

Multiple Agency Fiscal Note Summary

Bill Number: 2076 S HB PL	Title: Transp. network companies
----------------------------------	---

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.								
Office of Attorney General	0	0	101,000	0	0	124,000	0	0	98,000
Office of Administrative Hearings	0	0	13,739	0	0	57,750	0	0	57,750
Department of Labor and Industries	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Licensing	0	0	35,000	0	0	70,000	0	0	70,000
Employment Security Department	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	149,739	0	0	251,750	0	0	225,750

Agency Name	2021-23		2023-25		2025-27	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

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
Office of Attorney General	1.0	197,000	197,000	298,000	1.7	394,000	394,000	518,000	1.6	394,000	394,000	492,000
Office of Administrative Hearings	.1	0	0	13,739	.2	0	0	57,750	.2	0	0	57,750
Department of Revenue	.1	146,200	146,200	146,200	.0	0	0	0	.0	0	0	0
Board of Industrial Insurance Appeals	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Labor and Industries	3.0	0	0	2,671,000	8.2	0	0	3,379,000	8.5	0	0	2,498,000
Department of Licensing	.3	0	0	542,000	.9	0	0	236,000	.9	0	0	236,000
Employment Security Department	.4	0	0	205,622	.0	0	0	0	.0	0	0	0
Employment Security Department	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Total \$	4.9	343,200	343,200	3,876,561	11.0	394,000	394,000	4,190,750	11.2	394,000	394,000	3,283,750

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

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
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Office of Administrative Hearings	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Board of Industrial Insurance Appeals	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Final 4/11/2022
---------------------------------------	---------------------------------	---

Individual State Agency Fiscal Note

Bill Number: 2076 S HB PL	Title: Transp. network companies	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:	Phone:	Date: 03/24/2022
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 03/24/2022
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 03/24/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/29/2022

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.

ESHB 2076 PL creates the driver resource center fund, 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: 2076 S HB PL	Title: Transp. network companies	Agency: 100-Office of Attorney General
----------------------------------	---	---

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
Legal Services Revolving Account-State 405-1	9,000	92,000	101,000	124,000	98,000
Total \$	9,000	92,000	101,000	124,000	98,000

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.1	1.9	1.0	1.7	1.6
Account					
General Fund-State 001-1	0	197,000	197,000	394,000	394,000
Legal Services Revolving Account-State 405-1	9,000	92,000	101,000	124,000	98,000
Total \$	9,000	289,000	298,000	518,000	492,000

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:	Phone:	Date: 03/24/2022
Agency Preparation: Cam Comfort	Phone: (360) 664-9429	Date: 03/29/2022
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 03/29/2022
OFM Review: Tyler Lentz	Phone: (360) 790-0055	Date: 04/08/2022

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.

Sections 1 through 5 add new sections to RCW 49.46 relating to compensation, deactivation, and creating the Driver Resource Center Fund in the custody of the State Treasurer. Section 1 provides definitions, including defining “Department” as the Department of Labor and Industries (L&I). L&I is required to adopt rules in some areas and authorized to adopt implementing rules in other areas.

Sections 3 and 4 require L&I to investigate complaints filed by drivers under this Act.

Section 5 lists a number of actions by transportation network companies that are unlawful.

Section 6 amends RCW 49.46.210 relating to paid sick leave. The Employment Security Department (ESD) is authorized to adopt implementing rules.

Section 7 adds a new section to RCW 49.46 requiring ESD to investigate complaints filed by drivers regarding the failure to provide earned paid sick leave. ESD is authorized to adopt rules and regulations.

Sections 8 through 13 amend RCW 51.12.020, RCW 51.08.070, RCW 51.08.180, RCW 51.16.060, and add new sections to RCW 51.04 and RCW 51.16, relating to industrial insurance. L&I is authorized to adopt rules.

Sections 14 through 32 are new sections relating to statewide regulatory requirements.

Section 15 provides definitions including defining “Department” as the Department of Licensing (DOL).

Section 17 requires transportation network companies to obtain a permit from DOR to operate in Washington.

Section 30 authorizes DOL to adopt necessary rules.

Section 31 provides drivers protections against discrimination and that drivers shall have all rights and remedies available under RCW 49.60 solely to enforce this section.

Section 32 preempts the field of regulating transportation network companies and drivers, except as provided.

Section 33 amends RCW 48.177.010 relating to uninsured motorist coverage.

Section 34 adds a new section requiring ESD to commence a workgroup of stakeholders to study the appropriate application of Titles 50, 50A, and 50B RCW on transportation network companies and drivers, and to report to the governor and legislature by December 1, 2022.

Section 35 recodifies RCW 48.177.010 as a section in the new chapter created by Section 37 of this act.

Section 36 provides the Sections 14 through 33 constitute a new chapter in Title 46 RCW.

Section 37 provides that Sections 8 through 13 take effect January 1, 2023, and Sections 17 (requiring a permit from DOL to operate as a network transportation company) and 28 (authorizing DOL to examine records to verify a network transportation company’s compliance with the chapter’s requirements) take effect March 1, 2023.

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.

Cash receipts are assumed to equal the Legal Services Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agencies are the Department of Labor & Industries (L&I) and Employment Security Department (ESD). The Attorney General's Office (AGO) will bill this clients for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agencies' fiscal note. Appropriation authority is necessary in the AGO budget.

AGO AGENCY ASSUMPTIONS:

L&I will be billed non-Seattle rates:

FY 2023 and FY 2024: \$75,000 for 0.3 Assistant Attorney General (AAG) and 0.15 Legal Assistant (LA)

FY 2025 and in each FY thereafter: \$49,000 for 0.2 AAG and 0.1 LA.

ESD will be billed non-Seattle rates:

FY 2022: \$9,000 for 0.04 AAG and 0.02 LA.

FY 2023: \$17,000 for 0.07 AAG and 0.04 LA.

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.

Attorney General's Office (AGO) Agency Assumptions:

1. This bill is assumed effective 90 days after the end of the 2022 legislative session.
2. Location of staffing housed is assumed to be in a Seattle and non-Seattle office buildings.
3. Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.
4. Agency administration support FTE are included in the tables, for every one Assistant Attorney General (AAG), the AGO include 0.5 FTE for a Legal Assistant 3 (LA) and 0.25 of a Management Analyst 5 (MA5). The MA5 is used as a representative classification.

Assumptions for the AGO Labor and Industries Division's (LNI) Legal Services for the Department of Labor & Industries (L&I):

1. The AGO will bill L&I for legal services based on the enactment of this bill.
2. The program anticipates there will be an additional 160 Wage complaints as a result of this bill passing. The program estimates there were approximately 6,675 Wage complaints in 2021. Dividing 6,675 Wage complaints by 3,962,171 (the estimated amount of workers in 2021), the program's Wage complaint rate is approximately .002. 80,000 (affected workers) x .002 (complaint rate for Wage complaints) = 160 anticipated Wage complaints. The program estimates there are approximately 777 paid sick leave complaints a year (average of paid sick leave complaints over past 3 years; 2019—2021). Dividing the average of 777 paid sick leave complaints by 3,524,381 (the average amount of workers in WA State;

2019—2021), the program's paid sick leave complaint rate is approximately .0002. $80,000$ (affected workers) \times .0002 (complaint rate for paid sick leave) = anticipated 16 paid sick leave complaints. The program estimates there are approximately 777 AV complaints a year (average of AV complaints over past 3 years; 2019—2021). Dividing the average of 777 AV complaints by 3,524,381 (the average amount of workers in WA State; 2019—2021), the program's AV complaint rate is approximately .0002. $80,000$ (affected workers) \times .0002 (complaint rate for AVs) = anticipated 16 AV complaints. The program anticipates there will be an additional 5 Retaliation complaints as a result of this bill passing. The program estimates there are approximately 238 Retaliation complaints a year (average of Retaliation complaints over past 3 years; 2019—2021). Dividing the average of 238 Retaliation complaints by 3,524,381 (the average amount of workers in WA State; 2019—2021), the program's Retaliation complaint rate is approximately .000068. $80,000$ (affected workers) \times .000068 (complaint rate for Retaliation complaints) = anticipated 5 additional Retaliation complaints. Total 197 complaints.

Historically, 14 percent of received complaints result in an appealable order. 14 percent of 293 is 41 anticipated orders. An average of 20 percent of orders result in appeals. 20 percent of 41 indicates 8.2 orders appealed on an annual basis. Appeals of this complexity generally require 0.2 FTE per 10 appeals. Retaliation appeals generally require a higher FTE per 10 appeals, but given that we would likely receive only a handful of such appeals 0.2 FTE should be sufficient for litigation. AAGs will also need to provide immediate complex legal advice for implementation, policy making, and rulemaking, which will require 0.1 FTE.

Using figures based on current AAG FTE for employment standards and including additional advice, we believe this will require an additional 0.3 AAG FTE related to appeals and implementation beginning July 1, 2022. Most significant implementation work will conclude by July 1, 2024, the ongoing work on these complex matters will require an ongoing 0.2 AAG FTE to address litigation. There may be additional work within other programs at L&I that require some legal services by AGO personnel. However this work would be minimal and is not included in these cost assumptions.

LNI: Total non-Seattle workload impact:

FY 2023 and FY 2024: 0.3 AAG, and 0.15 LA at a cost of \$75,000.

FY 2025 and in each FY thereafter: 0.2 AAG, and 0.1 LA at a cost of \$49,000.

Assumptions for the AGO Consumer Protection Division (CPR) activities:

1. AGO CPR activities are funded with General Fund-State dollars.
2. CPR enforces the Consumer Protection Act with respect to conduct that is made unlawful under RCW 19.86.020, which broadly prohibits unfair or deceptive acts or practices in trade or commerce. CPR focus is on representations and failures to disclose terms and conditions.
3. Assume that enforcement to ensure compliance will be a priority for the AGO.
4. Assume that some litigation will be necessary to enforce industry compliance.
5. Assume AGO will be tasked with enforcement.
6. Assume that L&I enforcement will reduce the number of claims brought by CPR.

FY 2023 and in each FY thereafter:

Staffing:

AAG: Investigate potential violations; draw conclusions from investigation; draft Civil Investigative Demand (CID)/discovery requests; engage in settlement negotiations; file lawsuit if necessary.

Paralegal (PL): Manage documents, draft CID/discovery requests and manage responses; assist with legal pleadings and research.

Investigator (INV): Interview witnesses; review investigative records; other investigative tasks as assigned.

CRC Program Staff (Program Specialist 2 (PS2)): Staffing a dedicated line. Complaint intake, review and processing; answering phone calls, and responding/coordinating constituent correspondence responses.

Litigation:

Depositions to aid in enforcement (\$3,000 each, 2 depositions = \$6,000); travel expenses for depositions, witness interviews, other (\$800); e-document management costs (\$1,500); filing fees and costs (\$300); experts (\$11,000).

CPR: Total Seattle workload impact:

FY 2023 and in each FY thereafter: 0.5 AAG, 0.25 LA, 0.1 INV, .2 PL and .1 PS2 at a cost of \$197,000 (this includes direct litigation costs of \$19,600).

Assumptions for the AGO LAL Division's Legal Services for the Employment Security Department (ESD):

1. The AGO will bill ESD for legal services based on the enactment of this bill.
2. Advice will be required in FY22 for 80 AAG hours concerning Sec. 1's "driver" definition.
3. Advice will additionally be required in FY23 for 120 AAG hours of advice for review of and assistance with the report to the Governor and Legislature under Sec. 34, concerning the application of Titles 50, 50A, and 50B RCW on TNCs and drivers, and any related legislative proposals.

LAL: Total non-Seattle workload impact:

FY 2022: 0.04 AAG, and 0.02 LA for a cost of \$9,000.

FY 2023: 0.07 AAG, and 0.04 LA for a cost of \$17,000.

Total AGO workload impact:

FY 2022: 0.04 AAG, and 0.02 LA for a cost of \$9,000.

FY 2023: 0.87 AAG, 0.2 PL, 0.1 INV, .44 LA and 0.1 PS2 for a cost of \$289,000 (this includes direct litigation costs of \$19,600).

FY 2024: 0.8 AAG, 0.2 PL, 0.1 INV, 0.4 LA and 0.1 PS2 for a cost of \$272,000 (this includes direct litigation costs of \$19,600).

FY 2025 and in each FY thereafter: 0.7 AAG, 0.2 PL, 0.1 INV, 0.35 LA and 0.1 PS2 for a cost of \$246,000 (this includes direct litigation costs of \$19,600).

The AGO Licensing and Administrative Law Division (LAL) has reviewed this bill and determined it will not significantly increase or decrease the division's workload in representing the Board of Industrial Insurance Appeals (BIIA). This bill could increase workers' compensation appeals at BIIA, but it is not anticipated that it will impact the provision of legal services because those legal services are generally client advice which this bill would not increase. New legal services are nominal and costs are not included in this request.

The AGO LAL Division has reviewed this bill and determined it will not significantly increase or decrease the division's workload in representing the Department of Licensing (DOL). This bill creates a new regulatory function for DOL, requiring issuance of an annual permit with auditing and disciplinary functions. It is difficult to predict the impact since the statewide regulatory structure is new. DOL will need legal advice to assist in standing up the new regulatory scheme as well as the related disciplinary process for potential noncompliance with statutory obligations. Because it is difficult to predict, new legal services costs are not included in this request.

The AGO Revenue and Finance Division has reviewed this bill and determined it will not significantly increase or decrease the division's workload in representing the Department of Revenue. It is anticipated that the number of advice requests from the client would be minimal. New legal services are nominal and costs are not included in this request.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	0	197,000	197,000	394,000	394,000
405-1	Legal Services Revolving Account	State	9,000	92,000	101,000	124,000	98,000
Total \$			9,000	289,000	298,000	518,000	492,000

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.1	1.9	1.0	1.7	1.6
A-Salaries and Wages	6,000	175,000	181,000	312,000	296,000
B-Employee Benefits	2,000	58,000	60,000	103,000	98,000
C-Professional Service Contracts		11,000	11,000	22,000	22,000
E-Goods and Other Services	1,000	40,000	41,000	73,000	70,000
G-Travel		3,000	3,000	5,000	4,000
J-Capital Outlays		2,000	2,000	3,000	2,000
Total \$	9,000	289,000	298,000	518,000	492,000

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
Assistant Attorney General	112,200	0.0	0.4	0.2	0.3	0.2
Assistant Attorney General-Seattle	117,816		0.5	0.3	0.5	0.5
Legal Assistant 3	54,108	0.0	0.2	0.1	0.1	0.1
Legal Assistant 3-Seattle	66,876		0.3	0.1	0.3	0.3
Management Analyst 5	88,644	0.0	0.2	0.1	0.2	0.2
Paralegal 2-Seattle	72,732		0.2	0.1	0.2	0.2
Program Specialist 2	54,004		0.1	0.1	0.1	0.1
Senior Investigator-Seattle	95,436		0.1	0.1	0.1	0.1
Total FTEs		0.1	1.9	1.0	1.7	1.6

III. D - Expenditures By Program (optional)

Program	FY 2022	FY 2023	2021-23	2023-25	2025-27
Consumer Protection Division (CPR)		197,000	197,000	394,000	394,000
Licensing & Administrative Law Division (LAL)	9,000	17,000	26,000		
Labor & Industries Division (LNI)		75,000	75,000	124,000	98,000
Total \$	9,000	289,000	298,000	518,000	492,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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: 2076 S HB PL	Title: Transp. network companies	Agency: 110-Office of Administrative Hearings
----------------------------------	---	--

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
Administrative Hearings Revolving Account-State 484-1		13,739	13,739	57,750	57,750
Total \$		13,739	13,739	57,750	57,750

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	0.1	0.1	0.2	0.2
Account					
Administrative Hearings Revolving Account-State 484-1	0	13,739	13,739	57,750	57,750
Total \$	0	13,739	13,739	57,750	57,750

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:	Phone:	Date: 03/24/2022
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 03/28/2022
Agency Approval: Deborah Feinstein	Phone: 360-407-2717	Date: 03/28/2022
OFM Review: Tyler Lentz	Phone: (360) 790-0055	Date: 04/08/2022

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.

In addition to the impact of previous changes made in this bill, this passed law bill also expands the list of protected classifications of passengers, potential passengers, and drivers protected from discrimination (Sections 25 and 32).

Section 1 sets out key definitions such as “driver resource center”, “transportation network company”, “driver” and “passenger”. It defines what transportation network companies must pay drivers, and what they cannot deduct without written authorization. It requires transportation network companies to provide drivers with a written notice of their rights as set out in this new statute, which include the right to the applicable guaranteed pay rate, the right to take legal action, and protection from retaliation (Section 1 (7)(a)). It also requires transportation network companies to deduct from drivers a 15-cents per passenger fare fee to contribute to the Driver Resource Center Fund or be reported to the Department of Licensing (DOL) with penalties and interest (Section 1 (12) (a)). This comes with a right to an administrative appeal hearing pursuant to the Administrative Procedures Act (APA). This section further provides due process protections for drivers facing account deactivation with the driver resource center. The substitute bill adds a new subsection which sets a guaranteed, specific compensation rate that transportation network companies must pay drivers.

The most impactful sections for the Office of Administrative Hearings (OAH) are Sections 3, 4 and 5, which specify Department of Labor & Industries (L&I) administrative appeal procedures moving forward to OAH, for failure to pay proper compensation to drivers, retaliation, and complaints of other statutory violations.

Section 6 expands on the original bill’s paid sick leave provisions to include anti-retaliation provisions and expanded uses for paid sick leave.

Section 7 allows for L&I complaints regarding unpaid sick leave, sets out options for complainants to recover it if L&I determines it is owed, and authorizes L&I to engage in further rulemaking.

This passed law bill also sustains the removal of the limitation in Section 10 on cancelling drivers’ Paid Family and Medical Leave (PFML) coverage due to an employer’s failure to pay premiums. Section 35 provides that the Employment Security Department (ESD) Commissioner will study the appropriate application of Titles 50, 50A, and 50B to transportation network companies and drivers.

Section 31 specifically grants drivers all the rights and remedies available under Chapter 49.60 RCW, which will include a right to an administrative hearing through the Washington State Human Rights Commission (HRC).

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.

As a central service agency, 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 L&I 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

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.

The DOL is not assuming any OAH hearings for license revocations.

The HRC does not have hearing assumption referrals to OAH for Section 31’s driver’s rights at this time.

L&I estimates that, related to sections 1, 3, 4, 5 and 7 of the proposed legislation, there will be approximately four appeals in Fiscal Year (FY) 2023, and eight appeals per FY beginning in FY 2024. On average, each appeal is expected to take approximately 17 hours of line Administrative Law Judge (ALJ) time including prehearing conferences, hearings, order writings, etc.

OAH Agency Workforce Assumptions:

- (1) Ratio of 1.0 FTE line ALJ to 0.15 Senior ALJ (SALJ), to 0.5 Legal Assistant 2 (LA2) (Range 40 step L), to 0.25 administrative support 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 74.)
- (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.

Total workload impact:

FY 2023: 0.05 ALJ (\$7,856); 0.01 Senior ALJ (\$1,697); 0.03 Legal Assistant 2 (\$2,789); 0.01 MA5 (\$1,397). Total cost: \$13,739.

FY 2024 and in each FY thereafter: 0.1 ALJ (\$15,712); 0.02 Senior ALJ (\$3,394); 0.06 Legal Assistant 2 (\$5,578); 0.03 MA5 (\$4,191). Total cost: \$28,875 per FY.

This bill is assumed effective January 1, 2023.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
484-1	Administrative Hearings Revolving Account	State	0	13,739	13,739	57,750	57,750
Total \$			0	13,739	13,739	57,750	57,750

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.1	0.1	0.2	0.2
A-Salaries and Wages		8,632	8,632	36,302	36,302
B-Employee Benefits		2,895	2,895	12,166	12,166
C-Professional Service Contracts					
E-Goods and Other Services		2,000	2,000	8,400	8,400
G-Travel		92	92	378	378
J-Capital Outlays		120	120	504	504
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	13,739	13,739	57,750	57,750

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
Administrative Law Judge	102,816		0.1	0.0	0.1	0.1
Legal Assistant 2	48,996		0.0	0.0	0.1	0.1
Management Analyst 5	88,644		0.0	0.0	0.0	0.0
Senior Administrative Law Judge	113,484		0.0	0.0	0.0	0.0
Total FTEs			0.1	0.1	0.2	0.2

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

Department of Revenue Fiscal Note

Bill Number: 2076 S HB PL	Title: Transp. network companies	Agency: 140-Department of Revenue
----------------------------------	---	--

Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.1	0.1		
Account					
GF-STATE-State 001-1		146,200	146,200		
Total \$		146,200	146,200		

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:	Phone:	Date: 03/24/2022
Agency Preparation: Erikka Ferrara	Phone: (360) 534-1517	Date: 03/31/2022
Agency Approval: Valerie Torres	Phone: (360) 534-1521	Date: 03/31/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 04/01/2022

Request # 2076-6-1

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.

Note: This fiscal note reflects language in ESHB 2076 as passed in the 2022 Legislative Session.

The bill makes various revisions concerning the rights and obligations of transportation network company drivers and transportation network companies (TNC). This fiscal note only addresses the sections of the bill impacting the Department of Revenue (Department), Section 3 and Section 17.

CURRENT LAW:

The Department does not currently administer permits to operate a TNC.

PROPOSAL:

A person must obtain a permit from the Department to operate a TNC in Washington. The Department must annually issue a permit to each applicant that meets specified requirements for a TNC and pays an annual permit fee of \$5,000.

The Department shall not issue or renew any permit to operate a TNC unless the TNC collects the required surcharges.

This proposal grants the Department of Labor and Industries discretionary authority to electronically serve a financial institution with a notice and order to withhold and deliver (NOWD) by providing a list of its outstanding warrants, except those for which a payment agreement is in good standing, to the Department. The Department may include the warrants provided by Department of Labor and Industries in an electronic NOWD served on financial institutions.

EFFECTIVE DATE:

Section 3 takes effect 90 days after final adjournment of the session in which it is enacted.

Section 17 takes effect March 1, 2023.

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.

This legislation results in a minimal revenue impact to fees administered by the Department of Revenue.

- The handling fee revenue administered by the Department of Revenue will be minimal.
- The Department of Licensing will administer the licensing fee revenue.

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

ASSUMPTIONS:

Section 3(16)(c) of this legislation provides that the Department may serve a financial institution with an electronic NOWD on behalf of the Department of Labor and Industries.

This fiscal note does not include costs associated with implementing Section 3 (16)(c) as the Department would likely not serve financial institutions with an electronic NOWD on behalf of Department of Labor and Industries due to administrative and procedural challenges.

- If the Department were to implement this section, the Department would incur additional costs in Fiscal Year 2023 of \$179,900.
- Additional costs of \$1,661,800 for the 2023-25 Biennium for system programming, testing, and staff time to develop new procedures.
- Ongoing costs for Fiscal Year 2026 and beyond are estimated at \$220,900 each fiscal year for system maintenance and processing.

The expenditures provided below and on the face of this fiscal note are related to implementing the new annual permit and fee of \$5,000 provided for in Sec. 17. of this legislation only.

FIRST YEAR COSTS:

The Department will not incur any costs in Fiscal Year 2022.

SECOND YEAR COSTS:

The Department will incur total costs of \$146,200 in Fiscal Year 2023. These costs include :

Labor Costs - Time and effort equate to 0.1 FTE.

- Set up, program, and test computer system changes.

Object Costs - \$132,000.

- Contract computer system programming.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.1	0.1		
A-Salaries and Wages		9,000	9,000		
B-Employee Benefits		3,200	3,200		
C-Professional Service Contracts		132,000	132,000		
E-Goods and Other Services		1,300	1,300		
J-Capital Outlays		700	700		
Total \$		\$146,200	\$146,200		

III. B - 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
IT SYS ADM-JOURNEY	89,916		0.1	0.1		
Total FTEs			0.1	0.1		

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Request # 2076-6-1

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

None.

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 2076 S HB PL	Title: Transp. network companies	Agency: 190-Board of Industrial Insurance Appeals
----------------------------------	---	--

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost 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:	Phone:	Date: 03/24/2022
Agency Preparation: William Chase	Phone: 360-753-2790	Date: 03/28/2022
Agency Approval: Bob Liston	Phone: 360-753-6823	Date: 03/28/2022
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 03/28/2022

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 .

Under current law, Uber/Lyft type drivers (who transport passengers while linked to a digital network) are exempt from industrial insurance coverage under RCW 51.12.020 (14). This bill, 2076 S HB.PL, establishes an Act related to Uber /Lyft type drivers. Among other things, the bill would eliminate the industrial insurance exemption for Uber /Lyft type drivers. Many more people will fall under industrial insurance coverage under this bill.

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 .

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.

The Board of Industrial Insurance Appeals (BIIA) hears appeals on workers' compensation claims. The BIIA receives approximately 12,500 appeals per year from 3,640,000 workers in the state (L&I Fiscal Note). L&I estimates this bill will affect approximately 80,000. Using the ratio of appeals received to workers above, the BIIA may receive an estimated 286 additional appeals per year. This would result in an estimated cost of 2.0 FTE and \$313,000 per year.

L&I anticipates there would be additional claims filed by these workers. However, L&I does not have sufficient data on these workers to determine the volume of additional claims. Therefore, the additional workload (appeals) for the BIIA is indeterminate at this time.

Therefore, fiscal impact is indeterminate.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

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

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost 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

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: 2076 S HB PL	Title: Transp. network companies	Agency: 235-Department of Labor and Industries
----------------------------------	---	---

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	5.9	3.0	8.2	8.5
Account					
Accident Account-State 608-1	0	2,177,000	2,177,000	2,721,000	1,904,000
Medical Aid Account-State 609-1	0	386,000	386,000	480,000	334,000
Driver Resource Center Account-Non-Appropriated New-6	0	108,000	108,000	178,000	260,000
Total \$	0	2,671,000	2,671,000	3,379,000	2,498,000

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:	Phone:	Date: 03/24/2022
Agency Preparation: Shana J Snellgrove	Phone: 360-902-6408	Date: 03/29/2022
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 03/29/2022
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 03/29/2022

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 .

See attached.

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 .

See attached.

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.

See attached.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
608-1	Accident Account	State	0	2,177,000	2,177,000	2,721,000	1,904,000
609-1	Medical Aid Account	State	0	386,000	386,000	480,000	334,000
New-6	Driver Resource Center Account	Non-Appropriated	0	108,000	108,000	178,000	260,000
Total \$			0	2,671,000	2,671,000	3,379,000	2,498,000

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		5.9	3.0	8.2	8.5
A-Salaries and Wages		497,000	497,000	1,450,000	1,512,000
B-Employee Benefits		175,000	175,000	500,000	522,000
C-Professional Service Contracts		1,612,000	1,612,000	928,000	
E-Goods and Other Services		290,000	290,000	456,000	434,000
G-Travel		11,000	11,000	29,000	30,000
J-Capital Outlays		86,000	86,000	16,000	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	2,671,000	2,671,000	3,379,000	2,498,000

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
Administrative Regulations Analyst 4	82,344		1.0	0.5		
Fiscal Analyst 5	78,408		0.4	0.2	1.2	1.5
Industrial Relations Agent 3	67,560		1.5	0.8	2.0	2.0
Industrial Relations Agent 4	72,756		1.0	0.5	1.0	1.0
IT App Development - Senior/Specialist	112,176		1.0	0.5	2.0	2.0
IT Business Analyst - Senior/Specialist	106,824		1.0	0.5	2.0	2.0
Total FTEs			5.9	3.0	8.2	8.5

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 .

See attached.

Part II: Explanation

This bill creates a number of rights and obligations for Transportation Network Companies (TNCs) and TNC drivers regarding minimum wage, paid sick leave, industrial insurance, auto insurance, licensing, and transportation.

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

Section 1 creates a new section in Chapter 49.46 RCW (Minimum Requirements and Labor Standards).

- Subsection 1 provides definitions.
- Subsection 2 states a driver is only covered by this section to the extent that the driver provides network services within Washington.
- Subsection 3 states that a TNC is covered by this section if it operates within Washington. Separate entities that form an integrated enterprise are considered a single TNC.
- Subsection 4 requires a TNC to ensure that a driver's total compensation is not less than the standards identified in this subsection beginning December 31, 2022.
- Subsection 5 defines what is included and not included in a dispatched trip.
- Subsection 6 states a TNC must pay to its drivers all tips. Tips paid to a driver are in addition to, and may not count towards, the driver's minimum compensation under this section. Tolls, fees, or surcharges incurred by a driver during a trip must not impact minimum compensation requirements. Beginning January 1, 2023, a TNC may only deduct compensation when the driver expressly authorizes the deduction in writing and does so in advance for a lawful purpose.
- Subsection 7 states that beginning January 1, 2023, a TNC must provide all drivers with a written notice informing them of their rights, and specifies how to provide this notice.
- Subsection 8 states that beginning December 31, 2022, within 24 hours of each trip completion, a TNC must transmit an electronic receipt to the driver that contains certain information for each unique trip, or portion of a unique trip.

- Subsection 9 states that beginning January 1, 2023, a TNC must make driver per-trip receipts available in a downloadable format, via smartphone application or online web portal, for a period of two years from the date the TNC provided the receipt to the driver.
- Subsection 10 states that beginning January 1, 2023, TNCs shall provide written notice to the driver that contains certain information for trips, or a portion of a trip, which occurred in the prior week.
- Subsection 11 states that beginning January 1, 2023, within 24 hours of a trip's completion, a TNC must transmit an electronic receipt to the passenger, for on trip time, on behalf of the driver that lists certain information.
- Subsection 12 states that beginning July 1, 2024, TNCs must send \$0.15 of every per trip fee to the Driver Resource Center Fund. Money sent by the TNC to the Driver Resource Center Fund is considered a pass through of passenger fares, so TNC is not funding the Driver Resource Center Fund. Passenger fares paid include each individual trip portion on shared trips. TNCs must send money to the fund on a quarterly basis. Starting September 30, 2024, and each following September 30th, L&I must calculate an adjusted per-trip payment by adjusting the current amount by the rate of inflation. The adjusted amounts must be calculated to the nearest cent using the consumer price index for urban wage earners and clerical workers, CPI-W, or a successor index, for the 12 months prior to each September 1st as calculated by the United States Department of Labor. Each adjusted amount calculated takes effect on the following January 1st.
- Subsection 13 state a TNC must provide an opportunity for drivers to make voluntary per-trip earnings deduction contributions to the Driver Resource Center Fund if 100 or more drivers working for the TNC have authorized such a deduction to the fund.
- Subsection 14 states each TNC must submit to the Driver Resource Center Fund its payment, along with a report detailing the number of trips in the previous quarter and the total amount of the surcharge charged to customers. The first payment and accounting is due on the 30th day of the quarter following the imposition of the surcharge. Failure to submit payments by the deadlines is considered delinquency and the TNC is subject to penalties and interest.

- Subsection 15 expresses state's intention to displace competition with regulation allowing a TNC and its drivers to collectively enter agreements with the driver resource center. Any agreement under this section must be submitted to L&I for approval.
- Subsection 16 states the L&I may adopt rules to implement section 1.

Section 2 creates a new section in Chapter 49.46 RCW (Minimum Requirements and Labor Standards) creating a Driver Resource Center Fund with the state treasurer. Moneys collected from requirements in section 1 are to be deposited into the fund. L&I's director or designee may authorize expenditures from the fund. The fund is subject to allotment procedures in Chapter 43.88 RCW, but appropriation isn't required for expenditure. Expenditures can be made for: services provided by driver resource center to drivers and administrative costs of providing such support. L&I must distribute funding received by the account to the center quarterly, less L&I's administrative costs (no more than 10 percent of revenues to the fund). Within four months of the effective date of this section, L&I shall select and contract with a qualified nonprofit organization to be the driver resource center.

Section 3 creates a new section in Chapter 49.46 RCW (Minimum Requirements and Labor Standards) creating an investigation process with enforcement language for complaints about compensation violations of Section 1.

Section 4 creates a new section in Chapter 49.46 RCW (Minimum Requirements and Labor Standards) creating an investigation process with enforcement language for complaints about non-compensation violations of Section 1.

Section 5 creates a new section in Chapter 49.46 RCW (Minimum Requirements and Labor Standards) making retaliation unlawful and adds enforcement language if any retaliation occurs.

Section 6 amends RCW 49.46.210 to provide TNC drivers with paid sick leave and creates TNC-specific parameters.

Section 7 creates a new section in Chapter 49.46 RCW (Minimum Requirements and Labor Standards) to allow drivers to file a complaint if they don't receive sick leave. Also adds an investigative process and enforcement language.

Section 8 amends RCW 51.12.020 to remove TNCs and drivers from the list of excluded employments from mandatory workers' compensation coverage.

Section 9 amends RCW 51.08.070 to specify that a TNC employer is only the employer while the driver is engaged in passenger platform time and dispatch platform time.

Section 10 amends RCW 51.08.180 to specify that a driver is only considered a covered worker while the driver is engaged in passenger platform time and dispatch platform time.

Section 11 creates a new section in Chapter 51.16 RCW (Assessment and Collection of Premiums—Payrolls and Records). This section states:

- Starting January 1, 2023, L&I will assess premiums for TNC drivers only for hours while the driver is engaged in passenger platform time and dispatch platform time.
- Premium rates for TNC companies will be computed based on hours worked by drivers while the driver is engaged in passenger platform time and dispatch platform time, but for rates in 2023, the rate must be equal to taxicab companies. For subsequent years, L&I may subsequently adjust premiums in accordance with department rules.
- TNCs will report driver hours and compensation quarterly to L&I.
- L&I may adopt rules to implement this bill, including rules for alternative reporting requirements.
- Provides language that clarifies workers of the TNC that are not drivers are treated like all other workers under Title 51 RCW.

Section 12 amends RCW 51.16.060 to allow for alignment with section 11 of the bill regarding reporting rules established by the department.

Section 13 creates a new section in Chapter 51.04 RCW (General Provisions) stating the Title 51 RCW requirements for TNCs are not considered a factor in determining an employer-employee relationship for any other rights, benefits, or obligations for other state and local employment laws; and by complying with Title 51 RCW, it satisfies the requirement to have workers' compensation insurance.

Section 37 provides effective dates. Sections 8 through 13 (related to industrial insurance) take effect January 1, 2023.

II. B – Cash Receipt Impact

Non-Appropriated – State Fund Premiums

As an insurance entity, L&I premium rates are intended to match premiums to claims cost projections. Therefore, for this fiscal analysis it is assumed that any incremental costs or savings will equal the incremental revenue collected.

Non-Appropriated – Premium Impact to Employers

Individual changes to the Accident and Medical Aid fund do not change rate assumptions by themselves. Cost increases are only one of many components in determining rates. The high-level strategy that is used to determine if a rate change is necessary is as follows:

- Review of liabilities, or costs of the Workers' Comp System.
- Investment earnings.
- Adequate revenue (premiums + investments) based on projected costs (actuarial estimates) will determine need for a premium change.

Non-Appropriated – Self-Insured Employers

If an employer chooses to be self-insured, they are responsible to pay for overall claim costs and a portion of administration costs of L&I's Self-Insurance Program and other costs of related support functions. The administrative assessment is an amount per dollar of claim benefit costs. If benefit costs are increased due to the change in this bill, self-insured employers would be assessed by L&I for their appropriate portion of administrative costs based on the

increase. Incremental costs or savings will equal the incremental revenue collected from assessments.

Receivables – Operating

Sections 1, 3, 4, 5, and 7 would increase the number of complaints L&I receives. The penalties received by L&I related to enforcing this bill are to be deposited in the Supplemental Pension Fund, fund 881. L&I has the authority to issue penalties. However, the dollar amounts of the penalties can vary. L&I has no way to predict the amounts of each citation under this bill. Therefore, the cash receipt impact is indeterminate.

Non-Appropriated – Driver Resource Center Fund

Section 1 requires TNCs to remit \$0.15 of every passenger fare quarterly to the newly created Driver Resource Center Fund beginning July 1, 2024. How much is collected will change each January 1 because remittance will be adjusted each year based on inflation. In addition, L&I has no way to predict how many passenger fares will be remitted or how many TNCs will be subject to interest and penalties due to failing to remit payments by the deadlines. For these reasons, fiscal impact is indeterminate.

II. C – Expenditures

Non-Appropriated – State Fund Benefits Costs

There is non-appropriated impact only to the Accident Fund, fund 608, and Medical Aid Fund, fund 609. (Non-appropriated costs are not included in the Fiscal Note Summary.) L&I anticipates there would be additional claims filed by these workers, and that L&I would receive additional premiums for this coverage. However, L&I does not have sufficient data on these workers to determine the volume of additional claims or the level of additional premiums. Therefore, fiscal impact is indeterminate.

Appropriated – Operating Costs

This proposed bill increases expenditures to the Accident Fund, fund 608, the Medical Aid Fund, fund 609, and the new Driver Resource Center Fund. The following assumptions were used to estimate the resources requested to implement this bill.

Driver Resource Center Fund

L&I estimates the following administrative costs for the new Driver Resource Center Fund:

- Fiscal Analyst 5, permanent, starting April 1, 2024. Duties include overseeing the new Driver Resource Center Fund, ensuring all remittance submitted by TNCs is properly deposited into the fund and funding is distributed to the center quarterly, less L&I's administrative costs.
- Applicable information technology costs (see below).
- Applicable indirect costs.

Staffing (Accident and Medical Aid Funds)

- 2.0 FTEs, Industrial Relations Agent (IRA) 3, permanent, starting October 1, 2022. Duties include investigating complaints related to wage payment, paid sick leave, administrative (reporting), and retaliation violations.
 - L&I estimates this bill will affect 80,000 workers.
 - A 2018 article from *The Seattle Times* estimates there were 28,000 drivers in King County in 2018.
 - There was an estimated 1,290,000 workers employed in King County in 2018 (Employment Security Department).
 - The rate of workers who drove in King County in 2018 is 0.022. ($28,000 / 1,290,000 = 0.022$)
 - Approximately 3,640,000 workers were employed in the state in 2018-2019 (Datausa.io).
 - Therefore, it is estimated this bill will affect approximately 80,000 workers. ($3,640,000 \times 0.022 = 80,080$ workers)
 - The Employment Standards program will need to investigate complaints related to wage payment, paid sick leave, administrative, and retaliation violations.
 - The information below breaks down the calculations for the FTEs needed for each complaint type that L&I expects to investigate.
 - L&I anticipates an additional 160 complaints per year related to wage payment violations.
 - The complaint rate for wage payment violations is 0.002.

- 160 complaints are expected annually. ($80,000 \text{ workers} \times 0.002 = 160$)
 - The average IRA handles 240 wage complaints per year.
 - Therefore, 0.70 IRA is needed. ($160 \text{ complaints} / 240 \text{ per IRA} = 0.67 \text{ FTE}$)
- L&I anticipates an additional 16 complaints per year related to paid sick leave violations.
 - The complaint rate for paid sick leave violations is 0.0002.
 - On average, there were 777 paid sick leave complaints per year (2019-2021).
 - On average, there were 3,524,381 workers in Washington (2019-2021).
 - The complaint rate is 0.0002. ($777 \text{ complaints} / 3,524,381 \text{ workers} = 0.0002$)
 - 16 complaints are expected annually. ($80,000 \text{ workers} \times 0.0002 = 16$)
 - The average IRA handles 240 paid sick leave complaints per year.
 - Therefore, 0.10 IRA is needed. ($16 \text{ complaints} / 240 \text{ per IRA} = 0.07 \text{ FTE}$)
 - L&I anticipates an additional 112 complaints per year related to administrative violations.
 - The complaint rate for administrative violations is the same as paid sick leave violations (0.0002).
 - There are seven administrative violations types identified in this bill.
 - 112 complaints are expected annually. ($80,000 \text{ workers} \times 0.0002 \times 7 = 112$)
 - The average IRA handles 240 administrative complaints per year.
 - Therefore, 0.50 IRA is needed. ($112 \text{ complaints} / 240 \text{ per IRA} = 0.46 \text{ FTE}$)

- L&I anticipates an additional five complaints per year related to retaliation violations.
 - The complaint rate for retaliation violations is 0.000068.
 - On average, there were 238 retaliation complaints per year (2019-2021).
 - On average, there were 3,524,381 workers in Washington (2019-2021).
 - The complaint rate is 0.000068. (238 complaints / 3,524,381 workers = 0.000068)
 - Five complaints are expected annually. (80,000 workers x 0.000068 = 5.44)
 - The average IRA handles 87 retaliation complaints per year.
 - Therefore, 0.10 IRA is needed. (5 complaints / 87 per IRA = 0.06 FTE)
 - The total FTE needed for all estimated complaints is 1.40 (0.70 + 0.10 + 0.50 + 0.10); however, this number has been rounded up to 2.0 because of additional work that is anticipated. The additional work includes creating outreach materials, updating website information, providing consultation on new laws to public and internal stakeholders, developing tools for investigative agents, and creating training materials.
- 1.0 FTE, Industrial Relations Agent (IRA) 4, permanent, starting July 1, 2022. Duties include supervising the two IRA3s, screening incoming complaints, assign complaints to investigative agents, reviewing and approving completed casework. This position will also need to create outreach materials, update website information, provide consultation on new laws to public and internal stakeholders, develop tools for investigative agents, and creating other training materials. In addition, this position will be receiving, reviewing, and approving agreements between the TNC and the Driver Resource Center. This position needs to start sooner than the IRA3s to help with implementation, rulemaking, and the hiring of investigators.

- 1.0 Administrative Regulations Analyst 4, temporary, for the period July 1, 2022 through June 30, 2023. Duties include working with stakeholders, and writing rules and policies that might be controversial.

The additional workers' compensation claims anticipated by this bill will be processed with existing resources. However, if the increase in the number of claims ends up being substantial, additional resources could be needed in the future. Also, there will be an increase in the time spent to perform research to identify when the driver is covered. It is unknown what the increased amount of time may be, but it could also create a need for extra resources in the future.

Information Technology (Driver Resource Center Fund and Accident and Medical Aid Funds)

The expenditure calculations in this fiscal note include changes to the hourly rates for contract technology based on an annual analysis completed by L&I. These changes include rates based on expert skill level and an inflationary factor in all categories. All expenditures in this section are for the 2021-23 biennium.

Contract developers will need to modify and enhance several L&I systems (Complaint Activity Tracking System/Company-wide, Accounts Receivable Collection system, Front Counter/Cash Receipts System, and Ratings) to add new receivables, as well as new complaints and penalties. New complaint forms (both internal and external) are required, plus an associated database. Quality Assurance (QA) and server infrastructure costs are also required for this effort.

A total of \$1,670,801 is needed in the 2021-23 biennium for all information technology changes. This includes:

- Contractor costs – \$1,471,593 is needed for 12,226 contractor hours.
 - \$850,758 is needed in fiscal year 2024 for 6,569 contractor hours.
- QA – \$140,000
 - \$77,000 is needed in fiscal year 2024.
- Hardware - \$5,508
 - \$6,120 is needed in fiscal year 2024.
- Software - \$49,500
 - \$2,500 is needed in fiscal year 2024.

- Server infrastructure – \$4,200 (ongoing per year)

In addition to the costs outlined above, the following IT staffing is required:

- 2.0 FTEs, IT Application Development – Senior/Specialist, permanent, starting January 1, 2023. Duties include supporting initial project work, development and analysis for the systems expansion, and ongoing application maintenance and support.
- 2.0 FTEs, IT Business Analyst – Senior/Specialist, permanent, starting January 1, 2023. Duties include providing planning and analysis of new requirements, testing, and documentation.

\$107,703 of the IT funding is for the Driver Resource Center Fund and the remaining amount is the Accident and Medical Aid Funds.

Printing & Mailing (Accident and Medical Aid Funds)

\$675 is needed in fiscal year 2023 to print 2,500 copies of “Workers’ Compensation Record Keeping and Reporting Guides.”

Rule Making (Accident and Medical Aid Funds)

\$12,500 is needed for five rule making hearings to occur during fiscal year 2023. The average cost of one rule making hearing is \$2,500. (5 hearings x \$2,500 each = \$12,500)

Attorney General – Legal Services (Accident and Medical Aid Funds)

\$75,000 is needed annually in fiscal years 2023 and 2024 for legal services. This funding is for providing legal advice on complex rule making and handling the anticipated new appeals, requiring an additional 0.30 FTE Assistant Attorney General (AAG) and 0.15 FTE Legal Assistant (LA). Starting in fiscal year 2025, \$49,000 is needed annually. The FTEs needed are reduced to 0.20 AAG and 0.10 LA.

Administrative Hearings (Accident and Medical Aid Funds)

\$13,739 is needed in fiscal year 2023 and \$28,875 is needed each year beginning in fiscal year 2024 for administrative hearings at the Office of Administrative Hearings. This estimate is based on four additional appeals in fiscal year 2023, which will increase to eight additional appeals per year beginning in fiscal year 2024.

Indirect Costs

The amount included in this fiscal note for indirect is:

Fund Name		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
608	Accident	0	31,000	40,000	39,000	39,000	39,000
609	Medical Aid	0	6,000	7,000	7,000	7,000	7,000
NEW	Driver Resource Center	0	0	2,000	7,000	7,000	7,000
	Total:	\$0	\$37,000	\$49,000	\$53,000	\$53,000	\$53,000

The department assesses an indirect rate to cover agency-wide administrative costs. Labor and Industries' indirect rate is applied on salaries, benefits, and standard costs. For fiscal note purposes, the total indirect amount is converted into salary and benefits for partial or full indirect FTEs. Salary and benefits costs are based on a Fiscal Analyst 5 (Range 59, Step G).

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

This legislation would result in rule changes to:

- Chapter 296-17 WAC, General reporting rules, audit and recordkeeping, rates and rating system for Washington workers' compensation insurance;
- Chapter 296-17A WAC, Classifications for Washington workers' compensation insurance; and
- Chapter 296-128 WAC, Minimum wages.
- New WACs will likely need to be created to address new enforcement requirements.

Individual State Agency Fiscal Note

Bill Number: 2076 S HB PL	Title: Transp. network companies	Agency: 240-Department of Licensing
----------------------------------	---	--

Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
Motor Vehicle Account-State 108-1		35,000	35,000	70,000	70,000
Total \$		35,000	35,000	70,000	70,000

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	0.5	0.3	0.9	0.9
Account					
Motor Vehicle Account-State 108-1	0	542,000	542,000	236,000	236,000
Total \$	0	542,000	542,000	236,000	236,000

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:	Phone:	Date: 03/24/2022
Agency Preparation: Maria Thomas	Phone: 360-902-0113	Date: 03/28/2022
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 03/28/2022
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 03/28/2022

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 .

ESHB 2076 as passed by the legislature included several adopted floor amendments, none of which change DOL’s previous fiscal note for ESHB 2076 AMS TRAN.

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 .

Please see the attached Fiscal Note.

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.

Please see the attached Fiscal Note.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
108-1	Motor Vehicle Account	State	0	542,000	542,000	236,000	236,000
Total \$			0	542,000	542,000	236,000	236,000

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.5	0.3	0.9	0.9
A-Salaries and Wages		32,000	32,000	118,000	118,000
B-Employee Benefits		12,000	12,000	44,000	44,000
C-Professional Service Contracts					
E-Goods and Other Services		498,000	498,000	74,000	74,000
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 \$	0	542,000	542,000	236,000	236,000

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
Customer Service Specialist 2	45,504		0.1	0.1	0.2	0.2
Investigator 3	74,604		0.2	0.1	0.5	0.5
Professional Licensing Manager 2	62,748		0.2	0.1	0.2	0.2
Total FTEs			0.5	0.3	0.9	0.9

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 .

DOL must adopt rules to establish a new licensing fee, along with an administrative appeal process for any penalty, suspension or revocation imposed.

Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: ESHB 2076-S.PL

Bill Title: Transportation Network Companies

Part 1: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts:

Fund Name	FUND #	FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
Motor Vehicle	108	-	35,000	35,000	70,000	70,000
Account Totals		-	35,000	35,000	70,000	70,000

Estimated Expenditures:

		FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
FTE Staff Years		-	0.5	0.3	0.9	0.9
Fund Name	Fund	FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
Motor Vehicle	108	-	542,000	542,000	236,000	236,000
Account Totals		-	542,000	542,000	236,000	236,000

The revenue 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 the fiscal impact is **less than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☒ 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.
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact: Steven Puvogel	Phone: (360) 701-6459	Date: 03-24-22
Agency Preparation: Maria Thomas	Phone: (360) 902-3615	Date: 03-28-22
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date: 03-28-22

Request #	5
Bill #	ESHB 2076 -S.PL

Part 2 – Explanation

This bill would require The Department of Licensing (DOL) to permit the Transportation Network Companies (TNC). It allows DOL to review sample records for TNCs to check for compliance, and if a violation is found, issue a monetary penalty, or suspend/revoke the company's permit. DOL will be required to conduct rulemaking to establish an appeal process for any penalties imposed.

2.A – Brief Description Of What The Measure Does That Has Fiscal Impact

ESHB 2076 as passed by the legislature included several adopted floor amendments, none of which change DOL's previous fiscal note for ESHB 2076 AMS TRAN.

ESHB 2076 -S.PL amendments adopted below, do not change DOL's previous fiscal note for ESHB 2076 AMS TRAN.

- Adds additional protected classes regarding a TNCs' nondiscrimination policy and laws applicable to passengers and drivers;
- Removes vicarious liability protection applicable to TNCs;
- Adds additional protected classes regarding TNC refusal to contract with or terminate a driver;
- Provides drivers rights available under the Discrimination-Human Rights Commission;
- Clarifies that local preemption exceptions apply only to cities or counties of a current population (currently Seattle and King County); and
- Provides the preemption section doesn't apply to generally applicable taxes or fees.

Amendment by the Senate Committee on Transportation (ESHB 2076 AMS TRAN) specified that the preemption section doesn't apply to generally applicable taxes or fees. It did not change DOL's previous fiscal impact estimate.

The engrossed substitute version made the following changes:

- Removed requirement that LNI notify DOL if a TNC fails to remit the per trip fee.
- Removed provisions related to DOL imposing penalties for noncompliance with statewide regulatory standards.
- Provided exemptions for preemptions for existing local ordinances.
- Removed the requirement for the AG's office to maintain a phone line for complaints.
- Delayed effective dates for all DOL related sections to March 1, 2023.

The substitute version made the following changes:

- Established a minimum compensation for drivers and requires L&I to increase the per mile/minute rates each year by the state's minimum wage increase.
- Established definitions for drivers and TNCs related to Paid Family Medical Leave.
- Required TNCs to pay the employee's share of the premium on behalf of the driver each quarter.
- Provided that local government cannot impose charges on TNCs except for existing local ordinances, and sets limits on how those can be amended.

2.B - Cash receipts Impact

Sec 17 of the bill stipulates that a Transportation Network Company (TNC) be licensed to operate in WA by DOL with an annual permit fee of \$5,000. There is no distribution for the permit fees stated in the bill and Sec 34 authorizes the creation of a new chapter under RCW Title 46 for sections 17 through 28. It is assumed that the permit fees authorized/collected under RCW Title 46 would by default be distributed to the Motor Vehicle Fund (108). The effective date for the permit fee is set forth in Sec 38 of the bill as March 1, 2023. There is no change assumed to the revenue collection in this version of the bill other than a delay for collection of the permit fees from July 2022 until March 2023 (still during FY 2023).

Currently there are 7 TNCs operating within WA that would need to be licensed and pay the \$5,000 permit fee. While it is possible that the number of TNCs may grow, it is assumed that any growth would be very slow. For the purposes of this analysis, revenue impact around permit fees for TNCs will be depicted at 7 with distribution to the Motor Vehicle Fund (108). In addition, it is assumed that license/permit fees will be collected beginning March 1, 2023 (FY 2023).

Fund Name	FUND #	FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
Motor Vehicle	108	-	35,000	35,000	70,000	70,000
Account Totals		-	35,000	35,000	70,000	70,000

2.C – Expenditures

		FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
FTE Staff Years		-	0.5	0.3	0.9	0.9
Fund Name	Fund	FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
Motor Vehicle	108	-	542,000	542,000	236,000	236,000
Account Totals		-	542,000	542,000	236,000	236,000

ESHB 2076 -S.PL amendments do not change DOL's previous fiscal impact estimate.

Changes introduced in the engrossed substitute version delayed effective dates for DOL to March 1, 2023. This changed DOL's previous fiscal impact estimate as the Customer Service Specialist and Investigator FTEs required to handle an increased workload will only be needed for 4 months in FY 2023 and not 12 as previously estimated. Professional Licensing Manager will be needed for the entire FY 2023 to create a regulatory framework and to set up the program.

DOL still assumed the workload impact will be ongoing and all three FTEs will be needed in FY 2024 and ongoing.

The following expenditures are assumed for DOL to handle an increased workload to issue and renew TNC permits, conduct audits, issue statements of charges against TNCs and provide due process:

Customer Service Specialist 2: 0.25 FTE for 4 months in FY 2023 and on-going to provide customer service, answer questions from applicants and licensees, provide data entry, conduct review of applications, initiate and respond to correspondence, and issue TNC permits.

Professional Licensing Manager 2: 0.25 FTE in FY 2023 and on-going will be required to create a regulatory framework for the TNC, to provide compliance and administrative actions, analyze audit findings, conduct legal research, draft statements of charges, and attend settlement conferences.

Investigator 3: 0.5 FTE for 4 months in FY 2023 and on-going and on-going to coordinate and conduct program compliance audits and investigate, write reports of investigation, and travel statewide to perform these duties.

Information Services:

ESHB 2076 -S.PL amendments do not change DOL's previous fiscal impact estimate of Drivers and Vehicles System (DRIVES) modifications. The following modifications in DRIVES will be required:

1. Modify interface with Department of Revenue to add new Transportation Network Companies.
2. Modify the existing webservice to receive address updates, name change, permit status update, contact information update.
3. New case to process new or renewal permit issuance for Transportation Network Companies.
4. New work item for review to verify the companies qualifies for renewal of their permit.
5. Update existing Administrative Action/Compliance Case to include the Transportation Network Companies.
6. New/update letters for new permit, including Administrative Action/Compliance review.
7. New reports for the new Transportation Network Companies.

Cost Category	Description	Rate	2022	2023	2024	2025	2026	2027	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 22,620	-	52,000	-	-	-	-	52,000
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 16,530	-	11,600	-	-	-	-	11,600
PROJECT MANAGER	Manage schedule and contracts	\$ 28,710	-	14,400	-	-	-	-	14,400
QUALITY ASSURANCE	Plan and carry out activities to assure project deliverables; e.g. preventative defect activities, align quality measures and business objectives.	\$ 37,410	-	78,600	-	-	-	-	78,600
SECURITY AND ARCHITECT SERVICES	Create the conceptual model that defines the structure, behavior and framework of a computerized system including a breakdown of the system into components, the component interactions and interfaces (including with the environment, especially the user), and the technologies and resources to be used in the design.	\$ 16,530	-	6,600	-	-	-	-	6,600
CONTRACTED FAST DEVELOPER / TESTER	Updates to the DRIVES system will require additional vendor hours outside of the contracted maintenance to make system updates to implement this bill.	\$ 34,800	-	87,000	-	-	-	-	87,000
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 22,620	-	15,800	-	-	-	-	15,800
Organizational Change Management	Prepares stakeholders for the change and develops strategies to ensure the changes are fully adopted.	\$ 37,410	-	78,600	-	-	-	-	78,600
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 25,230	-	34,500	-	-	-	-	34,500
Totals			-	379,100	-	-	-	-	379,100

The agency will use appropriated funds to hire contract programmers to accomplish this work or to support current staff implementing this legislation within the required timeline. Appropriated funds may also be used to hire agency temporary staff to support permanent staff assigned to this legislative effort.

Any change requires a process to ensure changes are correctly applied to the system. This involves Project Managers that manage the team that completes the update, business analyst that documents and reviews the system changes, architect services that analyzes how the update could have an effect on other systems or DOL processes, developers who create the change, and testers and quality assurance teams that ensure the update is working correctly.

Legal Services:

No fiscal impact is anticipated for DOL's legal services.

Support Services:

Agency Administrative Overhead is included at a rate of 26.0 percent of the direct program costs. This funding received covers agency-wide functions such as vendor payments, contract administration, financial management, mail processing, equipment management, help desk support, and technical assistance to DOL employees.

Part 3 – Expenditure Detail

3.A – Operating Budget Expenditures

Fund Name	Fund	FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
Motor Vehicle	108	-	542,000	542,000	236,000	236,000
Account Totals		-	542,000	542,000	236,000	236,000

3.B – Expenditures by Object or Purpose

Object Name	FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
FTE Staff Years	0.0	0.5	0.3	0.9	0.9
Salaries and Wages	-	32,000	32,000	118,000	118,000
Employee Benefits	-	12,000	12,000	44,000	44,000
Goods and Services	-	498,000	498,000	74,000	74,000
Total By Object Type	-	542,000	542,000	236,000	236,000

3.C – FTE Detail

Position	Salary	FY 22	FY 23	21-23 Total	23-25 Total	25-27 Total
Customer Service Specialist 2	45,504	0.0	0.1	0.1	0.2	0.2
Professional Licensing Manager 2	62,748	0.0	0.2	0.1	0.2	0.2
Investigator 3	74,604	0.0	0.2	0.1	0.5	0.5
Total FTE		0.0	0.5	0.3	0.9	0.9
Totals may differ due to rounding.						

Part 4 – Capital Budget Impact

None.

Part 5 – New Rule Making Required

Yes. DOL must adopt rules to establish a new licensing fee, along with an administrative appeal process for any penalty, suspension or revocation imposed.

Individual State Agency Fiscal Note

Revised

Bill Number: 2076 S HB PL	Title: Transp. network companies	Agency: 540-Employment Security Department
----------------------------------	---	---

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	0.2	0.5	0.4	0.0	0.0
Account					
Family and Medical Leave Insurance Account-State 22F-1	51,749	153,873	205,622	0	0
Total \$	51,749	153,873	205,622	0	0

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:	Phone:	Date: 03/24/2022
Agency Preparation: Geoff Medendorp	Phone: 360-890-3682	Date: 03/28/2022
Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 03/28/2022
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 03/28/2022

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.

ESHB 2076 removes section 10 from the bill which addressed driver eligibility for Paid Family Medical Leave (PFML), and adds section 34 directing a work group to study changes to PFML, Long Term Support Services (LTSS) and Unemployment Compensation.

There is no change from previous version of this bill for the Employment Security Department (ESD).

Section 1 creates a new section under chapter 49.46 RCW, which is specifically applicable to Title 50A PFML, Title 50B LTSS. It states drivers are not an employee or agent of a transportation network company unless several conditions are met.

Minor rule making will be needed to clarify eligibility of drivers for the following :

- WAC 192-500-170 and WAC 192-900-030 Self-employed
- WAC 192-510-010 Election, withdrawal, and cancellation of coverage
- WAC 192-915-015 Self-employed persons
- WAC 192-510-030 How will the department determine the wages earned and hours worked for self-employed persons electing coverage

Section 34 directs the ESD commissioner to convene a work study group. No later than December 1, 2022, the commissioner must submit a report to the governor and legislature on findings and suggested changes to Unemployment Compensation, PFML and LTSS programs.

To implement this section, ESD requests a senior manager project manager in the policy division to coordinate efforts among the work group, legislators and affected state agencies.

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.

It is possible that drivers and companies would not meet the exemption criteria in section 1, and therefore being eligible for PFML or LTSS program. Cash receipts are indeterminate for this reason.

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.

See Attached "Operating Narrative".

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
22F-1	Family and Medical Leave Insurance Account	State	51,749	153,873	205,622	0	0
Total \$			51,749	153,873	205,622	0	0

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 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.2	0.5	0.4		
A-Salaries and Wages	23,808	59,521	83,329		
B-Employee Benefits	9,523	23,808	33,331		
C-Professional Service Contracts					
E-Goods and Other Services	3,030	37,575	40,605		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements	9,000	17,000	26,000		
T-Intra-Agency Reimbursements	6,388	15,969	22,357		
9-					
Total \$	51,749	153,873	205,622	0	0

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 2022	FY 2023	2021-23	2023-25	2025-27
WMS BAND 3	119,041	0.2	0.5	0.4		
Total FTEs		0.2	0.5	0.4		0.0

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 .

New rules and changes will need to be considered to clarifying :

- WAC 192-500-170 and WAC 192-900-030 Self-employed
- WAC 192-510-010 Election, withdrawal, and cancellation of coverage
- WAC 192-915-015 Self-employed persons
- WAC 192-510-030 How will the department determine the wages earned and hours worked for self-employed persons

electing coverage

Operating Narrative

This version of the bill has no change in impact to ESD.

ESHB 2076 removes section 10 from the bill which addressed driver eligibility for Paid Family Medical Leave (PFML), and adds section 34 directing a work group to study changes to PFML, Long Term Support Services (LTSS) and Unemployment Compensation.

ESD will need to conduct minor rulemaking, and staff a project manager for the work group coordination.

Non-Appropriated - Benefit Costs

There may be a non-appropriated impact to the Family and Medical Leave Insurance Account, Fund 22F. (non-appropriated costs are not included in the Fiscal Note Summary). This is to account for changes to benefits for drivers in the case that they are not exempt as noted in section 1. This is indeterminate due to an inability to quantify the population of drives.

One-Time Costs:

WMS Band 3: Project Manager to coordinate efforts among the work group, legislators and affected state agencies. March 2022 – Dec 2022. (FY22: 0.2 FTE, \$42,749 FY23: 0.5 FTE, \$106,873)

Non salary costs: minor rule-making.

FY23: \$30,000

The Attorney Generals office indicates they will bill ESD for support services:

FY22: \$9,000

FY23: \$17,000

Total agency One-Time costs:

FY22: \$51,749

FY23: \$106,873 + \$30,000 + \$17,000 = \$153,873

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2076 S HB PL	Title: Transp. network companies
----------------------------------	---

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

Legislation Impacts:

- ☒ Cities: Potential revenue loss from reducing a per trip charge by \$0.15
- ☒ Counties: Potential revenue loss from reducing a per trip charge by \$0.15
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☒ Key variables cannot be estimated with certainty at this time: Which local governments are required to reduce per trip fees , how many trips the fee reduction would apply to, which local governments would have collected charges from transportation network companies in the future

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Alexander	Phone: 360-725-5038	Date: 03/25/2022
Leg. Committee Contact:	Phone:	Date: 03/24/2022
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 03/25/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/29/2022

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government .

This bill as passed by the Legislature :

- establishes a minimum per mile and per minute rates for drivers of transportation network companies (TNCs) and provides drivers with paid sick leave and workers' compensation coverage
- creates a uniform statewide regulations of TNCs
- creates a fund for a Driver Resource Center
- establishes statewide preemption with exceptions for certain local ordinances

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments , identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

This bill as passed by the Legislature has an indeterminate expenditure impact on local governments that are required to reduce the per trip tax, fee, or surcharge by \$0.15. It is unknown which local governments this would apply to, but they would likely incur operational costs associated with modifying the ordinance. Modification costs would vary by jurisdiction and cannot be estimated.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments , identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

This bill as passed by the Legislature will have an indeterminate revenue impact on local governments. It prohibits local governments from imposing new charges on TNCs, existing local ordinances /fees imposed on or before January 1, 2022 are allowed to continue. It also sets limits on how those existing ordinances can be amended. It is unknown which local governments would have imposed these charges in the future, so there is a potential future revenue loss. Local governments already collecting fees from TNCs will not lose current revenue, but they cannot increase those fees in the future.

This bill also requires certain local ordinances to reduce a per trip tax, fee, or surcharge by \$0.15. It is unknown which local governments this would apply to or the number of trips this reduction would apply to, therefore the revenue loss cannot be estimated.

Sources:

House Bill Report, ESHB 2076 as passed Legislature (2022)

Senate Bill Report. ESHB 2076 as passed Senate (03/04/2022)