

Individual State Agency Fiscal Note

Bill Number: 2047 HB	Title: Employee ownership program	Agency: 103-Department of Commerce
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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	(3.2)	(3.2)	(3.2)	(3.2)	(3.2)
Account					
General Fund-State 001-1	(877,553)	(577,553)	(1,455,106)	(1,162,306)	(1,155,106)
Total \$	(877,553)	(577,553)	(1,455,106)	(1,162,306)	(1,155,106)

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.

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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.

HB 2047 eliminates the Washington Employee Ownership Program's administration and Commission and transfers any remaining funds in the Employee Ownership Revolving Loan Program account to the State General Fund account.

Section 1 states the following acts or parts of acts are repealed:

- (1) RCW 43.330.590 (Employee ownership program) and 2023 c 392 s 2,
- (2) RCW 43.330.592 (Employee ownership program—Administration— Commission) and 2023 c 392 s 3, and
- (3) RCW 43.330.595 (Employee ownership revolving loan program account) and 2023 c 392 s 6.

Section 2 directs that any residual balance of funds remaining in the employee ownership revolving loan program account be abolished by this act on the effective date of this section and be transferred by the state treasurer to the state general fund.

Section 3 adds an emergency declaration clause and sets an effective date of June 30, 2025.

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.

The Department of Commerce (Department) coordinates with businesses and the Department of Revenue (DOR) to assist businesses claiming reimbursement against the Business's Tax liability through the B&O tax incentive program allocated at \$2M per year. The Department also manages the employee-owned governor-appointed commission and advisory board.

Elimination of the Employee Ownership Program as outlined in HB 2047 would reduce the Department's Office of Economic Development and Competitiveness Division staffing-related and professional services contract costs as shown below. The Department's appropriation was received in 001-1 GF-State, rather than from the 28B Employee Ownership Revolving Loan Program Account.

The Employee Ownership program was funded in the 23-25 biennium at:

FY 24: \$877,000

FY 25: \$878,000

Future funding that would be eliminated as a result of HB 2047 is defined as follows:

-0.20 FTE WMS Band 2 Small Business Finance and Community Support Managing Director (420 hours) to provide leadership, oversight, supervision, rules coordination, and decision-making overall elements of the program.

-1.0 FTE Commerce Specialist 4 (2,088 hours) to function as an agency expert for the program. Create and work with a

network of technical support and service providers to work with businesses considering employee ownership structures; work with state agencies regarding regulations and programs that affect employee-owned businesses; create partnerships with relevant private, nonprofit, and public organizations to promote employee ownership benefits and successful models; work with the department of financial institutions and other appropriate entities to shape and implement program guidance; look for and apply for federal funding to establish a revolving loan program to assist business in the transition to employee ownership.

-1.0 FTE Commerce Specialist 3 (2,088 hours) to provide program data analysis and research to Commerce Specialist 4 in the creation of the program, procure and manage contracts, and review and process payments to vendors.

-1.0 FTE Administrative Assistant 2 (2,088 hours) to provide administrative support and procedural guidance for the program, schedule commission meetings, data collection, and aid in applying for federal funds.

Salaries and Benefits:

FY26-FY31: -\$356,780 per fiscal year

Professional Services Contracts: The department assumed \$300,000 (\$250 per hour x 1,200 hours) per fiscal year through FY26 to contract with firms as provided for in Section 2(3) for the purpose of the program and for translation services.

FY26: -\$300,000

Goods and Services:

FY26-FY31: -\$97,392 per fiscal year

Travel:

FY26-FY31: -\$6,000 per fiscal year

Equipment:

FY28: \$7,200

Intra-Agency Reimbursements:

FY26-FY31: -\$117,381 per fiscal year

Total Reduced Costs:

FY26: -\$877,553

FY27: -\$577,553

FY28: -\$584,553

FY29-FY31: -\$577,553 per fiscal 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	(877,553)	(577,553)	(1,455,106)	(1,162,306)	(1,155,106)
Total \$			(877,553)	(577,553)	(1,455,106)	(1,162,306)	(1,155,106)

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	(3.2)	(3.2)	(3.2)	(3.2)	(3.2)
A-Salaries and Wages	(261,394)	(261,394)	(522,788)	(522,788)	(522,788)
B-Employee Benefits	(95,386)	(95,386)	(190,772)	(190,772)	(190,772)
C-Professional Service Contracts	(300,000)		(300,000)		
E-Goods and Other Services	(97,392)	(97,392)	(194,784)	(194,784)	(194,784)
G-Travel	(6,000)	(6,000)	(12,000)	(12,000)	(12,000)
J-Capital Outlays				(7,200)	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	(117,381)	(117,381)	(234,762)	(234,762)	(234,762)
9-					
Total \$	(877,553)	(577,553)	(1,455,106)	(1,162,306)	(1,155,106)

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 Assistant 2	51,302	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Commerce Specialist 3	86,159	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Commerce Specialist 4	90,523	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
WMS Band 2	128,983	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Total FTEs		(3.2)	(3.2)	(3.2)	(3.2)	(3.2)

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Office of Economic Development and Competitiveness (700)	(877,553)	(577,553)	(1,455,106)	(1,162,306)	(1,155,106)
Total \$	(877,553)	(577,553)	(1,455,106)	(1,162,306)	(1,155,106)

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.