<b>Title:</b> Public works payments	<b>Agency:</b> 370-Eastern Washington University
-----------------------------	-------------------------------------	--

## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

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

*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: Tammy Felicijan	Phone: (509) 359-7364	Date: 02/01/2024
Agency Approval: Tammy Felicijan	Phone: (509) 359-7364	Date: 02/01/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/02/2024

## 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 6012 amends RCW 39.04.250 to add a subsection as follows:

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

DES provided a number of assumptions that state the following:

The term “accepted” in line 17 is defined as “an authorized actor of the state or municipality has signed the invoice, accepting the cost charged for the work completed”.

The vendor with whom the subcontractor has the direct contract with shall be responsible for payment within 30 days of acceptance by the state or municipality.

The state’s responsibility for communicating initiation of the 30 day timeframe would be met through notification to the prime contractor on the day the invoice is signed by the authorized actor.

Notification and communication with subcontractors would be managed by the chain of contractors.

It is not the responsibility of the state or municipality to monitor the 30 day timeline for subcontractor payment.

Acceptance for purposes of this language does not preclude the state or municipality from rejecting work with the prime contractor at the final project walk through.

Agencies would be required to update contract templates with this information.

The assumptions state that responsibility of the 30 day payment timeline is on the prime contractor without any oversight by EWU. However, the language in the bill has not been changed to state this. Considering the language does not put responsibility for payment within 30 days on the prime contractor, EWU must assume that some of that responsibility would fall on us. Our contracts follow the DES standard which means that subcontractors are not paid directly. This is to avoid managing multiple second, third etc. subcontractor’s work. Following the language in the bill, this would take a re-write of our public works contracts. This would also add to the administrative workload of EWU Facilities and the general contractor. I would suspect they would increase their (prime) bids to account for this process. That amount cannot be determined.

There still might be liability if the subcontractor liens the job. We would need to update our templates.

Because of these issues, EWU believes the cost would be greater than \$50,000 but indeterminate.

### 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**

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

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

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

**IV. C - Capital Budget Breakout**

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

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

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

The assumptions state that responsibility of the 30 day payment timeline is on the prime contractor without any oversight by EWU. However, the language in the bill has not been changed to state this. Considering the language does not put responsibility for payment within 30 days on the prime contractor, EWU must assume that some of that responsibility would fall on us. Our contracts follow the DES standard which means that subcontractors are not paid directly. This is to avoid managing multiple second, third etc. subcontractor’s work. Following the language in the bill, this would take a re-write of our public works contracts. This would also add to the administrative workload of EWU Facilities and the general contractor. I would suspect they would increase their (prime) bids to account for this process. That amount cannot be determined.

**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

<b>Bill Number:</b> 6040 SB	<b>Title:</b> Public works payments	<b>Agency:</b> 375-Central Washington University
-----------------------------	-------------------------------------	--

## 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: Alexa Orcutt	Phone: 5099632955	Date: 02/01/2024
Agency Approval: Lisa Plesha	Phone: (509) 963-1233	Date: 02/01/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/01/2024

## 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.*

DES Assumptions: The term “accepted” in line 17 is defined as “an authorized actor of the state or municipality has signed the invoice, accepting the cost charged for the work completed”. The vendor with whom the subcontractor has the direct contract with shall be responsible for payment within 30 days of acceptance by the state or municipality. The state’s responsibility for communicating initiation of the 30 day timeframe would be met through notification to the prime contractor on the day the invoice is signed by the authorized actor. Notification and communication with subcontractors would be managed by the chain of contractors. It is not the responsibility of the state or municipality to monitor the 30 day timeline for subcontractor payment. Acceptance for purposes of this language does not preclude the state or municipality from rejecting work with the prime contractor at the final project walk through. Agencies would be required to update contract templates with this information.

Section 1: Amending RCW 39.04.250 and 1992 c 223 s 5: (1)(b) Payment to subcontractors that are state certified small, women, and minority-owned, or disadvantaged business enterprises or recognized as a women or minority-owned enterprise in a state of WA port, county, or municipal small business or enterprise program need to 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.

CWU anticipates minimal effort necessary to update language in applicable forms/contracts. Currently, CWU prints checks only three days per week and will most likely be going to two days per week. Therefore, as long as it's acceptable for the check date to be within the 30 days and not received by vendor in 30 days, the efforts will be absorbed within existing resources and therefore results in no fiscal impact to comply with this bill.

### 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

<b>Bill Number:</b> 6040 SB	<b>Title:</b> Public works payments	<b>Agency:</b> 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

<b>Bill Number:</b> 6040 SB	<b>Title:</b> Public works payments	<b>Agency:</b> 380-Western Washington University
-----------------------------	-------------------------------------	--

## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

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

*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: Gena Mikkelsen	Phone: 3606507412	Date: 02/01/2024
Agency Approval: Anna Hurst	Phone: 360-650-3569	Date: 02/01/2024
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/02/2024

## 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 includes:

**Timely Payment to Subcontractors:** Contractors and subcontractors must pay subcontractors within 10 days of receiving payment for public work. Certified state small, women, and minority-owned businesses, or those recognized in local small business programs, must be paid within 30 days after state or municipality acceptance.

**Dispute Resolution:** In good faith payment disputes, involved parties may withhold up to 150 percent of the disputed amount. Uninvolved parties are entitled to prompt payment.

**Remedies for Withheld Funds:** Those facing wrongfully withheld funds are entitled to interest at the highest rate allowed under RCW 19.52.025 for each month of non-payment. Prevailing parties in legal actions for wrongful withholding are entitled to costs and reasonable attorneys' fees.

**Fiscal Impacts on Capital Funds:**

The bill will apply to capital projects, particularly affecting contracts and invoicing in the university's capital budget. WWU has estimated an indeterminate increase in construction costs due to the additional administrative accounting work from the General Contractors. We also estimate that certain firms will not participate in public works projects due to this provision, and this could result in an indeterminate increase in bid prices.

The 150 percent withholding provision during disputes may affect cash flow for the university. The impact on the university's capital projects will depend on the specific circumstances surrounding payment disputes in public works projects and is therefore indeterminate.

No impact is projected for operating funds.

### 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

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

### IV. B - Expenditures by Object Or Purpose

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

### IV. C - Capital Budget Breakout

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

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

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Overall fiscal impacts would be contingent on specific circumstances in public works projects. The bill will apply to capital projects, particularly affecting contracts and invoicing. The fiscal impacts depend on dispute frequency, subcontractor involvement, and applicable interest rates and are therefore indeterminate. We have estimated 1-2% increase in construction costs may impact the university's financial planning for capital projects resulting in our estimate of over \$50k, but indeterminate. The 150 percent withholding provision during disputes may also affect cash flow for the university.

## 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

<b>Bill Number:</b> 6040 SB	<b>Title:</b> Public works payments	<b>Agency:</b> 405-Department of Transportation
-----------------------------	-------------------------------------	---

## 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	0.2	0.0	0.1	0.0	0.0
<b>Account</b>					
Motor Vehicle Account-State 108 -1	32,000	0	32,000	0	0
<b>Total \$</b>	32,000	0	32,000	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.

Legislative Contact: Danielle Creech	Phone: 360-786-7412	Date: 01/26/2024
Agency Preparation: Jim Cuthbertson	Phone: 360-705-7825	Date: 02/02/2024
Agency Approval: Jon Deffenbacher	Phone: 360-7057829	Date: 02/02/2024
OFM Review: Maria Thomas	Phone: (360) 229-4717	Date: 02/02/2024



## 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 WSDOT fiscal note.

### 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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
108-1	Motor Vehicle Account	State	32,000	0	32,000	0	0
<b>Total \$</b>			32,000	0	32,000	0	0

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2		0.1		
A-Salaries and Wages	24,000		24,000		
B-Employee Benefits	8,000		8,000		
C-Professional Service Contracts					
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-					
<b>Total \$</b>	32,000	0	32,000	0	0

**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
Transportation Engineer	116,020	0.2		0.1		
<b>Total FTEs</b>		0.2		0.1		0.0

### 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

<b>Bill Number:</b> SB6040	<b>Title:</b> Public Works Payments	<b>Agency:</b> 405-Department of Transportation
----------------------------	-------------------------------------	---

## Part I: Estimates

Check applicable boxes and follow corresponding instructions, use the fiscal template table provided to show fiscal impact by account, object, and program (if necessary), **add rows if needed**. If no fiscal impact, check the box below, skip fiscal template table, and go to Part II to explain briefly, why the program believes there will be no fiscal impact to the department.

- No Fiscal Impact (Explain required in section II. A)
- Indeterminate Cash Receipts Impact (Explain in section II. B)
- Partially Indeterminate Cash Receipts Impact (Explain in section II. B)
- Indeterminate Expenditure Impact (Explain in section II. C)
- Partially Indeterminate Expenditure Impact (Explain in section II. C)

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

		2023-25 Biennium		2025-27 Biennium		2027-29 Biennium	
Expenditures		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
108-1-MOTOR VEHICLE		\$32,000	\$0	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>		<b>\$32,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Biennial Totals</b>		<b>\$32,000</b>		<b>\$0</b>		<b>\$0</b>	
FTEs		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Transportation Technical Engineer	Salary \$116,020	0.2	0.0	0.0	0.0	0.0	0.0
<b>Biennial Average</b>		<b>0.1</b>		<b>0.0</b>		<b>0.0</b>	
Objects of Expenditure		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
A - SALARIES AND WAGES		\$24,000	\$0	\$0	\$0	\$0	\$0
B - EMPLOYEE BENEFITS		\$8,000	\$0	\$0	\$0	\$0	\$0

### Agency Assumptions

N/A
-----

### Agency Contacts:

Preparer: Jim Cuthbertson	Phone: 360.870.1108	Date: 01/30/24
Approval: Jon Deffenbacher	Phone: 360.705.7829	Date: 1/31/2024
Budget Manager: Doug Clouse	Phone: 360.705.7535	Date: 1/31/2024

# Individual State Agency Fiscal Note

## Part II: Narrative Explanation

### II. A - Brief description of what the measure does that has fiscal impact.

The bill amends RCW 39.04.250 and requires prompt payment to subcontractors that are state certified small, women, and minority-owned, or disadvantaged business enterprises or 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. Payment must be paid no later than 30 days after the work is accepted by the State.

### II. B – Cash Receipts Impact

N/A – No Cash Receipts Impact

### II. C - Expenditures

Section 1 of the bill affects the distribution of payments made by the State to the Contractor. As a result of the proposed legislation, WSDOT will need to change the requirements of the department’s Standard Specifications for Road, Bridge, and Municipal Construction M41-10, the Construction Manual M41-01, the Design-build General Provision templates for State funded and Federal funded projects to incorporate the payment requirements of the bill. The Manual and Specifications editing is a one-time expense expected to occur in fiscal year 2024. The predicted cost of the workload to revise the necessary documents is expected to be 0.2 FTE at a Transportation Technical Engineer classification in fiscal year 2024.

## Part III: Expenditure Detail

### III. A - Expenditures by Object or Purpose

## Part IV: Capital Budget Impact

N/A

## Part V: New Rule Making Required

N/A

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6040 SB	<b>Title:</b> Public works payments	<b>Agency:</b> 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

<b>Bill Number:</b> 6040 SB	<b>Title:</b> Public works payments	<b>Agency:</b> 477-Department of Fish and Wildlife
-----------------------------	-------------------------------------	--

## 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: Barbara Reichart	Phone: (360) 819-0438	Date: 02/01/2024
Agency Approval: Barbara Reichart	Phone: (360) 819-0438	Date: 02/01/2024
OFM Review: Shelly Willhoite	Phone: (360) 890-2366	Date: 02/01/2024



## 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(b) requires contractors to pay qualifying subcontractors within 30 days after the work is accepted by the state or municipality, regardless of when the prime contractor receives payment.

WDFW does not directly pay subcontractors for public works. No 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

<b>Bill Number:</b> 6040 SB	<b>Title:</b> Public works payments	<b>Agency:</b> 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