Multiple Agency Fiscal Note Summary

Bill Number: 5677 E S SB	**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	1.8	600,820	600,820	600,820	1.8	600,820	600,820	600,820	1.8	600,820	600,820	600,820
Department of Commerce	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Total $	1.8	600,820	600,820	600,820	1.8	600,820	600,820	600,820	1.8	600,820	600,820	600,820

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 74468

FNS029 Multi Agency rollup

Prepared by: Marie Davis, OFM	**Phone:** (360) 890-1163	**Date Published:** Final 3/20/2025

Individual State Agency Fiscal Note

Revised

Bill Number: 5677 E S SB	Title: Associate development orgs	Agency: 103-Department of Commerce

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	1.8	1.8	1.8	1.8	1.8
Account					
General Fund-State 001-1	300,410	300,410	600,820	600,820	600,820
Total $	300,410	300,410	600,820	600,820	600,820

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:	Martha Wehling	Phone: 360-786-7067	Date: 03/10/2025
Agency Preparation:	Lucas Rubstello	Phone: (206) 613-7565	Date: 03/19/2025
Agency Approval:	Justin Rogers	Phone: 360-810-1148	Date: 03/19/2025
OFM Review:	Marie Davis	Phone: (360) 890-1163	Date: 03/20/2025

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 ESSB 5677 to SB 5677:

Section 1 (1) maintains the funding and performance requirements for Associate Development Organizations (ADOs) in Washington State. ADOs must provide the Department of Commerce (Department) with a report of specific performance measures and a summary of best practices shared and implemented by the contracting organizations, annually. Data from this report must be inputted into a common web-based business information system managed by the Department. Specific measures, data standards, and data definitions must be developed in the contracting process between the Department and the contracting organization every two years.

Section 1 (1) is updated to add additional reporting requirements for demographic information on race and ethnicity, following the Office of Management and Budgets statistical policy directive No. 15.

Section 1 (2)(a) maintains the requirement that the Department and contracting ADOs must agree upon specific target levels for the performance measures in subsection (1) of this section on an annual basis.

Section 1 (3) is amended to require the final report described to be delivered to the appropriate legislative committees.

Section 1 (3) maintains the requirement that the Department submit a final report by December 31st of each even-numbered year on the performance results of the contracts with ADOs. It is amended to require that the report is delivered to the appropriate legislative committees.

Section 2 (1)(a) maintains an increase in annual funding allocations for ADOs serving urban counties, raising the urban per-county maximum to $500,000 per organization and a matched allocation.

Section 2 (1)(b) maintains an increase in annual funding allocations for ADOs serving rural counties, raising the rural per county base allocation to $85,000 and up to $150,000, and a matched allocation.

Section 2 (2) maintains the requirement that the matched allocation may be provided through cash, in-kind, or a combination, with the in-kind match limited to 25 percent of the local match.

The Department's Office of Economic Development and Competitiveness (OEDC) manages the contracting process and funding allocations for ADOs. This bill requires updates to an existing program, specifically funding amounts and adjustments to contracting and reporting requirements.

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.

ESSB 5677 affects two allocation requirements in the following way:

Section 2 (a) increases the urban county maximum allocation to $500,000 from $300,000. Urban counties are defined as

counties other than those defined as rural in RCW 82.14.370 (7).

Section 2 (b) increases the minimum base allocation of rural counties to $85,000 from $40,000 and introduces a maximum allocation of $150,000.

Rural counties are defined under RCW 82.14.370 (7) as follows: "Rural County" means a county with a population density of less than 100 persons per square mile or a county smaller than 225 square miles as determined by the Office of Financial Management pursuant to RCW 43.62.035.

Under the current program funding level for FY25 ($4,853,645), the funding breakdown is as follows:
31 ADOs funded between $85,360-$292,429
4 ADOs reaching their $300K max funding cap

The Rural and Urban ADO breakdown is as follows:
24 ADOs serving Rural counties.
10 ADOs serving Urban counties.
1 ADO serving two counties, one Urban, One Rural

ESSB 5677 creates annual funding requirements under current ADO populations as follows:

Minimum:
25 Rural x $85,000 = $2,125,000
10 Urban x $(0) = $0
Minimum Total = $2,125,000
*No minimum is defined for Urban ADOs within ESSB 5677 or current RCW.
**The ADO that serves both an Urban and Rural County is counted as Rural for the purpose of minimum funding requirements.

Maximum:
24 Rural x $150,000 = $ 3,600,000
11 x Urban $500,000 = $5,500,000
Max Total = $9,100,000
**The ADO that serves both an Urban and Rural County is counted as Urban for the purpose of maximum funding requirements.

The Department's OEDC manages the contracting process and funding allocations for ADOs. This bill requires updates to an existing program, specifically funding amounts and adjustments to contracting and reporting requirements. Since OEDC has already submitted a legislative report every two years, implementing this bill will have no additional administrative impacts.

OEDC will continue to manage the contracting process and funding allocations for ADO's. These updates will be implemented within the framework of the existing program and handled by the current staff. The current 1.75 FTE will cover these funding increases, and no additional staff is required as a result of this bill.

Staff Summary:

1.00 FTE Commerce Specialist 3 (2088 hours) – To manage the program, procurement and contract services to Associate Development Organizations.

0.50 FTE Commerce Specialist 5 (1044 hours) – Oversees staff, contracts, and program budget development.

0.25 FTE WMS2 Managing Director (522 hours) – Provides program leadership and strategic oversight of program outcomes.

Fiscal impact is indeterminate as the funding levels for the program are subject to appropriation.

Total Fiscal Impact:

Salaries and Benefits:
FY 26-31: $218,897

Goods and Other Services:
FY 26-31: $7,750

Travel:
FY 26-31: $1,750

Intra-agency Reimbursements:
FY 26-31: $72,016

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:

FY 26-31: $300,410

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	300,410	300,410	600,820	600,820	600,820
		Total $	300,410	300,410	600,820	600,820	600,820

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	1.8	1.8	1.8	1.8	1.8
A-Salaries and Wages	165,170	165,170	330,340	330,340	330,340
B-Employee Benefits	53,724	53,724	107,448	107,448	107,448
C-Professional Service Contracts					
E-Goods and Other Services	7,750	7,750	15,500	15,500	15,500
G-Travel	1,750	1,750	3,500	3,500	3,500
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	72,016	72,016	144,032	144,032	144,032
9-					
Total $	300,410	300,410	600,820	600,820	600,820

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
Commerce Specialist 3	84,518	1.0	1.0	1.0	1.0	1.0
Commerce Specialist 5	98,040	0.5	0.5	0.5	0.5	0.5
WMS Band 2	126,529	0.3	0.3	0.3	0.3	0.3
Total FTEs		1.8	1.8	1.8	1.8	1.8

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Office of Economic Development and Competativeness (700)	300,410	300,410	600,820	600,820	600,820
Total $	300,410	300,410	600,820	600,820	600,820

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: 5677 E S SB	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

- [X] No fiscal impacts.
- [ ] Expenditures represent one-time costs:
- [X] 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: Tammi Alexander	Phone: 360-725-5038	Date: 03/10/2025
Leg. Committee Contact: Martha Wehling	Phone: 360-786-7067	Date: 03/10/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 03/10/2025
OFM Review: Marie Davis	Phone: (360) 890-1163	Date: 03/13/2025

Part IV: Analysis

A. SUMMARY OF BILL

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

Note: A fiscal note was not completed for the first substitute, this analysis is based on a comparison with the analysis completed for the original version. This fiscal note reflects language in ESSB 5677, 2025 Legislative Session.

CHANGES BETWEEN THIS ENGROSSED SUBSTITUTE VERSION AND ORIGINAL BILL:

- Modifies annual reporting requirements to include demographic information
- Authorizes the Department of Commerce to consult with state economic commissions and the Governor's Office of Indian Affairs for technical assistance

SUMMARY OF CURRENT BILL:

- Increases the amount of assistance that Associate Development Organizations can provide for direct assistance in urban and rural areas
- Permits the matched portion of the allocation to be provided through cash, in-kind, or a combination
- Requires Associate Development Organizations to meet the standards for maintaining, collecting, and presenting federal data on race and ethnicity

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.

CHANGES IN EXPENDITURE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

None

EXPENDITURE IMPACTS OF CURRENT BILL:

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.

CHANGES IN REVENUE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

None

REVENUE IMPACTS OF CURRENT BILL:

This bill would not impact local government revenues.

SOURCES:

Senate Bill Report, ESSB 5677, As Passed Senate (03/04/25)
Local Government Division Fiscal Note, 1870 HB (2024)