Multiple Agency Fiscal Note Summary

Bill Number: 1406 HB	**Title:** Associate development orgs

Estimated Cash Receipts

NONE

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

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
Total $	**0.0**	**0**	**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	No fiscal impact								
Local Gov. Total									

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
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	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

FNPID 72392

FNS029 Multi Agency rollup

Prepared by: Marie Davis, OFM	**Phone:** (360) 890-1163	**Date Published:** Final 2/ 4/2025

Individual State Agency Fiscal Note

Bill Number: 1406 HB	Title: Associate development orgs	Agency: 103-Department of Commerce

Part I: Estimates

[X] **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:	Martha Wehling	Phone: 360-786-7067	Date: 01/20/2025
Agency Preparation:	Lucas Rubstello	Phone: (206) 613-7565	Date: 02/03/2025
Agency Approval:	Lucas Rubstello	Phone: (206) 613-7565	Date: 02/03/2025
OFM Review:	Marie Davis	Phone: (360) 890-1163	Date: 02/04/2025

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.

HB 1406 updates funding and performance requirements for Associate Development Organizations (ADOs) in Washington State to improve their effectiveness.

Section 1(b) adjusts reporting requirements from associate development organizations

Section 2 increases annual funding allocations, raising the urban county maximum to $500,000 and setting the rural county base allocation at $85,000 to $150,000. In-kind contributions are limited to 25% of the required match.

The Office of Economic Development and Competitiveness with the Department of Commerce (Department) manages the contracting process and funding allocations for ADOs. The Department is required to update an existing program, specifically to funding amounts and adjustments to contracting and reporting requirements.

The Department currently submits a leg report every two years. Therefore, there will be no additional administrative impact on the division.

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 amendments in HB 1406 result in no fiscal impact for the Office of Economic Development and Competitiveness (OEDC)

The reporting requirements outlined in Section 1 (b) will be reviewed in the larger existing process. Reporting will remain the same with minor criteria changes, resulting in no measurable fiscal impact.

Funding changes in Section 2 will be addressed in the existing process, resulting in no fiscal impact on the Department.

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1406 HB	Title: Associate development orgs

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

Legislation Impacts:

- ☐ Cities:
- ☐ Counties:
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☒ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: Local match limits have been adjusted, local governments could choose to provide more matching funds.
- ☐ Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Dalton Huey	Phone: 360-725-5035	Date: 01/28/2025
Leg. Committee Contact: Martha Wehling	Phone: 360-786-7067	Date: 01/20/2025
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/28/2025
OFM Review: Marie Davis	Phone: (360) 890-1163	Date: 02/02/2025

Part IV: Analysis

A. SUMMARY OF BILL

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

The amount of funds provided annually to an associate development organization (ADO) with a contract with the Department of Commerce (Commerce) is adjusted:

ADOs serving urban counties receive a matched allocation, and a maximum of $500,000 per organization.

ADOs serving rural counties receive a matched allocation, and a minimum per county base allocation of $85,000 and a maximum allocation of $150,000.

The matched allocation may be provided through cash, in-kind, or a combination. Any in-kind match is limited to 25 percent of the local match.

The bill takes 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 bill would not impact local government expenditures.

Local option - The legislation would remove the $.90 per capita limit and increase per organization maximum allocations. Local governments could choose to increase matching funds to take advantage of these higher limits but are not required to.

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:

House Bill Report, 1406 HB (2025)
Logal Government Division Fiscal Note, 1870 HB (2024)
Associate Development Organization Biennial Report (2020)