

Multiple Agency Fiscal Note Summary

Bill Number: 1410 HB	Title: Inactive cannabis producers
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Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Administrative Hearings	0	0	180,000	0	0	0	0	0	0
Total \$	0	0	180,000	0	0	0	0	0	0

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of Administrative Hearings	.5	0	0	180,000	.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	2.9	0	0	874,563	2.0	0	0	400,974	2.0	0	0	400,974
Total \$	3.4	0	0	1,054,563	2.0	0	0	400,974	2.0	0	0	400,974

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
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
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

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Individual State Agency Fiscal Note

Bill Number: 1410 HB	Title: Inactive cannabis producers	Agency: 110-Office of Administrative Hearings
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Administrative Hearings Revolving Account-State 484-1	134,000	46,000	180,000		
Total \$	134,000	46,000	180,000		

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.9	0.2	0.5	0.0	0.0
Account					
Administrative Hearings Revolving Account-State 484-1	134,000	46,000	180,000	0	0
Total \$	134,000	46,000	180,000	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 01/20/2025
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 01/24/2025
Agency Approval: Rob Cotton	Phone: 360-407-2708	Date: 01/24/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 01/26/2025

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(c)(i), creates an automatic license suspension for licenses which were inactive from July 1, 2023 through December 31, 2024.

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.

As a central service agency, the Office of Administrative Hearings (OAH) bills referring agencies for its costs and collects the revenue into the Administrative Hearings Revolving Account. Cash receipts are assumed to equal costs. OAH will bill the Liquor & Cannabis Board for the costs related to this proposed legislation.

These cash receipts represent the OAH's authority to bill and are not a direct appropriation to OAH. Appropriation authority is necessary in OAH's budget.

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 Liquor & Cannabis Board estimates that the proposed legislation will result in new appeals being referred to the Office of Administrative Hearings (OAH). LCB assumes:

FY2026: 35 Appeals

FY2027: 12 Appeals

FY2028 and thereafter: Any appeals referred to OAH are assumed to be conducted with existing resources.

On average, each appeal is expected to take approximately 16 hours of Line Administrative Law Judge (ALJ) time including prehearing conferences, hearings, order writings, etc.

OAH Agency Workforce Assumptions:

(1) 1.0 Line ALJ will include cost and FTE for 0.15 Senior ALJ (SALJ), 0.15 Lead ALJ (LALJ), 0.6 Legal Assistant 2 (LA2) (Range 40 step L), and 0.25 administrative support represented as a Management Analyst 5 (MA5) (Range 64 Step L).

(2) ALJ salary is based on the ALJ collective bargaining agreement and assumed to be at step L. (Line ALJ-range 70, Senior ALJ-range 76, Lead ALJ-range 73).

(3) Benefit rates were analyzed by job class and projected using the latest benefit information available.

(4) Goods and services, travel and on-going capital outlays were projected based on historical data for each of the job classifications.

(5) Salary projections are based on the current FY 2025 salary tables.

Total workload impact:

FY 2026: 0.4 ALJ, 0.6 SALJ, 0.6 LALJ, 0.24 LA2, and 0.10 MA5. The total cost is rounded to \$134,000.

FY 2027: 0.14 ALJ and 0.08 LA2. The total cost is rounded to \$46,000.

This bill is assumed effective 90 days after the end of the 2025 legislative session.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
484-1	Administrative Hearings Revolving Account	State	134,000	46,000	180,000	0	0
Total \$			134,000	46,000	180,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.9	0.2	0.5		
A-Salaries and Wages	84,000	29,000	113,000		
B-Employee Benefits	26,000	9,000	35,000		
C-Professional Service Contracts					
E-Goods and Other Services	22,000	8,000	30,000		
G-Travel	1,000		1,000		
J-Capital Outlays	1,000		1,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	134,000	46,000	180,000	0	0

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Administrative Law Judge	113,712	0.4	0.1	0.3		
Lead ALJ	122,496	0.1		0.0		
Legal Assistant 2	55,584	0.2	0.1	0.2		
Management Analyst 5	98,040	0.1		0.1		
Senior Administrative Law Judge	131,880	0.1		0.0		
Total FTEs		0.9	0.2	0.5		0.0

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Regulatory & Education (REG)	134,000	46,000	180,000		
Total \$	134,000	46,000	180,000		

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.

Department of Revenue Fiscal Note

Bill Number: 1410 HB	Title: Inactive cannabis producers	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: Peter Clodfelter	Phone: 60-786-7127	Date: 01/20/2025
Agency Preparation: Erika Ferrara	Phone: 60-534-1517	Date: 01/24/2025
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 01/24/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/04/2025

Request # 1410-1-1

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.

CURRENT LAW:

The Liquor and Cannabis Board (LCB) is not required to suspend a cannabis producer's license due to inactivity.

PROPOSAL:

LCB must suspend a cannabis producer's license if no business activity was reported to the Department of Revenue (department) between July 1, 2023, and December 31, 2024.

A suspended license must be reissued if one of the following requirements are met:

- Federal law allows for the interstate transfer of cannabis between authorized cannabis-related businesses.
- The United States Department of Justice issues an opinion or memorandum allowing interstate transfer of cannabis between authorized cannabis-related businesses.

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 no revenue impact on taxes or licenses 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

Request # 1410-1-1

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: 1410 HB	Title: Inactive cannabis producers	Agency: 195-Liquor and Cannabis Board
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	3.7	2.0	2.9	2.0	2.0
Account					
Liquor Revolving Account-State 501-1	628,076	246,487	874,563	400,974	400,974
Total \$	628,076	246,487	874,563	400,974	400,974

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: Peter Clodfelter	Phone: 360-786-7127	Date: 01/20/2025
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 01/24/2025
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/24/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 01/26/2025

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 (Intent): Oversupply issues have arisen from the issuance of excessive cannabis producer licenses, creating uncertainty in the market. Suspending inactive cannabis producer licenses until an interstate or federal cannabis marketplace is established will address this challenge and promote stability.

Section 2(2c):

(i) The board must suspend a cannabis producer's license issued under RCW 69.50.325 if no activity has been recorded on the license between July 1, 2023, and December 31, 2024.

(ii) A cannabis producer's license suspended under (c)(i) of this subsection must be reissued to the licensee when:

(A) Federal law allows for the interstate transfer of cannabis between authorized cannabis-related businesses; or

(B) The United States department of justice issues an opinion or memorandum allowing or tolerating the interstate transfer of cannabis between authorized cannabis-related businesses.

(iii) For the purposes of this subsection, "no activity" refers to a cannabis producer's license with a unified business identifier number under which no business activity has been reported to the department of revenue.

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.

BOARD DIVISION:

The Office of Administrative Hearings (OAH) anticipates workload relating to referrals to their office, \$134,000 in FY26 and \$46,000 in FY27.

LICENSING DIVISION:

Last year, the Department of Revenue stated that there were up to 246 inactive producer accounts. Therefore, to track and issue suspensions, Licensing will need a Customer Service Specialist 3 and a Program Specialist 4 to setup and monitor the program, as well as assist with adjudication appeals.

1.0 FTE Customer Service Specialist 3 - \$83,628/yr (\$78,248 salary/benefits, \$5,380 in associated costs). Onetime costs in FY26 of \$6,305 for equipment purchases.

1.0 FTE Program Specialist 4 - \$116,859/yr (\$111,479 salary/benefits, \$5,380 in associated costs). Onetime costs in FY26 of \$6,305 for equipment purchases.

ENFORCEMENT DIVISION:

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 division anticipates a onetime workload impact in FY26 from premise checks and inventory audits. Please see the attached "1410 HB Inactive cannabis producers - Enforcement Field Increment Calculator.pdf" for the workload calculations.

1.2 FTE LCB Enforcement Officer 2 - \$170,072/yr (\$142,388 salary/benefits, \$27,684 in associated costs). Onetime costs in FY26 of \$36,325 for equipment purchases.

0.5 FTE Administrative Regulations Analyst 3 - \$62,237/yr (\$50,702 salary/benefits, \$11,535 in associated costs). Onetime costs in FY26 of \$12,345 for equipment purchases.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
501-1	Liquor Revolving Account	State	628,076	246,487	874,563	400,974	400,974
Total \$			628,076	246,487	874,563	400,974	400,974

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	3.7	2.0	2.9	2.0	2.0
A-Salaries and Wages	281,001	136,716	417,717	273,432	273,432
B-Employee Benefits	101,816	53,011	154,827	106,022	106,022
C-Professional Service Contracts					
E-Goods and Other Services	182,429	56,260	238,689	20,520	20,520
G-Travel	21,920		21,920		
J-Capital Outlays	40,910	500	41,410	1,000	1,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	628,076	246,487	874,563	400,974	400,974

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 2026	FY 2027	2025-27	2027-29	2029-31
Administrative Regulations Analyst 3	80,460	0.5		0.3		
Customer Service Specialist 3	54,204	1.0	1.0	1.0	1.0	1.0
LCB Enforcement Officer 2	86,712	1.2		0.6		
Program Specialist 4	82,512	1.0	1.0	1.0	1.0	1.0
Total FTEs		3.7	2.0	2.9	2.0	2.0

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Board Division (010)	134,000	46,000	180,000		
Licensing Division (050)	213,097	200,487	413,584	400,974	400,974
Enforcement Division (060)	280,979		280,979		
Total \$	628,076	246,487	874,563	400,974	400,974

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

1410 HB "Inactive Cannanbis Producers"

	Number of events	Time Factor	Staffing Factor	FI Total	Officer	Consultant
Cannabis Premises Check (Non-Retail)	243	10	1	3159	1042	2085
Cannabis Inventory Audits	24	60	3	3645	3645	

Parameters	
Number of in inactive locations	243
Cannabis Premises Check (Non-Retail)	100%
Cannabis Inventory Audits	10%

Total FI's	6,804	4,687	2,085
Total Field Increments per FTE	4,220	4,220	4,220
FTE's required	1.61	1.11	0.49
Round	1.70	1.20	0.50