

Multiple Agency Fiscal Note Summary

Bill Number: 6105 S SB	Title: Adult entertainment workers
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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	0	0	40,000	0	0	76,000	0	0	72,000
Liquor and Cannabis Board	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	40,000	0	0	76,000	0	0	72,000

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	.3	0	0	40,000	.5	0	0	76,000	.5	0	0	72,000
Office of Administrative Hearings	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.0	36,200	36,200	36,200	.0	0	0	0	.0	0	0	0
Liquor and Cannabis Board	.2	0	0	108,537	.1	0	0	42,842	.1	0	0	38,842
Department of Labor and Industries	1.5	0	0	561,000	2.3	0	0	551,000	1.6	0	0	382,000
Total \$	2.0	36,200	36,200	745,737	2.9	0	0	669,842	2.2	0	0	492,842

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
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
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

Estimated Capital Budget Breakout

Prepared by: Anna Minor, OFM	Phone: (360) 790-2951	Date Published: Final 2/13/2024
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Individual State Agency Fiscal Note

Bill Number: 6105 S SB	Title: Adult entertainment workers	Agency: 100-Office of Attorney General
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Legal Services Revolving Account-State 405-1		40,000	40,000	76,000	72,000
Total \$		40,000	40,000	76,000	72,000

Estimated Operating Expenditures from:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.5	0.3	0.5	0.5
Legal Services Revolving Account-State 405-1	0	40,000	40,000	76,000	72,000
Total \$	0	40,000	40,000	76,000	72,000

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: Susan Jones	Phone: 360-786-7404	Date: 01/31/2024
Agency Preparation: Chad Standifer	Phone: 3605863650	Date: 02/08/2024
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/08/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/13/2024

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: 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 every two years thereafter. Authorizes 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. Other requirements pertaining to establishments. Requiring L&I to share information regarding violations of this section with the Liquor and Cannabis Board (LCB).

Section 2: New section. Adding to RCW 49.46. Prohibiting adult entertainment establishments from allowing any person under 18 on the premises. Clarifying what fees may be charged to entertainers by establishments. Providing L&I may enforce Section 2(2) through Section 2(6) and any applicable rules. Authorizing L&I to adopt rules to implement the chapter. Requiring L&I to adjust for inflation the lease amounts allowed to be charged to entertainers.

Section 3: New section. Adding to RCW 66.24. Providing that LCB may not issue or reissue liquor licenses to establishments that have not abated violations of RCW 49.17.470 or Section 2 of this act, and must suspend or cancel liquor licenses until L&I affirms violations have been abated. Providing that establishments holding a license under RCW 66.24 may not allow persons under the age of 21. Requiring LCB to adopt or modify its rules to allow establishments to hold licenses under the chapter, subject to this section.

Section 4: 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.

Cash receipts are assumed to equal the Legal Services Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agencies are the Department of Labor and Industries (L&I) and the Liquor and Cannabis Board (LCB). The Attorney General's Office (AGO) will bill all clients for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency's fiscal note. Appropriation authority is necessary in the AGO budget.

AGO AGENCY ASSUMPTIONS:

L&I will be billed for non-King County rates:

FY 2025 and in each FY thereafter: \$30,000 for 0.1 Assistant Attorney General FTE (AAG), 0.1 Paralegal 2 FTE (PL2), and 0.1 Paralegal 1 FTE (PL1)

LCB will be billed for non-King County rates:

FY 2025 and FY 2026: \$10,000 for 0.1 AAG and 0.1 PL1

FY 2027 and in each FY thereafter: \$6,000 for 0.1 AAG and 0.1 PL1

II. C - Expenditures

Adult entertainment workers
Form FN (Rev 1/00) 194,111.00
FNS063 Individual State Agency Fiscal Note

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.

Attorney General's Office (AGO) Agency Assumptions:

This bill is effective January 1, 2025.

Location of staffing is assumed to be in non-King County office buildings.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables. The Management Analyst 5 FTE (MA), is used as a representative classification. An example ratio is for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 Paralegal 1 FTE (PL1) and 0.4 MA.

1. Assumptions for the AGO Labor and Industries Division (LNI) legal services for the Department of Labor & Industries (L&I):

The AGO will bill L&I for legal services based on the enactment of this bill. This bill will require L&I to engage in rulemaking and implementation processes related to the worker safety provisions of the law. The AGO will provide legal advice to the client. Once the rules are made and implemented, LNI projects the law will result in approximately three to four additional appeals per year. The average worker safety case takes about 25 hours of legal services work for an additional 75 to 100 hours per year ongoing. Therefore, LNI estimates during FY 2025 and in each FY thereafter, 0.1 AAG is needed to provide legal advice for rulemaking to L&I.

LNI: Total non-King County workload impact:

FY 2025 and in each fiscal year thereafter: \$30,000 for 0.1 AAG and 0.1 PL1

2. Assumptions for the AGO Government Compliance and Enforcement Division (GCE) legal services for the Liquor and Cannabis Board (LCB):

SSB 6105 would require adult entertainment establishments to create processes and procedures and take certain measures to protect their entertainers. These requirements would be enforced by L&I. This bill would also require LCB to decline to issue, decline to renew, cancel, or suspend a liquor license of an adult entertainment establishment that has received a citation from L&I for a violation of these requirements until L&I has confirmed the violation has been abated. LCB would be required to modify or adopt rules to allow adult entertainment establishments to hold liquor licenses. GCE assumes rulemaking would be completed during FY 2025. LCB anticipates there would be 18 new licenses issued as a result of the enactment of this bill. LCB assumes there would be a small increase in enforcement actions relating to these new licensees beginning in FY 2026. In FY 2026 and FY 2027, LCB anticipates referring two new enforcement cases to GCE each year. Thereafter, LCB anticipates the enforcement actions would plateau at one new enforcement referral each year. GCE assumes each new case would utilize 30 AAG hours and 10 Paralegal 2 (PL2) hours to litigate to resolution. Therefore, during FY 2025 and FY 2026, GCE anticipates an increase of 60 AAG hours and 20 PL2 hours. Beginning FY 2027 and in each FY thereafter, GCE anticipates an increase of 30 AAG hours and 10 PL2 hours.

GCE: Total non-King County workload impact:

FY 2025 and FY 2026: \$10,000 for 0.1 AAG, 0.1 PL2, and 0.1 PL1

FY 2027 in each fiscal year thereafter: \$6,000 for 0.1 AAG, 0.1 PL2, and 0.1 PL1

3. 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 LCB. SSB 6105 would require adult entertainment establishments to create processes and procedures and take certain measures to protect entertainers. These requirements would be enforced by L&I. This bill would require LCB to decline to issue, decline to renew, cancel, or suspend a liquor license to an adult entertainment establishment that has received a citation from L&I for a violation of these requirements until L&I has affirmed the violation has been abated. Under the recent amendments, this bill would also require LCB to modify or adopt rules to allow adult entertainment establishments to hold liquor licenses. LAL assumes rulemaking would be completed during FY 2025 and would take 20 AAG hours. LCB anticipates there would be 18 new licenses issued as a result of the enactment of this bill. LCB assumes there would be a small increase of enforcement actions relating to this new license type beginning in FY 2026. In FY 2026 and FY 2027, LCB anticipates referring two new enforcement cases to the AGO each year. Thereafter, LCB anticipates the enforcement actions would plateau at one new enforcement referral each year. Each case referred to the AGO will require one AAG hour of time to review and advise LCB on the final order. New legal services are nominal and costs are not included in this request.

Total AGO workload impact:

FY 2025 and FY 2026: \$40,000 for 0.2 AAG, 0.1 PL2, and 0.1 PL1

FY 2027 and in each FY thereafter: \$36,000 for 0.2 AAG, 0.1 PL2, and 0.1 PL1

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
405-1	Legal Services Revolving Account	State	0	40,000	40,000	76,000	72,000
Total \$			0	40,000	40,000	76,000	72,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.5	0.3	0.5	0.5
A-Salaries and Wages		28,000	28,000	53,000	50,000
B-Employee Benefits		8,000	8,000	15,000	14,000
E-Goods and Other Services		4,000	4,000	8,000	8,000
Total \$	0	40,000	40,000	76,000	72,000

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
Assistant Attorney General	129,100		0.2	0.1	0.2	0.2
Management Analyst 5	95,184		0.1	0.1	0.1	0.1
Paralegal 1	69,072		0.1	0.1	0.1	0.1
Paralegal 2	76,188		0.1	0.1	0.1	0.1
Total FTEs			0.5	0.3	0.5	0.5

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Government Compliance & Enforcement Division (GCE)		10,000	10,000	16,000	12,000
Labor & Industries Division (LNI)		30,000	30,000	60,000	60,000
Total \$		40,000	40,000	76,000	72,000

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: 6105 S SB	Title: Adult entertainment workers	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: Susan Jones	Phone: 360-786-7404	Date: 01/31/2024
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 02/05/2024
Agency Approval: Rob Cotton	Phone: 360-407-2708	Date: 02/05/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/05/2024

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 measurably increase the appeal workload for the Office of Administrative Hearings referred by either the Department of Labor & Industries or the Liquor & Cannabis Board.

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.

Department of Revenue Fiscal Note

Bill Number: 6105 S SB	Title: Adult entertainment workers	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
Account					
GF-STATE-State 001-1	36,200		36,200		
Total \$	36,200		36,200		

Estimated Capital Budget Impact:

NONE

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- 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: Susan Jones	Phone: 603-786-7404	Date: 01/31/2024
Agency Preparation: Erika Ferrara	Phone: 603-534-1517	Date: 02/06/2024
Agency Approval: Marianne McIntosh	Phone: 603-534-1505	Date: 02/06/2024
OFM Review: Amy Hatfield	Phone: (603) 280-7584	Date: 02/07/2024

Request # 6105-1-1

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 fiscal note only addresses section 3 of the bill, which impacts the Department of Revenue (department).

CURRENT LAW:

The Liquor and Cannabis Board (LCB) prohibits the sale of alcohol in certain establishments with prohibited activities.

PROPOSAL:

As it pertains to the department, this bill requires LCB to modify or adopt rules to allow adult entertainment establishments to hold liquor licenses.

The bill also prohibits LCB from issuing or reissuing a liquor license to an establishment that has received a citation for violating laws related to adult entertainers and establishments and has not abated the violation.

EFFECTIVE DATE:

The bill takes effect 90 days after the final adjournment of the session.

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.

This legislation results in minimal revenue impact on business licensing services fees and no impact on taxes administered by the department.

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.

ASSUMPTIONS:

This estimate affects approximately 15 taxpayers.

FIRST YEAR COSTS:

The department will incur total costs of \$36,200 in fiscal year 2024. These costs include:

Object Costs

- Computer system changes, including contract programming.

SECOND YEAR COSTS:

The department will not incur costs in fiscal year 2025.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
C-Professional Service Contracts	36,200		36,200		
Total \$	\$36,200		\$36,200		

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. C - 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

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Revised

Bill Number: 6105 S SB	Title: Adult entertainment workers	Agency: 195-Liquor and Cannabis Board
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

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

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.3	0.2	0.1	0.1
Account					
Liquor Revolving Account-State 501-1	0	108,537	108,537	42,842	38,842
Total \$	0	108,537	108,537	42,842	38,842

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: Susan Jones	Phone: 360-786-7404	Date: 01/31/2024
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 02/12/2024
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 02/12/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/13/2024

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 3:

(1) If an adult entertainment establishment has received a citation describing a violation of RCW 49.17.470 or section 2 of this act, or associated rules from the department of labor and industries, and has not abated the violation within the time period provided in the citation, the board:

(a) May not issue or reissue a liquor license to the establishment until the department of labor and industries affirms the violation has been abated; and

(b) Must suspend or cancel the establishment's existing liquor license until the department of labor and industries affirms the violation has been abated.

(3) Requires LCB to modify its rule regarding prohibited conduct on premises with a liquor license (WAC 314-11-050) to implement the act & allow adult entertainment establishments to hold licenses under this chapter.

(4) For purposes of this section "adult entertainment establishment" or "establishment" has the same meaning as in RCW 49.17.470.

CHANGES MADE BY THE SUBSTITUTE:

Section 1(2) Provides that the employee training requirement does not include entertainers who are employees; requires the training by 1-1-2025 or within 30 days of hiring for recorded content and 120 days of hiring for live courses, whichever is later; requires the training be provided by a third party qualified professional; expands the topics for training; requires allowing entertainers to opt in to the trainings; and requires annual reports to L&I on the training.

Section 1(4) Requires an establishment to record accusations of customers having committed sex trafficking, prostitution, promotion of prostitution.

Section 1(5) Removes the requirement that a dedicated security person have no other duties between 9pm and 9am.

Section 1(8) Mandates L&I to share information of violations with the LCB.

Section 2(9) Removes the limitation on state agencies adopting certain laws regarding adult entertainment and the ability for local governments to adopt ordinances providing more protections for entertainers.

Section 2(9) Requires L&I to adjust certain dollar amounts every two years beginning in 2027, rather than every ten years beginning in 2034.

Section 2(10c) Provides a definition for entertainer.

Section 3(3) Requires LCB to modify its rule regarding prohibited conduct on premises with a liquor license (WAC 314-11-050) to implement the act & allow adult entertainment establishments to hold licenses under this chapter.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Section 3(3) Requires the board to modify its rule regarding prohibited conduct on premises with a liquor license (WAC 314-11-050) to implement the act & allow adult entertainment establishments to hold licenses under this chapter.

However, it is unknown what fee, if any, the board would set for an adult entertainment liquor license or endorsement to an existing liquor license.

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.

AGO COSTS (AS BOARD DIVISION):

The Attorney General's Office (AGO) projects increased legal services based on the number of litigation, licensing and enforcement actions that would be likely to occur, along with any advice on rulemaking. The AGO anticipates billing the Board \$10,000 in FY25 and FY26, and \$6,000 each FY thereafter.

PROJECT COSTS (AS BOARD DIVISION): \$53,700 in FY25

The Washington State Liquor and Cannabis Board ("Board") is currently in the middle of a project to upgrade the agency's internal licensing and enforcement systems. The Licensing, Enforcement, Education, and Administrative Data Systems (LEEADS) is expected to go live in FY 2025. There are change request costs associated with this legislation that will have to be submitted to the vendor. The estimated costs for these change requests is \$53,700 in FY25. Some examples of changes needed follow:

Project vendor costs for change requests: \$37,500

Agency vendor costs for training, development, documentation, etc: \$16,200

LICENSING DIVISION: \$8,941 in FY25

The agency anticipates 18 applications. According to the November 2020 AEA Committee Report, there are 11 adult entertainment facilities in Washington. Also, the agency anticipates interest from currently licensed liquor establishments that may convert to adult entertainment.

In addition, the division would have IT needs, including an identifier or coding (similar to endorsement) in the agency's licensing system that is connected to existing license privileges to track applications, licenses, potentially collect a fee, and ability to notify local authorities.

0.1 FTE Licensing Specialist Senior - \$8,941 (\$8,834 salary/benefits, \$107 in associated costs).

ENFORCEMENT DIVISION: \$13,421/yr ongoing

The Washington State Liquor and Cannabis Board ("Board") keeps detailed statistics on all of its enforcement activities and tracks this activity using a unit of measure called a Field Increment (FI). All direct enforcement activities such as premise checks, inspections and investigations are tracked to determine how many FI's are needed to accomplish each activity. Each FI is equivalent to 1/10th of an hour (6 minutes). For example, if a tavern premise check takes 2 FI's and two officers, it is anticipated that one check will consume 4 FI's. Using historical data to factor out indirect activities such as driving time, training, office time and leave, it has been determined that officers are available for an average of 4,220 FI's each year.

The agency anticipates a workload impact of 0.10 FTE LCB Enforcement Officer 2 (LEO2) ongoing from complaint investigations, licensee support and education, premise checks, undercover operations, and more. Please see the attached "6105 SSB Adult Entertainment - Enforcement Field Increment Calculator.pdf" for workload calculations.

0.1 FTE LCB Enforcement Officer 2 - \$13,421/yr (\$11,835 salary/benefits, \$1,586 in associated costs).

INFORMATION TECHNOLOGY DIVISION: \$22,475 in FY25

There will be costs to implement this legislation:

Vendor costs to update the iSeries: \$6,000 (40 hrs x \$150/hr)

Staff costs: 0.1 FTE IT App Development - Senior/Specialist - \$16,475/yr (\$16,368 salary/benefits, \$107 in associated costs).

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
501-1	Liquor Revolving Account	State	0	108,537	108,537	42,842	38,842
Total \$			0	108,537	108,537	42,842	38,842

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.3	0.2	0.1	0.1
A-Salaries and Wages		27,680	27,680	17,344	17,344
B-Employee Benefits		9,357	9,357	6,326	6,326
C-Professional Service Contracts		59,700	59,700		
E-Goods and Other Services		10,650	10,650	16,872	12,872
G-Travel		1,116	1,116	2,232	2,232
J-Capital Outlays		34	34	68	68
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	108,537	108,537	42,842	38,842

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
IT App Development - Senior/Specialist	127,176		0.1	0.1		
LCB Enforcement Officer 2	86,712		0.1	0.1	0.1	0.1
Licensing Specialist Senior	62,892		0.1	0.1		
Total FTEs			0.3	0.2	0.1	0.1

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Board Division (010)		63,700	63,700	16,000	12,000
Licensing Division (050)		8,941	8,941		
Enforcement Division (060)		13,421	13,421	26,842	26,842
Information Technology Division (070)		22,475	22,475		
Total \$		108,537	108,537	42,842	38,842

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.

Section 3(3) Requires LCB to modify its rule regarding prohibited conduct on premises with a liquor license (WAC 314-11-050) to implement the act & allow adult entertainment establishments to hold licenses under this chapter.

Enforcement Field Increment (FI) Calculator

6105 SSB "Adult Entertainment" (FY25 & FY26)

	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	1	10	1.3	19
License Support and Education	22	7	1.3	198
Nightclubs	29	2	1.3	75
On Premises Compliance Check	15	1	2	29
Administrative Violation Notice (AVN) Issuance	3	12	2	72
Undercover Operations	2	5	1	10
Licensee Responsible Liquor Sales Class Field	1	15	1	22
On Premises Compliance Check Failure	3	5	2	30

<u>Factors</u>	<u>Values</u>
License Count	29
Complaint Investigations Liquor	5%
License Support and Education	75%
Nightclubs	100%
On Premises Compliance Check	50%
Administrative Violation Notice (AVN) Issuance	3
Undercover Operations	2
Licensee Responsible Liquor Sales Class Field	5%
On Premises Compliance Check Failure	1

Total FI's	455
Total Field Increments per FTE	4,220
FTE's required	0.11
Round	0.10

FY27+

	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	1	10	1.3	15
License Support and Education	10	7	1.3	87
Nightclubs	29	3	2	174
On Premises Compliance Check	15	1	2	29
Administrative Violation Notice (AVN) Issuance	1	12	2	24
Undercover Operations	2	3	2	12
Licensee Responsible Liquor Sales Class Field	1	15	1	22
On Premises Compliance Check Failure	1	5	2	10

<u>Factors</u>	<u>Values</u>
License Count	29
Complaint Investigations Liquor	4%
License Support and Education	33%
Nightclubs	100%
On Premises Compliance Check	50%
Administrative Violation Notice (AVN) Issuance	1
Undercover Operations	2
Licensee Responsible Liquor Sales Class Field	5%
On Premises Compliance Check Failure	1

Total FI's	373
Total Field Increments per FTE	4,220
FTE's required	0.09
Round	0.10

Individual State Agency Fiscal Note

Bill Number: 6105 S SB	Title: Adult entertainment workers	Agency: 235-Department of Labor and Industries
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

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

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3	2.7	1.5	2.3	1.6
Account					
Accident Account-State 608-1	37,000	440,000	477,000	468,000	324,000
Medical Aid Account-State 609-1	7,000	77,000	84,000	83,000	58,000
Total \$	44,000	517,000	561,000	551,000	382,000

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: Susan Jones	Phone: 360-786-7404	Date: 01/31/2024
Agency Preparation: Teresa Zyski	Phone: 360-902-4985	Date: 02/06/2024
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 02/06/2024
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/06/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

See attached

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

See attached

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

See attached

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
608-1	Accident Account	State	37,000	440,000	477,000	468,000	324,000
609-1	Medical Aid Account	State	7,000	77,000	84,000	83,000	58,000
Total \$			44,000	517,000	561,000	551,000	382,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3	2.7	1.5	2.3	1.6
A-Salaries and Wages	23,000	219,000	242,000	369,000	254,000
B-Employee Benefits	8,000	78,000	86,000	132,000	92,000
C-Professional Service Contracts		165,000	165,000		
E-Goods and Other Services	3,000	33,000	36,000	47,000	34,000
G-Travel		2,000	2,000	3,000	2,000
J-Capital Outlays	10,000	20,000	30,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	44,000	517,000	561,000	551,000	382,000

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
Administrative Regulations Analyst 4	88,416	0.3	1.0	0.6	0.6	
Fiscal Analyst 5	74,376		0.2	0.1	0.2	0.1
Industrial Relations Agent 2	69,072		0.5	0.3	0.5	0.5
Program Specialist 5	86,208		1.0	0.5	1.0	1.0
Total FTEs		0.3	2.7	1.5	2.3	1.6

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.

See attached

Part II: Explanation

The proposed bill creates safer work conditions for adult entertainment establishments. The bill amends 49.17.470 RCW, adding a new section to chapter 49.46 RCW and adding a new section to chapter 66.24 RCW.

SSB6105 is different from SB6105 in that it:

- Excludes adult entertainers from workplace training requirement, but allows the entertainers to opt-in to workplace training.
- Allegations, not accusations must be tracked by the adult entertainment establishment and reported to Labor & Industries.
- It is mandatory that Labor & Industries share violation information with the Liquor & Cannabis Board.
- Adds a customer age requirement of 21 to be on the adult entertainment premises.

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

Section 1(2): Adds that an adult entertainment establishment must provide training to its employees to minimize occurrences of unprofessional behavior and enable employees to support entertainers in time of conflict. These establishments must require all employees to take the training within 30 days of hiring, and at least every two years thereafter. The training content must be developed by a third party, with training topics to include but not limited to:

- Preventing sexual harassment;
- Information on how to identify and report human trafficking;
- Conflict de-escalation; and
- Provide first aid.

Section 1(3): An adult entertainment establishment must provide an accessible panic button in each room in the establishment where an entertainer may be alone with a customer, and in bathrooms and dressing rooms. The establishment must provide L&I, at least annually, proof of compliance and maintenance records of the panic buttons.

Section 1(4): An adult entertainment establishment must have a written process and procedure accessible to all employees and entertainers for submitting allegations. The establishment must provide information collected from any allegations to L&I annually.

Section 1(5): Adds that an adult entertainment establishment must provide at least one person on the premises during business hours whose primary duty is security and the department may adopt rules to require additional security based on:

- The size of the establishment;
- The layout and floor plan of the establishment;
- The occupancy and patron volume;
- Security cameras and panic buttons; and
- The history of security events at the establishment.

Section 1(8): Indicates that L&I must share enforcement and compliance activity in Section 1 with LCB.

Section 2: Adds a new section to 49.46 RCW. (7): L&I may enforce subsections 2-6 of this section and any applicable rules. Any amounts owed to an entertainer under this section may be enforced as a wage payment requirement under RCW 49.48.082. Any other violations may be enforced as an administrative violation under this chapter and any applicable rules. L&I must share enforcement and compliance with this section as necessary for the purposes of section 3. (8): L&I may adopt rules. (9): L&I must adjust the dollar amount in subsection (3) every 2 years, beginning January 1, 2027, based on the consumer price index during that time period.

Section 3: Adds new section to chapter 66.24 RCW. (1): if an establishment has received a citation describing a violation of RCW 49.17.470 or section 2 of this act, or associated rules from L&I and has not abated the violation within the time period provided in the citation, the board:

(a) may not issue or reissue a liquor license to the establishment, (b) must suspend or cancel the establishment's existing liquor license. (4) For purposes of this section 'adult entertainment establishment' or 'establishment' has the same meaning as in RCW 49.17.470.

Section 4: If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

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.

.50 FTE, Industrial Relations Agent 2, permanent, effective July 1, 2024. Duties include investigate the Industrial Welfare Act, Minimum Wage Act and overtime, the Wage Payment Act and other related statute complaints. Provides assistance to higher level Industrial Relations Agents on more complex investigations and or disputes. Issues notices of violation, notices of infraction, citations and assessments.

- There are approximately 2,800 workers who work for Adult Entertainment establishments, based on Bureau of Labor Statistics Standard Occupational Classification (SOC) data.
- The current complaint rate for Wage Payment Act is .2% (7,983 complaints filed / 3,520,246 workers = .002)
- 6 complaints are assumed based on the current complaint rate and number of workers for Adult Entertainment establishments (2,800 workers X .002 = 5.6)
- One IRA 2 can complete 50 investigations per year.
- .12 FTE is needed (6 complaints / 50 investigations = .12)
- L&I believes that due to the complexity of this law and the related outreach needs that the complaint rate will be higher than current Wage Payment Act data and the FTE is rounded up to .5 FTE

1.0 FTE, Administrative Regulations Analyst 4, temporary, effective April 1, 2024 until September 30, 2025. Duties include stakeholdering, rulemaking and policy activities to be able to enforce violations as mandated.

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

Rulemaking

\$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 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
608	Accident	1,000	14,000	14,000	10,000	9,000	9,000
609	Medical Aid	0	2,000	2,000	1,000	1,000	1,000
	Total:	\$1,000	\$16,000	\$16,000	\$11,000	\$10,000	\$10,000

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