

Multiple Agency Fiscal Note Summary

Bill Number: 1551 S HB	Title: Cannabis social equity prg.
-------------------------------	---

Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Administrative Hearings	0	0	40,000	0	0	0	0	0	0
Total \$	0	0	40,000	0	0	0	0	0	0

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Administrative Hearings	.1	0	0	40,000	.0	0	0	0	.0	0	0	0
Liquor and Cannabis Board	.0	0	0	40,000	.0	0	0	0	.0	0	0	0
Total \$	0.1	0	0	80,000	0.0	0	0	0	0.0	0	0	0

Estimated Capital Budget Expenditures

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

Estimated Capital Budget Breakout

NONE

Prepared by: Val Terre, OFM

Phone:
(360) 280-3073

Date Published:
Final 3/19/2025

Individual State Agency Fiscal Note

Bill Number: 1551 S HB	Title: Cannabis social equity prg.	Agency: 103-Department of Commerce
-------------------------------	---	---

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: Peter Clodfelter	Phone: 360-786-7127	Date: 03/03/2025
Agency Preparation: Lucas Rubstello	Phone: (206) 613-7565	Date: 03/06/2025
Agency Approval: Justin Rogers	Phone: 360-810-1148	Date: 03/06/2025
OFM Review: Marie Davis	Phone: (360) 890-1163	Date: 03/17/2025

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.

Comparing SHB 1551 to HB 1551:

SHB 1551 maintains the Cannabis Social Equity Program and mandates an evaluation of licensing and grant distributions. The key provisions with fiscal impact on the Department of Commerce (Department) include:

Section 1 maintains the requirement of the Department to collaborate with the Liquor and Cannabis Board (LCB) to evaluate the social equity program's effectiveness. This will result in a report of findings and policy options to be completed by December 1st, 2025.

Section 2 maintains the requirements for cannabis retailer licenses and enables the board to adopt rules.

Section 2 (1) (a) maintains the extension of the program from 2032 to 2034.

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.

Section 1 requires the LCB to consult with the Department when appropriate to evaluate the Cannabis Social Equity Program and deliver a report by December 1st, 2025.

The requirements for creating the report are further defined in Section 2:

Section 2 (6) (b) requires the Department to support the evaluation report and consultation.

Section 2 (6) (b) (iii) requires the Department to consult in the examination and review of the grants issued and the implementation of RCW 43.330.540, the cannabis social equity technical assistance grant program.

The Department's Office of Economic Development and Competitiveness (OEDC) must allocate staff time for data analysis, coordination, and reporting.

The workload is estimated at 240 hours, .11 FTE, of an Exempt Management Service (EMS) 3 to support the report creation. The Department assumes these costs can be absorbed within existing resources. Therefore, there is no fiscal impact on the Department.

Total Cost to be managed within the Department:

Salaries and Benefits:

FY26: \$15,676

Professional Service Contracts:

FY26: \$4,293

Goods and Other Services:

FY26: \$2,110

Travel:

FY26- \$110

Intra-agency Reimbursements:

FY26: \$6,570

Note: Standard goods and services costs include supplies and materials, employee development and training. Attorney General costs, and agency administration. Intra-agency administration Reimbursement-Agency administrations costs (e.g., payroll, HR, IT are funded under a federally approved cost allocation plan.

=====

Summary of Total Costs:

FY26: \$28,759

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: 1551 S HB	Title: Cannabis social equity prg.	Agency: 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	20,000	20,000	40,000		
Total \$	20,000	20,000	40,000		

Estimated Operating Expenditures from:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.1	0.1	0.1	0.0	0.0
Account					
Administrative Hearings Revolving Account-State 484-1	20,000	20,000	40,000	0	0
Total \$	20,000	20,000	40,000	0	0

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 03/03/2025
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 03/03/2025
Agency Approval: Rob Cotton	Phone: 360-407-2708	Date: 03/03/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 03/06/2025

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 extends the Cannabis Social Equity Program by two years, through July 1, 2034.

Section 6(2)(c) ends the restrictions on opening new license application windows effective July 1, 2026.

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 6 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 13 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 for FY 2026 and FY 2027: 0.06 ALJ with a rounded total of \$20,000 per FY.

This bill has an emergency clause and is assumed to be effective immediately.

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	20,000	20,000	40,000	0	0
Total \$			20,000	20,000	40,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.1	0.1	0.1		
A-Salaries and Wages	13,000	13,000	26,000		
B-Employee Benefits	4,000	4,000	8,000		
C-Professional Service Contracts					
E-Goods and Other Services	3,000	3,000	6,000		
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 \$	20,000	20,000	40,000	0	0

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

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

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Regulatory & Education (REG)	20,000	20,000	40,000		
Total \$	20,000	20,000	40,000		

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

Bill Number: 1551 S HB	Title: Cannabis social equity prg.	Agency: 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
Account					
Liquor Revolving Account-State 501-1	20,000	20,000	40,000	0	0
Total \$	20,000	20,000	40,000	0	0

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 03/03/2025
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 03/04/2025
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 03/04/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 03/06/2025

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 2 (1) extends the cannabis social equity program by two years to July 1, 2034.

Section 2 (6):

(a) Beginning on the effective date of this section through June 30, 2026, the board may not open a new license application window through the cannabis social equity program, in order for an evaluation of the program to be conducted as provided in this subsection, to ensure successful implementation of the cannabis social equity program.

(b) By December 1, 2025, and within existing resources, the board, in consultation with the department of commerce when specified in this subsection, shall evaluate the cannabis social equity program as provided in this subsection and submit a report to the governor and appropriate committees of the legislature with findings and policy options. In conducting the evaluation, the board shall provide opportunities for public comment on the cannabis social equity program from communities throughout Washington. The evaluation must include the following components:

(i) A review of feedback received by the board in public comments while the board implements this subsection from individuals the program is intended to benefit, the public, and the cannabis industry;

(ii) An examination of the issuance and reissuance of cannabis retailer licenses that occurred before January 1, 2025, under the provisions of chapter 236, Laws of 2020, including a comparative analysis of the applicants who successfully secured a location and were issued a cannabis retailer license relative to applicants who remain pending but were issued a preliminary letter of approval by the board;

(iii) An examination, in consultation with the department of commerce, of the awarding of grants and the provision of mentorship under RCW 43.330.540 and opportunities for the alignment of the board's implementation of this section with the department of commerce's implementation of RCW 43.330.540;

(iv) The demographic information about owners of licensed cannabis businesses who became licensed under the cannabis social equity program to the extent such information is available or obtainable by the board;

(v) The identification of any provisions of law or rule and any economic, market, or practical factors that effectively prevent or hinder the successful opening, operation, and business success of cannabis businesses licensed under the cannabis social equity program; and

(vi) An examination of the impact of provisions in laws and rules on cannabis licensees in the cannabis social equity program with respect to: (A) Permissible locations for the siting of licensed cannabis businesses including distance restrictions in RCW 69.50.331(8), zoning or other location restrictions in local government ordinances, and local written objections under RCW 69.50.331(11); (B) the mobility of cannabis licenses to or between jurisdictions; (C) the ability of persons holding an existing cannabis retailer license or title certificate for a cannabis retailer business in a local jurisdiction subject to a ban or moratorium on cannabis retail businesses to apply for a cannabis license under this section; (D) prioritizing license applications through use of a third-party contractor using a scoring rubric developed by the board; (E) restrictions on the transfer or assumption of a cannabis license issued through the cannabis social equity program other than to individuals or groups of individuals who comply with the requirements for initial licensure as a social equity applicant for a period of at least five years from the date of initial licensure; and (F) the definition of a "social equity applicant."

(c) On July 1, 2026, the restriction on the board opening a new license application window under the cannabis social equity program ends.

Section 3: This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

CHANGES MADE BY THE SHB:

Section 2(6a): the added language from the HB of “may not issue or reissue a cannabis license under this section”, is removed.

Section 2(6c): the added language from the HB of “issuing or reissuing a cannabis license under this section”, is removed.

Effect: Removes the proposed restriction on the Liquor and Cannabis Board (LCB) issuing or reissuing a cannabis license under the Cannabis Social Equity Program (Program) through June 30, 2026, while retaining the restriction on the LCB opening a new license application window under the Program through June 30, 2026.

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 (OAH COSTS):

It is anticipated that potential social equity applicants will appeal if the application process is paused. The Office of Administrative Hearings expects to bill the Board for referrals of cases to their agency - \$20,000 annually in FY26 and FY27.

Additionally, the agency has recently contracted with a vendor to score social equity license applicants. If the social equity licensing process is paused, the contract would need to be terminated. If canceled, the agency would still be liable for payment in accordance with the terms of the contract for services rendered prior to the date of termination of up to \$234,000 in FY25.

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	20,000	20,000	40,000	0	0
Total \$			20,000	20,000	40,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services	20,000	20,000	40,000		
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 \$	20,000	20,000	40,000	0	0

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.