

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 6105 E S SB AMH LAW; H3337.1	<b>Title:</b> 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
Department of Labor and Industries	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of Attorney General	Fiscal note not available											
Office of Administrative Hearings	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Liquor and Cannabis Board	Fiscal note not available											
Department of Labor and Industries	1.4	0	0	578,000	4.0	0	0	475,000	1.6	0	0	442,000
Total \$	1.4	0	0	578,000	4.0	0	0	475,000	1.6	0	0	442,000

## 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	Fiscal note not available								
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	Fiscal note not available								
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

<b>Prepared by:</b> Anna Minor, OFM	<b>Phone:</b> (360) 790-2951	<b>Date Published:</b> Preliminary 2/29/2024
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6105 E S SB AMI LAWS H3337.1	<b>Title:</b> Adult entertainment workers	<b>Agency:</b> 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: Matt Mazur-Hart	Phone: 360-786-7139	Date: 02/26/2024
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 02/29/2024
Agency Approval: Rob Cotton	Phone: 360-407-2708	Date: 02/29/2024
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 02/29/2024

## 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.*

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

<b>Bill Number:</b> 6105 E S SB AMI LAWS H3337.1	<b>Title:</b> Adult entertainment workers	<b>Agency:</b> 140-Department of Revenue
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**Part I: Estimates**

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated 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: Matt Mazur-Hart	Phone: 60-786-7139	Date: 02/26/2024
Agency Preparation: Erika Ferrara	Phone: 60-534-1517	Date: 02/28/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/28/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/28/2024

Request # 6105-4-1

## 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.*

Note: This fiscal note reflects the striking amendment AMH LAWS H3337.1 to ESSB 6105, 2024 Legislative Session.

#### COMPARISON OF THE PROPOSED STRIKING AMENDMENT WITH THE ENGROSSED SUBSTITUTE BILL:

The changes in the amendment remove the requirement for the Liquor and Cannabis Board (LCB) to repeal the Washington Administrative Code (rule) prohibiting certain types of conduct on premises with a liquor license. It also removes the requirement for LCB to modify or adopt rules to allow adult entertainment establishments to hold liquor licenses.

#### CURRENT LAW:

LCB prohibits the sale of alcohol in establishments where certain activities take place.

#### PROPOSAL:

This bill provides requirements to establish safer working conditions in adult entertainment establishments.

#### EFFECTIVE DATE:

The requirements to establish safer working conditions (section 1 and section 2) take effect on January 1, 2025.

The rest of 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 no 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.*

The department will not incur any costs with the implementation of this legislation.

## Part III: Expenditure Detail

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

NONE

**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

<b>Bill Number:</b> 6105 E S SB AMI LAWS H3337.1	<b>Title:</b> Adult entertainment workers	<b>Agency:</b> 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	2.6	1.4	4.0	1.6
<b>Account</b>					
Accident Account-State 608-1	37,000	455,000	492,000	404,000	376,000
Medical Aid Account-State 609-1	7,000	79,000	86,000	71,000	66,000
<b>Total \$</b>	44,000	534,000	578,000	475,000	442,000

### 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: Matt Mazur-Hart	Phone: 360-786-7139	Date: 02/26/2024
Agency Preparation: Teresa Zyski	Phone: 360-902-4985	Date: 02/29/2024
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 02/29/2024
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/29/2024

## 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.

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	455,000	492,000	404,000	376,000
609-1	Medical Aid Account	State	7,000	79,000	86,000	71,000	66,000
<b>Total \$</b>			44,000	534,000	578,000	475,000	442,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3	2.6	1.4	4.0	1.6
A-Salaries and Wages	23,000	211,000	234,000	277,000	254,000
B-Employee Benefits	8,000	74,000	82,000	100,000	92,000
C-Professional Service Contracts		165,000	165,000		
E-Goods and Other Services	3,000	62,000	65,000	96,000	94,000
G-Travel		2,000	2,000	2,000	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-					
<b>Total \$</b>	44,000	534,000	578,000	475,000	442,000

### 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	0.1	
Fiscal Analyst 5	74,376		0.2	0.1	0.1	0.1
Industrial Relations Agent 2	69,072		0.4	0.2	2.8	0.5
Program Specialist 5	86,208		1.0	0.5	1.0	1.0
<b>Total FTEs</b>		0.3	2.6	1.4	4.0	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.

ESSB 6105 S.E AMH LAWS H3337.1 is different from ESSB6105 in that it:

- Requires that current employees complete training by July 1, 2025 rather than January 1, 2025.
- Adds training must be translated for non-English speaking employees.
- Specifies L&I must adopt rules requiring that security persons do not have duties other than security during peak hours.
- Requires L&I to share any information regarding violations and other information related to safeguarding worker safety to the Liquor and Cannabis Board.
- If an establishment serves alcohol, the establishment may not allow any persons under the age of 21 on the premises.
- Delays effective date of the workplace safety and fee-related provisions in the bill until January 1, 2025.
- Other provisions take effect 90 days after the adjournment of session.

### 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 and designed for use by the adult entertainment establishments and translated if necessary. The training topics must 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(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;
- The history of security events at the establishment; and
- Other factors identified by the department.

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 information regarding violations of this section with LCB. (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 5: 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.

Section 6: Establishes an effective date for sections 1 and 2 of January 1, 2025.

## **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.
- Rules regarding security personnel
- Information sharing with the Liquor and Cannabis Board (LCB): Share any information collected from adult entertainment establishments as requested by the LCB.

0.50 FTE, Industrial Relations Agent 2, permanent, effective October 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)

### **Attorney General – Legal Services**

\$30,000 is needed annually for legal services starting in fiscal year 2025. The following assumptions were used to calculate the estimate:

- Legal services associated with the enactment of this bill will begin on July 1, 2024 (fiscal year 2025).
- The AGO will provide legal services advice for rulemaking related to this bill.
- AGO will bill L&I for legal services based on the enactment of this bill.
- L&I will be billed for non-King County rates:
  - Fiscal year 2025 and in each fiscal year thereafter: \$30,000 for 0.1 Assistant Attorney General FTE (AAG), 0.1 Paralegal FTE (PL1) and 0.1 Paralegal 2 FTE (PL2).

**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	13,300	9,600	8,600	8,600	8,600
609	Medical Aid	200	2,300	1,700	1,500	1,500	1,500
	Total:	\$1,200	\$15,600	\$11,300	\$10,100	\$10,100	\$10,100

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