

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1835 HB	<b>Title:</b> Cannabis licensing/zoning
-----------------------------	---

## 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 Attorney General	0	0	990,000	0	0	600,000	0	0	402,000
Office of Administrative Hearings	0	0	214,000	0	0	214,000	0	0	214,000
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>1,204,000</b>	<b>0</b>	<b>0</b>	<b>814,000</b>	<b>0</b>	<b>0</b>	<b>616,000</b>

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	No fiscal impact					
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 Attorney General	3.4	0	0	990,000	2.1	0	0	600,000	1.5	0	0	402,000
Office of Administrative Hearings	.7	0	0	214,000	.7	0	0	214,000	.7	0	0	214,000
Liquor and Cannabis Board	1.5	0	0	1,622,074	1.2	0	0	1,104,410	1.2	0	0	906,410
<b>Total \$</b>	<b>5.6</b>	<b>0</b>	<b>0</b>	<b>2,826,074</b>	<b>4.0</b>	<b>0</b>	<b>0</b>	<b>1,918,410</b>	<b>3.4</b>	<b>0</b>	<b>0</b>	<b>1,522,410</b>

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	No fiscal impact								
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 Attorney General	.0	0	0	.0	0	0	.0	0	0
Office of Administrative Hearings	.0	0	0	.0	0	0	.0	0	0
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

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	No fiscal impact								
Local Gov. Total									

### Estimated Capital Budget Breakout

NONE

<b>Prepared by:</b> Val Terre, OFM	<b>Phone:</b> (360) 280-3073	<b>Date Published:</b> Final 2/26/2025
------------------------------------	---------------------------------	---

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1835 HB	<b>Title:</b> Cannabis licensing/zoning	<b>Agency:</b> 100-Office of Attorney General
-----------------------------	---	---

## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Legal Services Revolving Account-State 405-1	347,000	643,000	990,000	600,000	402,000
<b>Total \$</b>	347,000	643,000	990,000	600,000	402,000

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.4	4.3	3.4	2.1	1.5
<b>Account</b>					
Legal Services Revolving Account-State 405-1	347,000	643,000	990,000	600,000	402,000
<b>Total \$</b>	347,000	643,000	990,000	600,000	402,000

### 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: Megan Mulvihill	Phone: 360-786-7304	Date: 02/11/2025
Agency Preparation: Dan Jensen	Phone: 360-664-9429	Date: 02/19/2025
Agency Approval: Leah Snow	Phone: 360-586-2104	Date: 02/19/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 02/21/2025

## 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: Amends RCW 69.50.331 to prevent the Liquor and Cannabis Board (LCB) from issuing cannabis licenses to entities who have been issued a written objection from a local or tribal government. Gives additional guidance about the written objection, what the LCB can consider, and those individuals who can file objections.

Section 2: Amends RCW 69.51A.250 to reference the updated subsections in amended RCW 69.50.331.

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

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

The client agency is the Liquor and Cannabis Board (LCB). The Attorney General's Office (AGO) will bill all clients for legal services rendered.

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

#### AGO AGENCY ASSUMPTIONS:

LCB will be billed for non-King County rates:

FY 2026: \$347,000 for 1.1 Assistant Attorney General FTE (AAG), 0.3 Paralegal 2 FTE (PL2) and 0.6 Paralegal 1 FTE (PL1)

FY 2027: \$643,000 for 2.1 AAG, 0.3 PL2 and 1.1 PL1

FY 2028: \$399,000 for 1.4 AAG, 0.1 PL2 and 0.7 PL1

FY 2029 and in each FY thereafter: \$201,000 for 0.7 AAG, 0.1 PL2 and 0.4 PL

### 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.*

Attorney General's Office (AGO) Agency Assumptions:

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

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

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

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

1. Assumptions for the AGO Government Compliance & Enforcement Division (GCE) Legal Services for the Liquor and Cannabis Board (LCB):

The AGO will bill LCB for legal services based on the enactment of this bill.

The LCB currently licenses approximately 1,660 entities that would be subject to the provisions of this bill. Based on the number of objections LCB has received in FY 2024 relating to a local authority's zoning limitations or prohibitions, LCB assumes that approximately 6 percent or 100 licenses would be cancelled because of existing zoning regulations. Of these 100 license cancellations, LCB assumes that one half, or 50 licenses would be cancelled during FY 2026 and the remaining 50 licenses would be cancelled during FY 2027. They further assume that beginning in 2028, approximately 15 additional licenses would be denied or cancelled each year because of new zoning regulations passed by local authorities.

GCE assumes that all of the entities would seek a hearing to challenge the denial or cancellation of their licenses. Many of the cases would be resolved on summary judgment, and as a result, each case would utilize an average of 30 AAG hours. Based on current workloads and paralegal utilization, GCE assumes the utilization of paralegal services for these new administrative hearings at a ratio of one Paralegal 2 FTE (PL2) hour for three AAG hours, or 10 PL hours per case.

GCE assumes that the license cancellations litigated in FY 2026 and FY 2027 would generate 1500 AAG hours (50 x 30) and 500 PL hours (50 x 10) of work each year. Beginning in FY 2028 and in each FY thereafter, GCE assumes that the litigation relating to these license denials and cancellations would generate 450 AAG hours (15 x 30) and 150 PL hours (15 x 10) of work.

GCE assumes that approximately 30 percent of the cases each year would result in a judicial review during the following fiscal year. GCE further assumes that these judicial reviews of license denials would be certified to the Court of Appeals. Because of the more stringent requirements for litigation before the Court of Appeals, GCE assumes that each license denial or cancellation judicial review would utilize an average of 120 AAG hours. As a result, the judicial reviews would generate new work as follows: FY 2027 – 1800 AAG hours (15 x 120), FY 2028 – 1800 AAG hours (15 x 120), FY 2029 and each year thereafter – 600 AAG hours (5 x 120).

GCE total hours:

FY 2026: 1,500 AAG hours and 500 PL hours

FY 2027: 3,300 (1500 + 1800) AAG hours and 500 PL hours

FY 2028: 2,250 AAG hours (450 + 1800) and 150 PL hours

FY 2029 and in each FY thereafter: 1,050 AAG hours (450 + 600) and 150 PL hours

GCE: Total non-King County workload impact:

FY 2026: \$238,000 for 0.9 AAG, 0.3 PL2 and 0.4 PL1

FY 2027: \$580,000 for 1.8 AAG, 0.3 PL2 and 0.9 PL1

FY 2028: \$381,000 for 1.3 AAG, 0.1 PL2 and 0.7 PL1

FY 2029 and in each FY thereafter: \$183,000 for 0.1 AAG, 0.1 PL2 and 0.3 PL1

2. Assumptions for the AGO Licensing & Administrative Law Division (LAL) Legal Services for the LCB:

The AGO will bill LCB for legal services based on the enactment of this bill.

LAL will provide 20 hours of advice on rulemaking and other implementation of this bill in FY 2026. LAL advises LCB on final orders of administrative regulatory actions. LCB projects that 50 licenses will be canceled in each of FY 2026 and FY 2027, with 15 cancellations in each FY thereafter. With the exception of litigation actions that resolve by default, each of these licensing and enforcement actions will require 10 hours of AAG time to advise the LCB.

Cases that resolve by default will require one hour of AAG time to review and advise the LCB. LCB projects that every license cancellation will appeal. LAL anticipates that 25 percent of those appeals will resolve by default. FY 2026 and FY 2027: 13 defaults and 37 hearings. FY 2028 and thereafter: 4 defaults and 11 hearings.

Based on LCB’s estimated total number of actions, LAL projects the following minimum impacts on its final order work:  
 FY 2026: 383 hours of advice on Final Orders (37 x 10) + (13 x 1)  
 FY 2027: 383 hours of advice on Final Orders (37 x 10) + (13 x 1)  
 FY 2028 and in each FY thereafter: 114 hours of advice on Final Orders (11 x 10) + (4 x 1)

LAL total AAG hours:  
 FY 2026: 403 AAG hours  
 FY 2027: 383 AAG hours  
 FY 2028 and in each FY thereafter: 114 AAG hours

LAL: Total non-King County workload impact:  
 FY 2026: \$64,000 for 0.2 AAG and 0.1 PL1  
 FY 2027: \$63,000 for 0.2 AAG and 0.1 PL1  
 FY 2028 and in each FY thereafter: \$18,000 for 0.1 AAG and 0.1 PL1

Total AAG hours:  
 FY 2026: 1,903 AAG hours  
 FY 2027: 3,686 AAG hours  
 FY 2028: 2,364 AAG hours  
 FY 2029 and in each FY thereafter: 1,164 AAG hours

Total non-King county workload impact:  
 FY 2026: \$283,000 for 1.1 AAG, 0.3 PL2 and 0.6 PL1  
 FY 2027: \$580,000 for 2.1 AAG, 0.3 PL2 and 1.1 PL1  
 FY 2028: \$381,000 for 1.4 AAG, 0.1 PL2 and 0.7 PL1  
 FY 2029 and in each FY thereafter: \$201,000 for 0.7 AAG, 0.1 PL2 and 0.4 PL

3. The AGO Agriculture & Health Division (AHD) has reviewed this bill and determined it will not increase or decrease the division’s workload in representing the Department of Commerce (Commerce). Commerce would not be given any new authorities or responsibilities under this bill. This won’t generate any legal work for AHD; therefore, no costs are included in this request.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
405-1	Legal Services	State	347,000	643,000	990,000	600,000	402,000
	Revolving Account						
<b>Total \$</b>			347,000	643,000	990,000	600,000	402,000

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

	FY 2026	FY 2027	2025-27	2027-29	2029-31	
FTE Staff Years	2.4	4.3	3.4	2.1	1.5	
A-Salaries and Wages	235,000	436,000	671,000	407,000	272,000	
B-Employee Benefits	72,000	133,000	205,000	125,000	84,000	
E-Goods and Other Services	38,000	70,000	108,000	65,000	44,000	
G-Travel	2,000	4,000	6,000	3,000	2,000	
<b>Total \$</b>		347,000	643,000	990,000	600,000	402,000

**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 2026	FY 2027	2025-27	2027-29	2029-31
Assistant Attorney General	132,912	1.1	2.1	1.6	1.1	0.7
Management Analyst 5	98,040	0.4	0.8	0.6	0.4	0.3
Paralegal 1	71,148	0.6	1.1	0.9	0.6	0.4
Paralegal 2	78,468	0.3	0.3	0.3	0.1	0.1
<b>Total FTEs</b>		2.4	4.3	3.4	2.1	1.5

**III. D - Expenditures By Program (optional)**

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Government Compliance & Enforcement Division (GCE)	283,000	580,000	863,000	564,000	366,000
Licensing & Administrative Law Division (LAL)	64,000	63,000	127,000	36,000	36,000
<b>Total \$</b>	347,000	643,000	990,000	600,000	402,000

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

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

NONE

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

NONE

**Part V: New Rule Making Required**

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

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1835 HB	<b>Title:</b> Cannabis licensing/zoning	<b>Agency:</b> 110-Office of Administrative Hearings
-----------------------------	---	--

## 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	107,000	107,000	214,000	214,000	214,000
<b>Total \$</b>	107,000	107,000	214,000	214,000	214,000

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.7	0.7	0.7	0.7	0.7
<b>Account</b>					
Administrative Hearings Revolving Account-State 484-1	107,000	107,000	214,000	214,000	214,000
<b>Total \$</b>	107,000	107,000	214,000	214,000	214,000

### 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: Megan Mulvihill	Phone: 360-786-7304	Date: 02/11/2025
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 02/24/2025
Agency Approval: Rob Cotton	Phone: 360-407-2708	Date: 02/24/2025
OFM Review: Val Terre	Phone: (360) 280-3073	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.*

Section 1(b)(v) prohibits the Liquor & Cannabis Board from issuing or renewing a cannabis license (producer, processor, sell, etc.) where the local municipal, county, port authority, or tribal government has objected to the issuance of the license in their jurisdiction.

Section 1(7) outlines the standing a governmental agency has to file an objection to the renewal or issuance of a cannabis license, specifically if the cannabis license terms, violate local zoning ordinances. This additional reason to deny or not renew the license will increase appeals to the Office of Administrative Hearings.

### 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 15 new appeals being referred to the Office of Administrative Hearings (OAH) per fiscal year beginning in FY 2026. On average, each appeal is expected to take approximately 30 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 beginning in FY 2026: 0.32 ALJ, 0.05 SALJ, 0.05 LALJ, 0.19 LA2, and 0.08 MA5. The total cost is rounded to \$107,000 per FY.

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	107,000	107,000	214,000	214,000	214,000
<b>Total \$</b>			107,000	107,000	214,000	214,000	214,000

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

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.7	0.7	0.7	0.7	0.7
A-Salaries and Wages	67,000	67,000	134,000	134,000	134,000
B-Employee Benefits	21,000	21,000	42,000	42,000	42,000
C-Professional Service Contracts					
E-Goods and Other Services	17,000	17,000	34,000	34,000	34,000
G-Travel	1,000	1,000	2,000	2,000	2,000
J-Capital Outlays	1,000	1,000	2,000	2,000	2,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	107,000	107,000	214,000	214,000	214,000

### 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 2026	FY 2027	2025-27	2027-29	2029-31
Administrative Law Judge	113,712	0.3	0.3	0.3	0.3	0.3
Lead ALJ	122,496	0.1	0.1	0.1	0.1	0.1
Legal Assistant 2	55,584	0.2	0.2	0.2	0.2	0.2
Management Analyst 5	98,040	0.1	0.1	0.1	0.1	0.1
Senior Administrative Law Judge	131,880	0.1	0.1	0.1	0.1	0.1
<b>Total FTEs</b>		0.7	0.7	0.7	0.7	0.7

### III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Regulatory & Education (REG)	107,000	107,000	214,000	214,000	214,000
<b>Total \$</b>	107,000	107,000	214,000	214,000	214,000

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

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

NONE

### IV. C - Capital Budget Breakout

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

NONE

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

NONE

## **Part V: New Rule Making Required**

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

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1835 HB	<b>Title:</b> Cannabis licensing/zoning	<b>Agency:</b> 195-Liquor and Cannabis Board
-----------------------------	---	--

## 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	1.5	1.5	1.5	1.2	1.2
<b>Account</b>					
Liquor Revolving Account-State 501-1	684,352	937,722	1,622,074	1,104,410	906,410
<b>Total \$</b>	684,352	937,722	1,622,074	1,104,410	906,410

### 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: Megan Mulvihill	Phone: 360-786-7304	Date: 02/11/2025
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 02/20/2025
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 02/20/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 02/21/2025

## 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.*

#### Sec. 1

(7) The board may not issue a new or renewed cannabis license for any premises in which the city, town, county, port authority, or tribal government of a federally recognized Indian tribe, as applicable, has provided a written objection under subsection (8) of this section stating that the jurisdiction's local zoning ordinances prohibit the use of the property for activities authorized under the terms of the applicable cannabis license. For purposes of making licensing decisions in conformity with local zoning ordinances under this subsection, the board may rely on a written statement submitted to the board by the following entities, stating that the jurisdiction's local zoning ordinances either do or do not prohibit the use of the property for activities authorized under the terms of the cannabis license:

(a) The chief executive officer of the incorporated city or town if the application is for a license in an incorporated city or town;

(b) The county legislative authority if the application is for a license outside the boundaries of incorporated cities or towns;

(c) The port authority if the application is for a license on property owned by a port authority; or

(d) The tribal government if the application is for a license on property within Indian country, as defined in 18 U.S.C. Sec. 1151, including any fee patent lands within the exterior boundaries of a reservation.

(8)(c) If denial is based upon written objections of a city, town, county, port authority, or tribal government of a federally recognized Indian tribe, the board must notify that jurisdiction and provide opportunity for the jurisdiction to provide additional information in support of the board's denial.

### 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 Attorney General's Office (AGO) anticipates billing the Board for anticipated legal costs:

FY26: \$347,000

FY27: \$643,000

FY28: \$399,000

FY29+: \$201,000

The Office of Administrative Hearings (OAH) anticipates billing the Board for anticipated legal costs:

\$107,000/year ongoing

\*\*\*\*\*

#### LICENSING DIVISION:

- The costs for the agency due to litigation would increase significantly, and the time the agency would spend in hearings would increase. Compliance and adjudication would require one (1) Program Specialist 4 to support the adjudications process.

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.

**Assumptions:**

- Requires the board to deny a cannabis license application or the renewal of a cannabis licensed cannabis business if a written objection is received from a city, town, county, port authority, or tribal government.
- According to the Municipal Research and Services Center (MRSC), there are approximately 90 jurisdictions with bans or moratoria in Washington that prohibit cannabis businesses. This number does not include jurisdictions that have highly restrictive zoning ordinances.
- There are currently 1660 licensed cannabis producers, processors, producer/processors, retailers, SE retailers, and title certificate holders that would be subject to provisions of this bill.
- Based on the number of objection letters from local authorities that LCB has received in 2024, it is assumed that 6% (100) of the existing licensees would have their licenses canceled by local authority objection. Of these, half (50) are assumed to be cancelled in the first fiscal year, the other half in the second. This will impact the workload of the ATG's, OAH, Licensing, and Board Adjudications.
- Following, it is assumed that 15 additional licenses would be canceled each year because of the zoning regulations passed by local authorities. The LCB assumes all licensees would appeal the license cancellation.
- There are currently 56 title certificate holders and licensed cannabis businesses located in areas with moratoriums, zoning, and permitting issues.

\*\*\*\*\*

**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 Board anticipates workload impacts from premise checks and destruction of product. Please see the attached "1835 HB Cannabis Licensing Zoning - Enforcement Field Increment Calculator.pdf" for the workload calculations.

FY26-FY27: 0.5 FTE LCB Enforcement Officer 2 - \$70,863/yr (\$59,328 salary/benefits, \$11,535 in associated costs). Onetime costs in FY26 of \$36,325 for equipment purchases.

FY28+: 0.2 FTE LCB Enforcement Officer 2 - \$28,346/yr (\$23,732 salary/benefits, \$4,614 in associated costs).

**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	684,352	937,722	1,622,074	1,104,410	906,410
<b>Total \$</b>			684,352	937,722	1,622,074	1,104,410	906,410

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

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.5	1.5	1.5	1.2	1.2
A-Salaries and Wages	125,868	125,868	251,736	199,710	199,710
B-Employee Benefits	44,939	44,939	89,878	70,712	70,712
C-Professional Service Contracts					
E-Goods and Other Services	480,035	759,865	1,239,900	828,048	630,048
G-Travel	6,800	6,300	13,100	5,040	5,040
J-Capital Outlays	26,710	750	27,460	900	900
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	684,352	937,722	1,622,074	1,104,410	906,410

**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
LCB Enforcement Officer 2	86,712	0.5	0.5	0.5	0.2	0.2
Program Specialist 4	82,512	1.0	1.0	1.0	1.0	1.0
<b>Total FTEs</b>		1.5	1.5	1.5	1.2	1.2

**III. D - Expenditures By Program (optional)**

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Board Division (010)	454,000	750,000	1,204,000	814,000	616,000
Licensing Division (050)	123,164	116,859	240,023	233,718	233,718
Enforcement Division (060)	107,188	70,863	178,051	56,692	56,692
<b>Total \$</b>	684,352	937,722	1,622,074	1,104,410	906,410

**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**

**1835 HB "Cannabis Licensing Zoning" (FY26-27)**

	Number of events	Time Factor	Staffing Factor	Officer	Consultant
Cannabis Destruction of product	10	30	5	1500	
Cannabis Premises Check (Non-Retail)	50	10	1.3	650	0

<u>Factors</u>	<u>Values</u>
License Count	50
Cannabis Destruction of product	20%
Cannabis Premises Check (Non-Retail)	50

<b>Total FI's</b>	<b>2,150</b>	<b>0</b>
<b>Total Field Increments per FTE</b>	4,220	4,220
<b>FTE's required</b>	0.51	0.00
<b>Round</b>	<b>0.50</b>	<b>0.00</b>

**(FY28+)**

	Number of events	Time Factor	Staffing Factor	Officer	Consultant
Cannabis Destruction of product	3	30	5	450	
Cannabis Premises Check (Non-Retail)	15	10	1.3	195	0

<u>Factors</u>	<u>Values</u>
License Count	15
Cannabis Destruction of product	20%
Cannabis Premises Check (Non-Retail)	15

<b>Total FI's</b>	<b>645</b>	<b>0</b>
<b>Total Field Increments per FTE</b>	4,220	4,220
<b>FTE's required</b>	0.15	0.00
<b>Round</b>	<b>0.20</b>	<b>0.00</b>



# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

**Bill Number:** 1835 HB

**Title:** Cannabis licensing/zoning

## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- Cities:
- Counties:
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

## Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: Cities, counties, and certain special districts could make written objections about an applicant's cannabis license to the Liquor and Cannabis Board as a 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: Jordan Laramie	Phone: 360-725-5044	Date: 02/18/2025
Leg. Committee Contact: Megan Mulvihill	Phone: 360-786-7304	Date: 02/11/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/18/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 02/21/2025

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

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

This proposed legislation would amend cannabis licensing statutes so that the Liquor and Cannabis Board (Board) licensing decisions align with local zoning ordinances when written objections are filled by a jurisdiction that petitions the Board.

Sec. 1 would amend 69.50.331 RCW such that cannabis licenses cannot be issued when there is a written objection from a sovereign nation or local government stating that the local zoning ordinance(s) prohibit the use of the property for activities authorized under the license.

Sec. 2 would amend 69.51A.250 RCW such that it conforms to the amendment in Sec. 1.

This act would go into effect 90 days after the session in which the bill is passed.

### **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.*

This act by itself does not require a local government to act and would have no impact.

This legislation would provide cities, counties, and certain special districts with a local option to prohibit an applicant's cannabis license based on local zoning regulations. Concurrent provisions for these local governments to provide additional information at a Liquor and Cannabis Board hearing about an applicant's license denial or renewal would be tied to discretionary actions. Because these measures would be elective, they would not create a local government fiscal impact.

### **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.*

This act is not expected to impact local government revenue.

This act by itself does not require a local government to act and would have no impact. This act does not prohibit an applicant from obtaining a cannabis license in other areas of the local government where the zoning regulations allow for siting any of the activities that are authorized by the license.

#### **BACKGROUND:**

According to the Association of Washington Cities, there are two ways the state shares cannabis tax revenues with local governments:

**Licensed retailer sales:** A local government with a licensed retailer physically located in their jurisdiction can receive a proportional amount of state cannabis tax revenues collected at that retailer.

**Per capita distribution:** A local government that does not prohibit the siting of licensed cannabis producers, processors, or retailers can receive a per capita distribution of state cannabis funds based on a formula.

#### **SOURCES:**

Association of Washington Cities

Department of Revenue, Local Government Distribution Guide – Marijuana Excise Tax

Department of Revenue, Estimated Sales Tax Collected on Sales of Cannabis and Cannabis Products (2025)