Multiple Agency Fiscal Note Summary

Bill Number: 5880 SB	**Title:** Fire sprinkler contractors

Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Washington State Patrol	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total $	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State Patrol	1.8	0	0	638,444	3.5	0	0	1,080,260	3.5	0	0	1,080,260
Total $	**1.8**	**0**	**0**	**638,444**	**3.5**	**0**	**0**	**1,080,260**	**3.5**	**0**	**0**	**1,080,260**

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Washington State Patrol	.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: Ruth Roberson, OFM	**Phone:** (360) 995-3826	**Date Published:** Final 1/21/2022

FNPID 63812

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 5880 SB	Title: Fire sprinkler contractors	Agency: 090-Office of State Treasurer

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

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:	Clinton McCarthy	Phone: 360-786-7319	Date: 01/17/2022
Agency Preparation:	Dan Mason	Phone: (360) 902-8990	Date: 01/19/2022
Agency Approval:	Dan Mason	Phone: (360) 902-8990	Date: 01/19/2022
OFM Review:	Cheri Keller	Phone: (360) 584-2207	Date: 01/20/2022

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

SB 5880 creates the fire protection compliance account, coupled with the general fund as the recipient of the earnings from investments under RCW 43.79A.040(4).

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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*

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

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

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

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5880 SB	Title: Fire sprinkler contractors	Agency: 225-Washington State Patrol

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	3.5	1.8	3.5	3.5
Account					
Fire Protection Contractor License Account-Non-Appropriated 210-6	0	638,444	638,444	1,080,260	1,080,260
Total $	0	638,444	638,444	1,080,260	1,080,260

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:	Clinton McCarthy	Phone: 360-786-7319	Date: 01/17/2022
Agency Preparation:	Yvonne Ellison	Phone: 360-596-4042	Date: 01/20/2022
Agency Approval:	Walter Hamilton	Phone: 360-596-4046	Date: 01/20/2022
OFM Review:	Ruth Roberson	Phone: (360) 995-3826	Date: 01/21/2022

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

The proposed legislation will have a fiscal impact to the Washington State Patrol (WSP).

Section 1 increases the maximum fee for contractors installing, inspecting, maintaining and servicing NFPA 13-D fire sprinkler systems from $100 to $200, and for NFPA 13-R systems from $300 to $600.

Section 2 removes penalties received under RCW 18.160.120 from the receipts deposited into the Fire Protection Contractor License Account (210).

Section 5(1) increases the fine range for infractions of rule as defined under RCW 18.16.030 (2) (b) (iii) from not less than $200 and not more than $5,000 to not less than $400 and not more than $10,000 for the first infraction, not less than $800 and not more than $15,000 for a second infraction, and not less than $1,500 and not more than $20,000 for the third and any subsequent infractions by the same contractor.

Section 5(2) increases the fine range for infractions for failure to obtain a certificate of competency from not less than $1,000 and not more than $5,000 to not less than $2,000 and not more than $10,000 for the first infraction, not less than $5,000 and not more than $20,000 for a second infraction, and not less than $10,000 and not more than $50,000 for the third and any subsequent infractions by the same contractor.

Section 5(3) directs fines collected under the section be deposited into the Fire Protection Compliance Account.

New Section 6 creates and defines the Fire Protection Compliance Account.

Section 7(5) requires renewals of certificates under RCW 18.270.050 to be provided to the certificate holder directly through certified mail.

Sections 3,4,8 and 9 change permissive language 'may' to mandatory language 'must' regarding responsibilities of licensure, civil proceedings, investigations, and rulemaking.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

The full impact of the proposed legislation to cash receipts will not be known until after rulemaking is complete.

The proposed legislation increases the cost structure of fees and fines related to Chapter 18.160 RCW Fire Sprinkler System Contractors, creates the Fire Protection Compliance Account, and moves the deposit of fines collected under the chapter from the Fire Protection Contractor License Account (210) to the new Fire Protection Compliance Account.

Changes in the distribution of revenue for fines is expected to reduce revenues to the Fire Protection Contractor License Account (210), but this is expected to be more than offset by the increases in revenue related to licensing fees.

Rulemaking will be required to determine and implement the final level of fees and fines enforced. If all the fees and fines are increased consistent with the maximum amount allowed in the proposed legislation we would expect to see an increase of $326,000 in the first year, and $653,000 ongoing in revenue to the Fire Protection Contractor License Account (210), and $16,000 in the first year, and $32,000 ongoing in revenue to the Fire Protection Compliance Account. However, we expect that after the rulemaking process is complete the final increases implemented would be limited to the level necessary to

support the additional work required.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates . Distinguish between one time and ongoing functions .

Sections 3, 4 and 8 require the WSP to investigate all potential violations of Chapter 18.160 RCW and Chapter 18.270 RCW. Our current workload is at capacity with 12 investigations per year. Any increased investigation responsibility will require additional FTEs.

Section 7 requires renewals of certificates under RCW 18.270.050 to be provided to the certificate holder directly through certified mail. There are approximately 1,900 certified sprinkler fitters in Washington State. Certifications are currently sent to the employer on file (approximately 1750) or directly to sprinkler fitter if no employer on file (approximately 150). We estimated a workload impact of an additional 250-300 hours to mail individual certificates via certified mail.

We estimate that the mandatory increase in the licensing and enforcement responsibilities in the proposed legislation will require an additional three (3) Deputy State Fire Marshal FTEs and one-half (0.5) Office Assistant 3 FTE. The estimated cost is approximately $638,500 in the first fiscal year and $540,000 per fiscal year ongoing.

Additional rulemaking will also be required as a result of this proposed legislation. Rulemaking within the WSP requires input from various individuals including the Government and Media Relations Captain and Legislative Analyst, the impacted division, the Assistant Chief for the impacted bureau, the Risk Management Division Commander, and the Chief or his designee.

We base estimated salary expenditures on current levels for the positions requested per published salary schedules, plus any applicable incentive or assignment pay. We compute estimated benefits expenditures based on federal or state mandated rates plus state provided amounts for health insurance and workers' compensation insurance. We assume that any increases in these rates or amounts will be covered by legislation establishing the increase.

We compute estimated support expenditures such as supplies & materials, communications, computer costs (hardware and software), vehicle and vehicle operating costs, among others, using average costs to support agency FTEs. We adjust the estimated support costs to reflect the needs of individual divisions or positions within the agency.

We base our estimate for agency indirect costs on the approved federal indirect cost rate of 30.84 percent. We apply this indirect cost rate percentage to all categories of expenditure with only two exceptions: capital equipment and expenditures after $25,000 of each projected contract. Indirect costs include, but are not limited to, computer and telecommunications support, payroll processing, vendor payments, general accounting, procurement administration, inventory control, and human resource management.

The costs associated with legislative rule making are dependent upon the individuals working on the effort and how much time is required of each, but generally include the Government and Media Relations staff (8.5 hours), Subject Matter Expert (SME – 40 hours), and various reviewers (16 hours). The estimated agency cost for rule making on this legislation would be approximately $6,000.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
210-6	Fire Protection Contractor License Account	Non-Appropriated	0	638,444	638,444	1,080,260	1,080,260
		Total $	0	638,444	638,444	1,080,260	1,080,260

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		3.5	1.8	3.5	3.5
A-Salaries and Wages		256,434	256,434	512,868	512,868
B-Employee Benefits		98,288	98,288	196,576	196,576
C-Professional Service Contracts					
E-Goods and Other Services		36,242	36,242	64,588	64,588
G-Travel		8,400	8,400	16,800	16,800
J-Capital Outlays		114,620	114,620	42,944	42,944
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-Agency Indirect Costs		124,460	124,460	246,484	246,484
Total $	0	638,444	638,444	1,080,260	1,080,260

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 2022	FY 2023	2021-23	2023-25	2025-27
Deputy State Fire Marshal	78,408		3.0	1.5	3.0	3.0
Office Assistant 3	42,450		0.5	0.3	0.5	0.5
Total FTEs			3.5	1.8	3.5	3.5

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

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

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

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules .

Rulemaking is required as follows:

Section 1: WAC 212-080-073;
Section 3 & 4: WAC 212-080-205, WAC 212-080-210;
Section 5: WAC 212-080-215;

Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
5880 SB	Fire sprinkler contractors

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Washington State Patrol Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Ten-Year Analysis

Bill Number	Title	Agency
5880 SB	Fire sprinkler contractors	090 Office of State Treasurer

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at http://www.ofm.wa.gov/tax/default.asp .

Estimates

[X] **No Cash Receipts**

[ ] **Partially Indeterminate Cash Receipts**

[ ] **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											

Agency Preparation:	Dan Mason	Phone:	(360) 902-8990	Date:	1/19/2022 11:53:08 pm
Agency Approval:	Dan Mason	Phone:	(360) 902-8990	Date:	1/19/2022 11:53:08 pm
OFM Review:		Phone:		Date:	

Ten-Year Analysis

Bill Number	Title	Agency
5880 SB	Fire sprinkler contractors	225 Washington State Patrol

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at http://www.ofm.wa.gov/tax/default.asp .

Estimates

☐ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☒ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

Biennial Totals

Narrative Explanation (Required for Indeterminate Cash Receipts)

The full impact of the proposed legislation to cash receipts will not be known until after rulemaking is complete.

The proposed legislation increases the cost structure of fees and fines related to Chapter 18.160 RCW Fire Sprinkler System Contractors, creates the Fire Protection Compliance Account, and moves the deposit of fines collected under the chapter from the Fire Protection Contractor License Account (210) to the new Fire Protection Compliance Account.

Changes in the distribution of revenue for fines is expected to reduce revenues to the Fire Protection Contractor License Account (210), but this is expected to be more tha offset by the increases in revenue related to licensing fees.

Rulemaking will be required to determine and implement the final level of fees and fines enforced. If all the fees and fines are increased consistent with the maximum amount allowed in the proposed legislation we would expect to see an increase of $326,000 in the first year, and $653,000 ongoing in revenue to the Fire Protection Contractor License Account (210), and $16,000 in the first year, and $32,000 ongoing in revenue to the Fire Protection Compliance Account. However, we expect that after the rulemaking process is complete the final increases implemented would be limited to the level necessary to support the additional work required.

Ten-Year Analysis

Bill Number	Title	Agency
5880 SB	Fire sprinkler contractors	225 Washington State Patrol

Agency Preparation: Yvonne Ellison	Phone: 360-596-4042	Date: 1/20/2022 7:16:46 pm
Agency Approval: Walter Hamilton	Phone: 360-596-4046	Date: 1/20/2022 7:16:46 pm
OFM Review:	Phone:	Date: