

Multiple Agency Fiscal Note Summary

Bill Number: 5754 SB	Title: Washington state public bank
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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 State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Office of State Auditor	0	0	101,250	0	0	283,500	0	0	283,500
Total \$	0	0	101,250	0	0	283,500	0	0	283,500

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

Estimated 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 the Governor	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Lieutenant Governor	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Office of State Auditor	.4	0	0	101,250	1.0	0	0	283,500	1.0	0	0	283,500
Office of Financial Management	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.4	0	0	101,250	1.0	0	0	283,500	1.0	0	0	283,500

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of the Governor	.0	0	0	.0	0	0	.0	0	0
Office of Lieutenant Governor	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Office of State Auditor	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.
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Prepared by: Megan Tudor, OFM	Phone: (360) 890-1722	Date Published: Final 2/24/2025
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Individual State Agency Fiscal Note

Bill Number: 5754 SB	Title: Washington state public bank	Agency: 075-Office of the Governor
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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: Clinton McCarthy	Phone: 360-786-7319	Date: 02/13/2025
Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 02/18/2025
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 02/18/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 02/18/2025

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 4 establishes the Washington State Public Bank. Section 4(5) establishes the operating board of the public bank which consists of nine directors. The Governor is required to appoint three (3) public directors who are residents of the state and appointed on the basis of their interest and expertise in finance, accounting, budgeting, economic development, infrastructure planning, design, construction, or project management. One of those public members shall be appointed by the Governor as the chair of the board.

Terms of directors are four years, with half of the initial directors other than the initial chair serving two-year terms as determined by lot, with those positions being filled for four-year terms thereafter.

The Governor’s Office believes appointing these positions will not have a fiscal impact.

II. B - Cash receipts Impact

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

II. C - Expenditures

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

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5754 SB	Title: Washington state public bank	Agency: 080-Office of Lieutenant Governor
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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: Clinton McCarthy	Phone: 360-786-7319	Date: 02/13/2025
Agency Preparation: Ian Shelley	Phone: (360) 407-2243	Date: 02/14/2025
Agency Approval: Ian Shelley	Phone: (360) 407-2243	Date: 02/14/2025
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/14/2025

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.

SB 5754: An act relating to the creation of the Washington state public bank.

This act establishes the Washington State Public Bank.

Section 4(6) assigns the State Finance Committee as the oversight board to the Washington State Public Bank.

The Lieutenant Governor is a member of the State Finance Committee as established in RCW 43.33.010. The Office of the Lieutenant Governor (LTG) can perform the necessary duties within existing resources. Therefore, the LTG expects no fiscal impact from SB 5754.

II. B - Cash receipts Impact

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

II. C - Expenditures

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

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5754 SB	Title: Washington state public bank	Agency: 090-Office of State Treasurer
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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:

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

Estimated Capital Budget Impact:

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

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

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☒

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Clinton McCarthy	Phone: 360-786-7319	Date: 02/13/2025
Agency Preparation: Richelle Geiger	Phone: (360) 819-6472	Date: 02/24/2025
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/24/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/24/2025

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.

SB 5754 establishes the Washington state public bank (state bank) as a public body within the meaning of RCW 39.53.010. The operating board of the state bank consists of nine directors. The state treasurer shall serve as an ex officio director and may designate an employee to act on the treasurer’s behalf. The state treasurer will transfer as much of the state’s general fund and concentration account into the public bank as is deemed necessary and prudent by the board to facilitate the growth of the bank with the goal of eventually transferring all state moneys currently held in deposit at large Wall Street banks. The operating board has the authority to hire and fire an executive director. The executive director must be funded in the office of the state treasurer. The bank’s administration and operation must be initially performed by employees of the office of the state treasurer. Annually, the operating board approves the budget of the public bank. The state finance committee serves as the oversight board of the public state bank. The intent section states the Bank of North Dakota is the only public depository banking model in the United States.

Assumptions:

- The legislature intends for the state bank to be modeled after the Bank of North Dakota (BND). The BND:
 - Is guaranteed by the full faith and credit of North Dakota; and
 - Has a business relationship with the Minneapolis Federal Reserve Bank. The Bank processes checks, deposits excess cash balances, maintains a reserve requirement, safe keeps all Federal Reserve book entry securities and has discount window borrowing authority.
- In FY 2024, the Office of the State Treasurer generated more than \$352 million in general fund earnings and more than \$356 million in other funds earnings.
- The Economic Revenue Forecast Council projected the Office of the State Treasurer will generate more than \$765 million in general fund earnings over the 25-27 and 27-29 biennia.
- The maximum amount of general funds and concentration account the board may require the State Treasurer to transfer in the state bank is undefined in the bill.

Sources: Bank of North Dakota, official website. Washington State Treasurer's Office, 2024 Annual Report. Washington Economic and Revenue Forecast Council, November 2024 Forecast.

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.

The bill would have an indeterminate but significant impact on cash receipts.

Credit ratings: Historically, Washington has earned high credit ratings from top credit rating agencies, enabling access to low-cost borrowing for the state and local municipalities. The credit rating agencies consider a range of factors in their deliberations, including financial management practices and access to liquidity and reserves. The bill would change how Washington manages its finances, with an indeterminate level of state general fund dollars transferred into the state public bank. It is unknown how this could impact our state's credit rating and therefore, the cost of municipal borrowing for the state and local jurisdictions.

Investment impact: The OST manages and invests funds on behalf of the state and local governments, generating investment earnings for those jurisdictions. In FY 2024, the OST generated more than \$352 million in general fund earnings and more than \$356 million in other state funds earnings, through highly liquid and safe investments. Relying on the general fund as the primary funding source for a new bank would be risky, because the general fund balance is cyclical. In the past biennia the general fund has maintained a negative balance over sustained periods due to differences in timing between cash inflows and outflows. Shifting Treasury portfolio balances to deposits in a state bank would lead to a change in the risk

profile of the state operating fund investments, and would likely lead to an indeterminate reduction in investment income.

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 impact of this bill on OST expenditures is indeterminate but likely significant for multiple reasons including, but not limited to:

Full service bank operations: Full service bank operations include, but are not limited to: loan originations, collections, deposit processing (cash, checks, and electronic), payment systems (ACH, wire, RPT, bankcards, etc), customer service center, liquidity requirements, compliance and audit, and vault operations. The OST does not have the capacity and staff necessary to support these operations and would require an indeterminate number of new full-time staff, supervisors, managers, and executives with the experience necessary to run them effectively. Additionally, the state public bank would require goods, services, professional service contracts, IT, and cyber security to support each division within the bank. The magnitude of new FTEs and budget required to operate a full service bank is indeterminate but significant.

Additionally, the state public bank would require a business relationship with the San Francisco Federal Reserve Bank in order to access a number of critical banking functions, similar to the relationship the BND has with the Minneapolis Federal Reserve Bank. The investment required to be approved by the Federal Reserve Bank to participate is indeterminate.

Workday transition: Currently, the state of Washington is preparing to transition to Workday, a cloud-based enterprise resource planning system for finance, procurement, budget, human resources, and payroll processes. The first phase of implementation, Phase1A - Core Financials, includes replacement of the Agency Financial Reporting System, or AFRS. As a central service agency and owner of the state's cash accounting system, the OST is working with all agencies to transition their financial operations to Workday. It is unknown how much staff time and fees would be charged to integrate the public state bank into this implementation process.

Legal costs: The legal fees required to establish and maintain the state public bank are indeterminate. The amount of legal assistance will depend on a number of factors including, but not limited to, the ease of implementation and if legal counsel is hired to staff the state public bank.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

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

III. B - Expenditures by Object Or Purpose

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

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*
NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

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

IV. B - Expenditures by Object Or Purpose

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

IV. C - Capital Budget Breakout

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

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

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

NONE

The capital cost to implement the Washington state public bank is non-zero but indeterminate. The OST would require additional office space to facilitate at least a portion of the additional FTEs required to operate a full-service bank. The bill provides that the bank may receive funds or deposits from state, local, or tribal governments. The OST would need multiple secure physical locations across the state to provide this service.

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: 5754 SB	Title: Washington state public bank	Agency: 095-Office of State Auditor
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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
Auditing Services Revolving Account-State 483-1		101,250	101,250	283,500	283,500
Total \$		101,250	101,250	283,500	283,500

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	0.7	0.4	1.0	1.0
Account					
Auditing Services Revolving Account-State 483-1	0	101,250	101,250	283,500	283,500
Total \$	0	101,250	101,250	283,500	283,500

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: Clinton McCarthy	Phone: 360-786-7319	Date: 02/13/2025
Agency Preparation: Charleen Patten	Phone: 564-999-0941	Date: 02/18/2025
Agency Approval: Charleen Patten	Phone: 564-999-0941	Date: 02/18/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/18/2025

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.

This bill establishes the Washington State public bank and outlines responsibilities and management of the public bank.

Section 4(7) states that the public bank is a state agency subject to audit under chapter 43.09.

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 calculated, multiplying the estimated hours by the current state billing rate of \$135 per hour. Actual cash receipts will be dependent on the applicable billing rate in effect when the work is performed.

Increased accountability audit work will be billed to the Washington State Public Bank. Increased Annual Comprehensive Financial Report audit work will be billed based on a biennial allocation.

Using the assumed implementation of the 25-27 biennium, we anticipate we will start performing audit work in Fiscal Year 2027. The SAO estimates 600 hours of increased workload every two years for the accountability audit and 750 hours of increased workload annually for the Annual Comprehensive Financial Report audit work.

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 State Auditor uses an activity-based cost allocation model and overhead is allocated based on actual direct expenses. To reflect this, in addition to the increased direct audit expenses related to the audit and management FTEs, we include an estimated cost to support the additional administrative and overhead expense. Good and Services costs are based on actual expenses for this level of effort.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
483-1	Auditing Services Revolving Account	State	0	101,250	101,250	283,500	283,500
Total \$			0	101,250	101,250	283,500	283,500

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years		0.7	0.4	1.0	1.0
A-Salaries and Wages		69,907	69,907	195,657	195,657
B-Employee Benefits		23,102	23,102	64,665	64,665
C-Professional Service Contracts					
E-Goods and Other Services		8,241	8,241	23,178	23,178
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	101,250	101,250	283,500	283,500

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
Admn/Overhead	108,720		0.1	0.1	0.2	0.2
Assistant Audit Manager	113,712		0.1	0.1	0.2	0.2
Assistant State Auditor	82,512		0.4	0.2	0.5	0.5
Audit Manager	134,576		0.1	0.1	0.2	0.2
Total FTEs			0.7	0.4	1.0	1.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5754 SB	Title: Washington state public bank	Agency: 105-Office of Financial Management
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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: Clinton McCarthy	Phone: 360-786-7319	Date: 02/13/2025
Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 02/18/2025
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 02/18/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 02/20/2025

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.

The bill establishes a State Public Bank that:

- Includes a cooperative membership organization.
- Permits local and tribal governments (along with the state) to be members of the State Public Bank.
- Enables the State Public Bank to issue debt in the name of the bank rather than the state of Washington without creating state debt.

Employees of the Office of the State Treasurer (OST) will administer and operate the bank. There is no fiscal impact to OFM.

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5754 SB	Title: Washington state public bank
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Revenue from investments with the public bank; revenue from loans; costs for fees.
- ☒ Counties: Same as above.
- ☒ Special Districts: Same as above.
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: Local governments may choose to invest in the public bank.
- ☒ Key variables cannot be estimated with certainty at this time: Fees and charges for public bank services.

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Alice Zillah	Phone: 360-725-5035	Date: 02/18/2025
Leg. Committee Contact: Clinton McCarthy	Phone: 360-786-7319	Date: 02/13/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/18/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/18/2025

Part IV: Analysis

A. SUMMARY OF BILL

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

Sec. 5 establishes that the public bank may receive funds or deposits from state, local, or tribal governments, and invest those moneys in lawful funds. It may further establish guidelines for the engagement by state, local, or tribal governments in programs conducted by the public bank, and prescribe the form of application required of a borrower for a loan, fix the terms and conditions of the loan or purchase, and enter into financing agreements and other financing documents with borrowers. The bank may establish, revise, and collect such member contributions and such fees and charges as the public bank deems necessary, useful, or convenient to accomplish its purposes. State, local, and tribal governments may pay fees and charges. It may provide financial assistance and other forms of assistance to state, local, or tribal governments by providing information, advice, guidelines, forms, and procedures for implementing their financing programs.

Sec. 8 amends RCW 39.59.040. Any local government in the state of Washington may invest in a public bank and bonds issued by such public bank.

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.

The legislation would have indeterminate expenditure impacts for local governments. Cities, counties and special districts that chose to invest with the public bank would incur fees and charges that have not yet been determined.

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.

The legislation would have indeterminate revenue impacts for local governments. Cities, counties and special districts that chose to apply for loans or bonds from the bank would receive revenue for those purposes. The amount of funding available, and the parameters on what activities could be funded, has not been established.



Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
5754 SB	Washington state public bank

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

Office of the Governor	0	0	0	0	0	0	0	0	0	0	0
Office of Lieutenant Governor	0	0	0	0	0	0	0	0	0	0	0
Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Office of State Auditor	0	0	0	0	0	0	0	0	0	0	0
Office of Financial Management	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0



Ten-Year Analysis

Bill Number 5754 SB	Title Washington state public bank	Agency 075 Office of the Governor
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 2/18/2025 12:50:27 pm
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 2/18/2025 12:50:27 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5754 SB	Title Washington state public bank	Agency 080 Office of Lieutenant Governor
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Ian Shelley	Phone: (360) 407-2243	Date: 2/14/2025 9:42:25 am
Agency Approval: Ian Shelley	Phone: (360) 407-2243	Date: 2/14/2025 9:42:25 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5754 SB	Title Washington state public bank	Agency 090 Office of State Treasurer
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Richelle Geiger	Phone: (360) 819-6472	Date: 2/24/2025 2:34:24 pm
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 2/24/2025 2:34:24 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5754 SB	Title Washington state public bank	Agency 095 Office of State Auditor
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Charleen Patten	Phone: 564-999-0941	Date: 2/18/2025 1:27:18 pm
Agency Approval: Charleen Patten	Phone: 564-999-0941	Date: 2/18/2025 1:27:18 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5754 SB	Title Washington state public bank	Agency 105 Office of Financial Management
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 2/18/2025 4:49:24 pm
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 2/18/2025 4:49:24 pm
OFM Review:	Phone:	Date: