Multiple Agency Fiscal Note Summary

Bill Number: 5422 SB	Title: Collective bargaining/AI use

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 Financial Management	0	0	747,000	0	0	738,000	0	0	738,000
Office of Financial Management	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Total $	**0**	**0**	**747,000**	**0**	**0**	**738,000**	**0**	**0**	**738,000**

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	2.0	0	0	747,000	2.0	0	0	738,000	2.0	0	0	738,000
Office of Financial Management	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Public Employment Relations Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
University of Washington	5.0	1,484,776	1,484,776	1,484,776	5.0	1,484,776	1,484,776	1,484,776	5.0	1,484,776	1,484,776	1,484,776
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	3.0	1,002,378	1,002,378	1,002,378	3.0	1,002,378	1,002,378	1,002,378	3.0	1,002,378	1,002,378	1,002,378
Total $	**10.0**	**2,487,154**	**2,487,154**	**3,234,154**	**10.0**	**2,487,154**	**2,487,154**	**3,225,154**	**10.0**	**2,487,154**	**2,487,154**	**3,225,154**

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	.0	0	0	.0	0	0	.0	0	0
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	.0	0	0	.0	0	0	.0	0	0
Total $	**0.0**	**0**	**0**	**0.0**	**0**	**0**	**0.0**	**0**	**0**

Estimated Capital Budget Breakout

NONE

Prepared by: Val Terre, OFM	Phone:	Date Published:
	(360) 280-3073	Final 2/28/2025

Individual State Agency Fiscal Note

Bill Number: 5422 SB	Title: Collective bargaining/AI use	Agency: 105-Office of Financial Management

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
OFM Labor Relations Service Account-Non-Appropriated 436-6	378,000	369,000	747,000	738,000	738,000
Total $	378,000	369,000	747,000	738,000	738,000

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

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.0	2.0	2.0	2.0	2.0
Account					
OFM Labor Relations Service Account-Non-Appropriated 436-6	378,000	369,000	747,000	738,000	738,000
Total $	378,000	369,000	747,000	738,000	738,000

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: 01/22/2025
Agency Preparation:	Keith Thunstedt	Phone: 360-810-1271	Date: 01/29/2025
Agency Approval:	Jamie Langford	Phone: 360-902-0422	Date: 01/29/2025
OFM Review:	Gwen Stamey	Phone: (360) 790-1166	Date: 02/03/2025

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 contains language that defines artificial intelligence and machine learning.

This bill requires bargaining over the use of artificial intelligence (AI) technology and/or the modification of existing use, when the use or modification of AI impacts employees:
- Wages
- Hours, or
- Terms and conditions of employment

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.

Existing contracts are not impacted by this requirement until they expire, renew, or are reopened.

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.

Expenses incurred in the OFM Labor Relations Service account are funded by quarterly billings to state agencies. Any assumed increase in the account would be matched by an increase in the rate charged by OFM, up to what is allowed per RCW 41.80.140.

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.

This bill would require an increase in OFM State Human Resources staff to support the increase in negotiations on this topic.

o 1 FTE - Labor Negotiator, ongoing: If artificial intelligence systems have to be adopted, there will be increased bargaining, demands to bargain, potential unfair labor practice complaints when bargaining cannot be completed due to outside vendor contracts; lengthy bargaining sessions that increase the workload.

o 1 FTE - HR Analytics Analyst, ongoing: Increased staffing needed to provide subject matter expertise to negotiations and contracting. There would be an increased need to: lead data definitions, report development, user procedure and other guidance maintenance, system training updates, consult with agencies to help implement and manage changes, and participate on IT Services project teams as the product owner SME to support system updates/implementations as negotiated.

OFM is the enterprise owner of many statewide systems, including the HR and Payroll systems. The bill creates an indeterminate expenditure impact to OFM because it is unknown the how these systems will be impacted while waiting for the outcome of negotiations.

Cost assumptions per FTE:
 o Goods and services: supplies, communications services, lease space, training, software licensing at $5,000 per FTE annually.
 o Travel: travel associated with the positions at $4,000 per FTE annually.

o Capital Outlays: a workstation, furniture, and computer at $5,000 per FTE (one-time).

o Shared Service Costs: administrative support, IT support, budget and accounting services, facilities support, and human resource assistance at $30,000 per FTE annually.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
436-6	OFM Labor Relations Service Account	Non-Appropriated	378,000	369,000	747,000	738,000	738,000
		Total $	378,000	369,000	747,000	738,000	738,000

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	2.0	2.0	2.0	2.0	2.0
A-Salaries and Wages	219,000	219,000	438,000	438,000	438,000
B-Employee Benefits	71,000	72,000	143,000	144,000	144,000
C-Professional Service Contracts					
E-Goods and Other Services	10,000	10,000	20,000	20,000	20,000
G-Travel	8,000	8,000	16,000	16,000	16,000
J-Capital Outlays	10,000		10,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	60,000	60,000	120,000	120,000	120,000
9-					
Total $	378,000	369,000	747,000	738,000	738,000

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
HR ANALYTICS ANALYST	88,000	1.0	1.0	1.0	1.0	1.0
LABOR NEGOTIATOR	131,000	1.0	1.0	1.0	1.0	1.0
Total FTEs		2.0	2.0	2.0	2.0	2.0

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: 5422 SB	**Title:** Collective bargaining/AI use	**Agency:** 275-Public Employment Relations Commission

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: 01/22/2025
Agency Preparation:	Dario de la Rosa	Phone: 360-570-7328	Date: 01/23/2025
Agency Approval:	Dario de la Rosa	Phone: 360-570-7328	Date: 01/23/2025
OFM Review:	Val Terre	Phone: (360) 280-3073	Date: 01/23/2025

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 a permissive 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.

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 mandatory subjects of bargaining. For the purposes of SB 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.

SB 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 mandatory subjects of bargaining; 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 SB 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

Revised

Bill Number:	5422 SB	Title:	Collective bargaining/AI use	Agency:	360-University of Washington

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	5.0	5.0	5.0	5.0	5.0
Account					
General Fund-State 001-1	742,388	742,388	1,484,776	1,484,776	1,484,776
Total $	742,388	742,388	1,484,776	1,484,776	1,484,776

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: 01/22/2025
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.

Senate Bill 5422 amends RCW Chapters 41.56 RCW (Section 5) 41.80 (Section 6) to require employers to bargain over the decision to adopt or modify the use of AI if the adoption or modification affects wages, hours, or other terms or conditions of employment.

Contracts in effect prior to the measure's effective date remain unaffected until the contract expires, is renewed, or is reopened (Section 7).

Section 2 defines "Artificial Intelligence" 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. Meanwhile, "machine learning" is defined to mean the process by which artificial intelligence is developed using data and algorithms to draw inferences thereupon to automatically adapt or improve its accuracy without explicit programming.

Section 3 explains that the employer shall not bargain over the rights of management which include 1) the functions and programs of the employer, 2) technology, 3) the structure of the organization, and 4) the employer's budget, including layoffs. This bill amends Section 3 to exclude AI as a form of technology that the employer will not bargain.

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.

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 need two (2.0 FTE) additional Labor Relations Negotiators, one specializing in health care and one focused on the academy (Salary: $141,300.00; Benefits Rate: 30.3%), two (2.0 FTE) additional Labor Relations Specialists, one specializing in health care and one focused on the academy (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).

Collective bargaining/AI use   360-University of Washington
Form FN (Rev 1/00) 203,887.00   Request # 2025-138-2-2
FNS063 Individual State Agency Fiscal Note   2   Bill # 5422 SB

The total known costs for UW related to SB 5422 are $742,388 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 SB 5422 at UW is indeterminate. However, costs will exceed $742,388 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	742,388	742,388	1,484,776	1,484,776	1,484,776
		Total $	742,388	742,388	1,484,776	1,484,776	1,484,776

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	5.0	5.0	5.0	5.0	5.0
A-Salaries and Wages	542,892	542,892	1,085,784	1,085,784	1,085,784
B-Employee Benefits	164,496	164,496	328,992	328,992	328,992
C-Professional Service Contracts	25,000	25,000	50,000	50,000	50,000
E-Goods and Other Services	5,000	5,000	10,000	10,000	10,000
G-Travel	5,000	5,000	10,000	10,000	10,000
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 $	742,388	742,388	1,484,776	1,484,776	1,484,776

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	2.0	2.0	2.0	2.0	2.0
Labor Relations Specialist	79,644	2.0	2.0	2.0	2.0	2.0
Total FTEs		5.0	5.0	5.0	5.0	5.0

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: 5422 SB	**Title:** Collective bargaining/AI use	**Agency:** 365-Washington State University

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	3.0	3.0	3.0	3.0	3.0
Account					
General Fund-State 001-1	501,189	501,189	1,002,378	1,002,378	1,002,378
Total $	501,189	501,189	1,002,378	1,002,378	1,002,378

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: 01/22/2025
Agency Preparation:	Emily Green	Phone: 5093359681	Date: 02/27/2025
Agency Approval:	Christina Gregory	Phone: 5093359682	Date: 02/27/2025
OFM Review:	Ramona Nabors	Phone: (360) 742-8948	Date: 02/27/2025

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.

Senate Bill 5422 - Collective Bargaining and AI use. This bill requires most state and local government public employers to bargain with employees' unions over the use of artificial technology (AI) that affects the wages, hours, or terms and conditions of employment.

Section 2 (2) (a)-(b) defines "Artificial Intelligence".

Section 4 (1) (a) allows Washington management services members who are not otherwise excluded from bargaining are granted the right to bargain.

Section 4 (1) (b) – (3) outlines bargaining exclusions and other guidelines.

Section 4 stipulates that no collective bargaining agreement entered into under this section may take effect prior to July 1, 2025.

Sections 5 and 6 of this bill requires employers to bargain over the decision to adopt or modify the use of AI if the adoption or mortification affects wages, hours, or other terms or conditions of employment.

Section 7 stipulates that contracts in effect prior to the effective date of this section remain unaffected by sections 5 and 6 until the contact expires, renewed or reopened.

This bill would fiscally impact Washington State University. This bill does not affect current collective bargaining agreements (CBAs) before its implementation. However, it will necessitate future negotiations as AI technologies to evolve. Given the rapid pace of advancements in AI, WSU anticipates that it would require addition human resource services and labor relations personnel in order to meet the requirements of this bill. WSU has four active collective bargaining agreements, one of which is currently being bargained and an open representation case; these cases impact both civil service and civil service exempt personnel. This bill would impact departments across the university to include medical centers. It is anticipated that these impacts would greatly increase the workload for the Labor Relations Office as contracts expire.

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.

This legislation would impact various departments across WSU. As a result, WSU anticipates that the workload for the Labor Relations Office would significantly increase. Any adoption of technology that could impact wages or hours, would require coordination between the labor relations office and impacted department to asses potential employment-related impact. To effectively negotiate AI use across the WSU System, the following personnel would be required: one (1) Labor Relations Manager (1.0 FTE; $135,000 Salary; 35.1% Benefits); one (1) Human Resource Consultant (1.0 FTE; $100,800 Salary; 35.1% Benefits); one (1) Human Resources Consultant Assistant (1.0 FTE; $56,800 Salary; 43.5% Benefits).

Additionally, WSU estimates labor relations would require $1,000/year in specialized training and personal services contract

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($100,000) for legal services for academic bargaining.

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	501,189	501,189	1,002,378	1,002,378	1,002,378
		Total $	501,189	501,189	1,002,378	1,002,378	1,002,378

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	292,680	292,680	585,360	585,360	585,360
B-Employee Benefits	107,509	107,509	215,018	215,018	215,018
C-Professional Service Contracts	100,000	100,000	200,000	200,000	200,000
E-Goods and Other Services	1,000	1,000	2,000	2,000	2,000
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 $	501,189	501,189	1,002,378	1,002,378	1,002,378

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
Human Resources Consultant 3	100,800	1.0	1.0	1.0	1.0	1.0
Human Resources Consultant Assistant 2	56,880	1.0	1.0	1.0	1.0	1.0
Manager - Negotiator	135,000	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

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Part V: New Rule Making Required

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

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Bill # 5422 SB

LOCAL GOVERNMENT FISCAL NOTE
Department of Commerce

Bill Number:	5422 SB	Title:	Collective bargaining/AI use

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

Legislation Impacts:

[X] Cities: All cities. Increase in legal and administrative costs.

[X] Counties: All counties. Same as above.

[X] 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:

[X] 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.

Estimated revenue impacts to:

  None

Estimated expenditure impacts to:

  None

Part III: Preparation and Approval

Fiscal Note Analyst: Kristine Williams	Phone: (564) 250-5931	Date: 02/12/2025
Leg. Committee Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 01/22/2025
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/12/2025
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/12/2025

Part IV: Analysis

A. SUMMARY OF BILL

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

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). 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.

For the purposes of this act, 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."

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 and bargaining costs for local governments. These costs would vary by jurisdiction and cannot be estimated.

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)