

Multiple Agency Fiscal Note Summary

Bill Number: 6105 E S SB AMH LAW; H3337.1	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
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	0	0	0	0	0	0	0

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

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	.2	0	0	98,537	.1	0	0	38,842	.1	0	0	38,842
Department of Labor and Industries	1.4	0	0	578,000	4.0	0	0	475,000	1.6	0	0	442,000
Total \$	1.6	0	0	676,537	4.1	0	0	513,842	1.7	0	0	480,842

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	No fiscal impact								
Local Gov. Total									

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	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Anna Minor, OFM	Phone: (360) 790-2951	Date Published: Final 3/ 7/2024
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Individual State Agency Fiscal Note

Bill Number: 6105 E S SB AMI LAWS H3337.1	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: 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

Bill Number: 6105 E S SB AMI LAWS H3337.1	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:

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

Bill Number: 6105 E S SB AMI LAWS H3337.1	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	98,537	98,537	38,842	38,842
Total \$	0	98,537	98,537	38,842	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: Matt Mazur-Hart	Phone: 360-786-7139	Date: 02/26/2024
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 03/01/2024
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 03/01/2024
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 03/01/2024

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 4 (new section in chapter 66.24): Specifies that the LCB may not adopt a rule or enforce any such rule restricting the exposure of body parts by any licensee, its employees or patrons, or any other person under the control or direction of the licensee or an employee, or otherwise restricting sexually oriented conduct of any licensee, its employees or patrons, or any other person under the control or direction of the licensee or an employee. Specifies that this provision may not be construed to permit conduct that is otherwise prohibited under other statutes.

Section 6: Delays the 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.

CHANGES MADE BY THE ENGROSED SECOND SUBSTITUTE STRIKING AMENDMENT:

NEW Section 3: Preempts a city with a population of more than 650,000 [SEATTLE ONLY] or a county with a population of more than 2,000,000 [KING COUNTY ONLY] from adopting or enforcing ordinances or regulations:

- Limiting or prohibiting an entertainer from collecting payment for adult entertainment from customers;
- or restricting an entertainer's proximity or distance from others before or after any adult entertainment,
- or restricting the customer's proximity or distance from the stage during any adult entertainment, so long as there is no contact between the dancers and customers.

Old Section 3 DELETED (new section in chapter 66.24) which had provisions requiring the LCB to repeal WAC 314-11-050, adopt rules to allow establishments to hold liquor licenses, and conditioning an establishment's liquor license on compliance with other workplace safety and fee-related provisions in the bill.

NEW Section 4 (new section in chapter 66.24): Specifies that the LCB may not adopt a rule or enforce any such rule restricting the exposure of body parts by any licensee, its employees or patrons, or any other person under the control or direction of the licensee or an employee, or otherwise restricting sexually oriented conduct of any licensee, its employees or patrons, or any other person under the control or direction of the licensee or an employee. Specifies that this provision may not be construed to permit conduct that is otherwise prohibited under other statutes.

NEW Section 6: Delays the 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. 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 bill would allow adult entertainment facilities to hold liquor licenses. The agency anticipates 11 applications. According to the November 2020 AEA Committee Report, there are 11 adult entertainment facilities in Washington.

As it is unknown what type of liquor license they would apply for (nightclub, beer/wine restaurant, spirits/beer/wine restaurant, etc), its is unknown how much liquor license revenue could be generated as a result of this bill.

INDETERMINATE.

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 \$6,000 in 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 11 applications. According to the November 2020 AEA Committee Report, there are 11 adult entertainment facilities in Washington.

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 ESSB AMH LAWS H3337.1 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	98,537	98,537	38,842	38,842
Total \$			0	98,537	98,537	38,842	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		650	650	12,872	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	98,537	98,537	38,842	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)		53,700	53,700	12,000	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 \$		98,537	98,537	38,842	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.

Enforcement Field Increment (FI) Calculator

6105 ESSB AMH LAWS H3337.1 "Adult Entertainment" (FY25 & FY26)

	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	1	10	1.3	7
License Support and Education	8	7	1.3	75
Nightclubs	11	2	1.3	29
On Premises Compliance Check	6	1	2	11
Administrative Violation Notice (AVN) Issuance	3	12	2	72
Undercover Operations	2	5	1	10
Licensee Responsible Liquor Sales Class Field	1	15	1	8
On Premises Compliance Check Failure	3	5	2	30

<u>Factors</u>	<u>Values</u>
License Count	11
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	242
Total Field Increments per FTE	4,220
FTE's required	0.06
Round	0.10

FY27+

	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	0	10	1.3	6
License Support and Education	4	7	1.3	33
Nightclubs	11	3	2	66
On Premises Compliance Check	6	1	2	11
Administrative Violation Notice (AVN) Issuance	1	12	2	24
Undercover Operations	2	3	2	12
Licensee Responsible Liquor Sales Class Field	1	15	1	8
On Premises Compliance Check Failure	1	5	2	10

<u>Factors</u>	<u>Values</u>
License Count	11
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	170
Total Field Increments per FTE	4,220
FTE's required	0.04
Round	0.10

Individual State Agency Fiscal Note

Bill Number: 6105 E S SB AMI LAWS H3337.1	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	2.6	1.4	4.0	1.6
Account					
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
Total \$	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
Total \$			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-					
Total \$	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
Total FTEs		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

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 6105 E S SB AMI LAWS H3337.1	Title: Adult entertainment workers
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities: Seattle would experience a de minimis cost impact to review its local ordinances and regulations to ensure compliance with the proposed legislation's requirements.
- Counties: Same as above for King County.
- Special Districts:
- Specific jurisdictions only: Only applies to cities with a population greater than 650,000 (Seattle) and counties with a population greater than 2 million (King County).
- 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:

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Kate Fernald	Phone: 564-200-3519	Date: 03/06/2024
Leg. Committee Contact: Matt Mazur-Hart	Phone: 360-786-7139	Date: 02/26/2024
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 03/06/2024
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 03/07/2024

Part IV: Analysis

A. SUMMARY OF BILL

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

Sec. 3 would add new section to chapter 49.44 RCW. A city with a population of more than 650,000 or a county with a population of more than 2,000,000 may not adopt or enforce ordinances or regulations that:

- (a) Limit or prohibit an entertainer from collecting payment for adult entertainment from customers; or
- (b) Restrict an entertainer's proximity or distance from others before or after any adult entertainment, or restrict the customer's proximity or distance from the stage during any adult entertainment, so long as there is no contact between the dancers and customers.

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.

6105-S.E AMH LAWS H3337.1 would have a de minimis impact on cities, counties and local law enforcement agencies.

Seattle and King County are the only two jurisdictions to which the bill would apply. The Association of Washington Cities and King County anticipate that any costs incurred due to reviewing an ordinance or regulation to ensure it is in compliance with the legislation would have a de minimis impact.

The Washington Association of Sheriffs and Police Chiefs anticipates that any impact to local law enforcement agencies would be minimal if alcohol is allowed in adult entertainment establishments.

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.

6105-S.E AMH LAWS H3337.1 would not impact local government revenue.

SOURCES:

Association of Washington Cities

King County

Washington Association of Sheriffs and Police Chiefs

Washington State Association of Counties