

Multiple Agency Fiscal Note Summary

Bill Number: 5422 S SB	Title: Collective bargaining/AI use
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Estimated Cash Receipts

NONE

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 Financial Management	Fiscal note not available											
Public Employment Relations Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
University of Washington	3.0	880,996	880,996	880,996	3.0	880,996	880,996	880,996	3.0	880,996	880,996	880,996
University of Washington	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Washington State University	Fiscal note not available											
Central Washington University	Fiscal note not available											
Total \$	3.0	880,996	880,996	880,996	3.0	880,996	880,996	880,996	3.0	880,996	880,996	880,996

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			21,075,000			21,075,000			21,111,000
Local Gov. Other	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Local Gov. Total			21,075,000			21,075,000			21,111,000

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Financial Management	Fiscal note not available								
Public Employment Relations Commission	.0	0	0	.0	0	0	.0	0	0
University of Washington	.0	0	0	.0	0	0	.0	0	0
Washington State University	Fiscal note not available								
Central Washington University	Fiscal note not available								
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

NONE

Prepared by: Val Terre, OFM	Phone: (360) 280-3073	Date Published: Preliminary 2/26/2025
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Individual State Agency Fiscal Note

Bill Number: 5422 S SB	Title: Collective bargaining/AI use	Agency: 275-Public Employment Relations Commission
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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: Jarrett Sacks	Phone: 360-786-7448	Date: 02/21/2025
Agency Preparation: Dario de la Rosa	Phone: 360-570-7328	Date: 02/24/2025
Agency Approval: Dario de la Rosa	Phone: 360-570-7328	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.

Employees working for cities, counties, and municipal corporations, the uniformed troopers of the Washington State Patrol, the uniformed officers of the Department of Fish and Wildlife, and certain employees at higher education institutions collectively bargain under the Public Employees Collective Bargaining Act, chapter 41.56 RCW. Similarly, civil service employees working for state agencies and institutions of higher education enjoy collective bargaining rights under the Personnel Systems Reform Act of 2002, chapter 41.80 RCW.

Under both statutes, an employer decision to use technology is considered either a permissive or illegal subject of bargaining and the employer may implement the use of new technology without bargaining the decision to implement the technology with a union. However, the employer is obligated to bargain the effects that its decision to use new technology has on mandatory subjects of bargaining, such as employee wages, hours, and working conditions.

Substitute Senate Bill 5422 amends chapters 41.56 RCW and 41.80 RCW to require an employer to bargain the decision to use artificial intelligence technology if implementing that technology would impact employee wages or performance evaluations. For the purposes of SSB 5422, artificial intelligence is defined as “the use of machine learning and related technologies that use data to train statistical models for the purpose of enabling computer systems to perform tasks normally associated with human intelligence or perception, such as computer vision, speech or natural language processing, translation, decision making, and content generation.”

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.

SSB 5422 creates a non-traditional bargaining standard for employers seeking to use artificial intelligence in the workplace. PERC anticipates that SB 5422 will generate additional workload, including:

- mediation cases to assist the parties in resolving an employer’s use of artificial intelligence;
- unfair labor practice cases to determine if the use of artificial intelligence will impact wages or performance evaluations; and
- training cases to educate employers about their obligations surrounding the use of artificial intelligence.

PERC anticipates that it can perform any additional duties associated with the implementation of SSB 5422 without additional funding.

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: 5422 S SB	Title: Collective bargaining/AI use	Agency: 360-University of Washington
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Part I: Estimates

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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	3.0	3.0	3.0	3.0	3.0
Account					
General Fund-State 001-1	440,498	440,498	880,996	880,996	880,996
Total \$	440,498	440,498	880,996	880,996	880,996

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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: Jarrett Sacks	Phone: 360-786-7448	Date: 02/21/2025
Agency Preparation: Michael Lantz	Phone: 2065437466	Date: 02/25/2025
Agency Approval: Michael Lantz	Phone: 2065437466	Date: 02/25/2025
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 02/25/2025

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.

Substitute Senate Bill 5422 makes several modifications compared to the original version of the measure. Therefore, the University of Washington’s (UW) fiscal analysis has been updated and the overall estimated financial impact reduced.

The substitute amends RCW Chapters 41.56 (Section 1) and 41.80 (Section 2) to require employers to bargain over the decision to adopt or modify the use of AI if the adoption or modification affects “wages or performance evaluations (See Sections 3 and 4).” This provision has been substantially narrowed from the original version of the measure, which required employers to bargain over the use of AI if it affected employee “wages, hours, or other terms and conditions of employment.” Employers are still prohibited from bargaining over the “rights of management,” which are defined in the measure.

Contracts in effect prior to the measure’s effective date remain unaffected by the amendments until the contract expires, is renewed, or is reopened (Section 5).

While this bill does not impact CBAs in effect prior to the effective date of this bill (90 days after passage), it will require bargaining on these topics going forward and as new technologies are developed, implemented or modified. Because AI is new and the technology is changing rapidly, the University of Washington (UW) anticipates the need for additional resources in Labor Relations to regularly bargain UW’s adoption of AI technologies or of AI features being delivered automatically through software UW already has implemented.

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.

UW has 21 collective bargaining agreements for both civil service and civil service exempt personnel. Therefore, the impact of this legislation will be felt broadly across the academy and medical centers. We anticipate an increased workload for the Labor Relations Office as contracts expire and topics that were previously considered a management right and excluded from bargaining are negotiated.

Due to the modifications made by the substitute related to the scope of AI associated bargaining, the staffing needs for the University’s Labor Relations unit have been reduced compared to the fiscal note on the original measure. In order to negotiate the use of AI across the University, including in our medical centers, and implement the results of those negotiations, UWHR Labor Relations will now need one (1.0 FTE) additional Labor Relations Negotiator (Salary: \$141,300.00; Benefits Rate: 30.3%), one (1.0 FTE) additional Labor Relations Specialist (Salary: \$79,644; Benefits Rate: 30.3%), and one (1.0 FTE) additional Human Resources Information System (HRIS) Analyst (Salary: \$101,004; Benefit Rate: 30.3%). Additional yearly costs include travel (\$1,000 per FTE), training (\$1,000 per FTE), and software licensing (\$5,000 per FTE).

The total known costs for UW related to SSB 5422 are \$440,498 per fiscal year.

In addition, removing the use of AI related technology as a management right and requiring decision bargaining has other indeterminate costs. This measure could limit UW’s operational flexibility, hindering our ability to adapt and innovate, slow

our ability to adopt new technologies if AI is included, require greater scrutiny of current technologies and licensing agreements, and complicate institutional policies and procedures as AI continues to evolve. While collective bargaining has direct costs, delays in implementing new technologies, or piecemealing technologies that have known or suspected AI components, has indeterminate costs that could include:

- complications and increased time for UW-Information Technology policymaking and institutional policymaking,
- procurement delays and disqualification,
- Increased program and project management costs associated with implementation due to longer timelines,
- Increased time and labor associated with change management, including training and communications, and
- opportunity costs associated with not adopting or delaying the implementation of available technology that can drive efficiencies and create value.

For any adoption of technology that could potentially impact hours and wages, UWHR Labor Relations, in collaboration with other impacted parties or departments, will need to be consulted and the technology assessed; thereby increasing the need for additional coordination, planning, and expertise in AI technologies.

Finally, UW Labor Relations will need to advise UW’s recently established AI Task Force on what UW can and cannot explore, adopt, and implement.

Overall, the total cost to implement SSB 5422 at UW is indeterminate. However, costs will exceed \$440,498 per year.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
001-1	General Fund	State	440,498	440,498	880,996	880,996	880,996
Total \$			440,498	440,498	880,996	880,996	880,996

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	3.0	3.0	3.0	3.0	3.0
A-Salaries and Wages	321,948	321,948	643,896	643,896	643,896
B-Employee Benefits	97,550	97,550	195,100	195,100	195,100
C-Professional Service Contracts	15,000	15,000	30,000	30,000	30,000
E-Goods and Other Services	3,000	3,000	6,000	6,000	6,000
G-Travel	3,000	3,000	6,000	6,000	6,000
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 \$	440,498	440,498	880,996	880,996	880,996

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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
HRIS Analyst	101,004	1.0	1.0	1.0	1.0	1.0
Labor Relations Negotiator	141,300	1.0	1.0	1.0	1.0	1.0
Labor Relations Specialist	79,644	1.0	1.0	1.0	1.0	1.0
Total FTEs		3.0	3.0	3.0	3.0	3.0

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5422 S SB	Title: Collective bargaining/AI use
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: All cities. Increase in legal and administrative costs.
- ☒ Counties: All counties. Same as above.
- ☒ Special Districts: All 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:
- ☒ Key variables cannot be estimated with certainty at this time: The amount and types of AI tools currently in use. The AI technology tools that may be adopted by local governments. Number of disputes that go to arbitration.

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

Jurisdiction	FY 2026	FY 2027	2025-27	2027-29	2029-31
City	10,537,500	10,537,500	21,075,000	21,075,000	21,111,000
TOTAL \$	10,537,500	10,537,500	21,075,000	21,075,000	21,111,000
GRAND TOTAL \$					63,261,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Kristine Williams	Phone: (564) 250-5931	Date: 02/24/2025
Leg. Committee Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 02/21/2025
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/24/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 02/24/2025

Part IV: Analysis

A. SUMMARY OF BILL

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

This note is on S SB 5422 and compares it to SB 5422.

CHANGES BETWEEN THIS VERSION AND THE PRIOR VERSION OF THE BILL:

The version of the bill changes the circumstance in which an employer is required to bargain over the decision to adopt artificial intelligence technology. An employer is required to bargain if the adoption affects employee's wages or performance evaluations rather than wages, hours, or terms and conditions of employment.

Sec. 2 is amended to remove definitions of artificial intelligence and machine learning.

These changes do not affect the fiscal impacts discussed below. However, additional cost information has been included in this fiscal note.

SUMMARY OF CURRENT BILL:

This legislation would require local governments to bargain with their union represented employees over the decision to adopt or modify the use of artificial intelligence (AI) if the adoption affects employees' wages or performance evaluations. This will impact management's right to make a choice about the use of technology, and the type of technology that will meet the employer's needs.

This legislation would take effect 90 days after adjournment of 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 legislation would have an indeterminate, but potentially significant, expenditure impact on local governments.

The impacts of new technology on employees' wages, hours, and working conditions are currently bargained. This bill is unclear about AI tools that are included or added to products already in use by cities, counties, and special districts. If the bill is passed, it will give unions a veto over business decisions regarding the use of AI technology, as they cannot be implemented until an agreement is reached in the collective bargaining agreement(s). As a result, the implementation of a new cost-saving tool may be prohibited or delayed due to bargaining. This legislation would result in unknown opportunity costs for local governments. These costs would vary by jurisdiction and cannot be estimated.

The Association of Washington Cities (AWC) estimates that hiring legal counsel or experienced non-attorney bargainers in advance of bargaining with interest arbitration-eligible groups can range between \$25,000 to \$50,000, not including interest arbitration costs. Using a midpoint of \$37,500 for these costs, the Local Government Fiscal Note Program assumes the total cost for cities to hire legal counsel or non-attorney bargainers to be \$10,537,500 per year as follows:

$$281 \text{ (cities and towns)} \times 37,500 = \$10,537,500$$

Because this bill amends the Public Employees' Collective Bargaining Act, interest arbitration would apply in many cases, and thus cities would need to retain legal counsel or bargainers to carefully bargain an AI adoption decision. This legislation could also result in disputes over adopting AI going to arbitration, AWC estimates an additional \$75,000 to \$150,000 in legal costs for issues that do go to arbitration. These costs would vary based on the number of disputes and cannot be estimated. These costs are indeterminate.

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 bill would not impact local government revenues.

SOURCES

Association of Washington Cities (AWC)

Local Government FN SB 5422 (2025)

Senate Bill Report S SB 5422 (2025)