

Multiple Agency Fiscal Note Summary

Bill Number: 3162 HB	Title: Creation of a state bank
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Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost. Please see discussion."					
Department of Financial Institutions	Non-zero but indeterminate cost. Please see discussion."					
Total \$	0	0	0	0	0	0

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of the Secretary of State	.0	122,368	122,368	.0	0	0	.0	0	0
Office of State Treasurer	150.0	0	31,725,000	625.0	0	130,262,500	750.0	0	155,275,000
Department of Financial Institutions	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total	150.0	\$122,368	\$31,847,368	625.0	\$0	\$130,262,500	750.0	\$0	\$155,275,000

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

Estimated Capital Budget Impact

Agency Name					
Total \$					

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Prepared by: Mike Steenhout, OFM	Phone: 360-902-0554	Date Published: Revised
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 26792

Individual State Agency Fiscal Note

Revised

Bill Number: 3162 HB	Title: Creation of a state bank	Agency: 085-Office of the Secretary of State
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT					
Total \$					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
Account					
General Fund-State 001-1	0	122,368	122,368	0	0
Total \$	0	122,368	122,368	0	0

Estimated Capital Budget Impact:

Total \$					

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: Jon Hedegard	Phone: 360-786-7127	Date: 02/09/2010
Agency Preparation: Dalene Conant	Phone: 360-236-5046	Date: 03/02/2010
Agency Approval: Dan Speigle	Phone: 360-236-5050	Date: 03/02/2010
OFM Review: Mike Steenhout	Phone: 360-902-0554	Date: 03/02/2010

Request # 2010-35-2

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.

Section 15 provides that the bill would take effect only if the proposed amendment to Article VIII and XII of the state Constitution (HJR 4224) is ratified by the voters at the next general election. The office of the secretary of state (OSOS) is required to publish a proposed constitutional amendment at the next general election for a vote of the people which results in expenses to OSOS for including it in the voters' pamphlet.

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.

Based on the costs of producing the 2008 general election voters' pamphlet, inclusion of the ballot title with explanatory statement, pro/con arguments and one page of text in the 2010 general election voters' pamphlet are estimated to cost \$15,296 per page (including postage) or \$122,368 total cost (8 page minimum).

This fiscal note reflects only those costs related to the submission of HJR 4224 to a vote of the people and not any general changes in revenue or expenditures by the state as a consequence of the substance of the measure. The costs identified in this fiscal note would be incurred regardless of whether or not the measure is approved by the voters.

The 2009-11 operating budget includes funding for the publication of a voters pamphlet containing information on three state measures (two initiatives and one constitutional amendment) in each fiscal year of the biennium. If the passage of this measure results in more than three measures appearing on the 2010 state general election ballot in fiscal year 2011 a supplemental appropriation for the voters pamphlet may be required.

The 2009-11 operating budget includes funding for the publication of notices in every legal newspaper in the state four times prior to the general election. This fiscal note does not assume additional cost to publish this measure because the notices would be customized to remain within the authorized budget for legal advertising.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services		122,368	122,368		
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	\$122,368	\$122,368	\$0	\$0

Part IV: Capital Budget Impact

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.

Individual State Agency Fiscal Note

Bill Number: 3162 HB	Title: Creation of a state bank	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.0	300.0	150.0	625.0	750.0
Account					
State Treasurer's Service Account-State 404-1	0	31,725,000	31,725,000	130,262,500	155,275,000
Total \$	0	31,725,000	31,725,000	130,262,500	155,275,000

Estimated Capital Budget Impact:

Total \$					

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.

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- 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: Jon Hedegard	Phone: 360-786-7127	Date: 02/09/2010
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 02/22/2010
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 02/22/2010
OFM Review: Mike Steenhout	Phone: 360-902-0554	Date: 02/22/2010

Request # 117-1

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.

HB 3162 creates the state bank of Washington with the intent that all state funds and funds of state institutions will be deposited at the state bank and will be guaranteed by the state. This bill also allows:

1. other deposits from any private or public source.
2. the state treasurer to adopt rules
3. exemption from payment of fees and taxes levied by the state or its subdivisions.

This bill takes effect upon approval of the voters of the proposed amendments to articles VIII and XII of the state constitution which allows the state legislature to create a state bank that may make decisions to lend, borrow, and invest state moneys.

This bill creates a major new assignment for the office of the state treasurer by requiring the creation of a full service bank.

Our estimates included in this fiscal note include the following assumptions:

1. The state bank of Washington is an agency of the state.
2. The size of the state bank of Washington will be comparable to an average size bank doing business in this state.
3. The state bank will have branches throughout the state.
4. The state bank will employ 750 people, at a minimum.
5. The average salary will be comparable to the average salary of current state employees for all funds.
6. The state treasurer's service fund will be the source of funds to pay for the bank's operational expenditures.
7. The reduced general fund support from the state treasurer's service fund will be equivalent to the 09-11 biennium proposed transfer included in the supplemental budget.

General Fund and State Treasurer's Service Fund:

The money needed to fund the bank comes from the state treasurer's service fund. In turn, the amount of funding from the state treasurer's service fund will result in a reduction to the transfer from the state treasurer's service fund to the general fund at the end of each fiscal year.

Debt Limit:

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

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.

At present, revenues are indeterminable. However, the money needed to fund the bank comes from the state treasurer's service fund.

Assumption: The reduced general fund support from the state treasurer's service fund will be equivalent to the 09-11 biennium proposed transfer included in the supplemental 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.

This bill creates a major new assignment for the office of the state treasurer by requiring the creation of a full service bank. Based on a review of the full service banks and their expenses for the year ended December 31, 2008, to operate in this state, our best estimate is that 750 new employees are required to handle the tasks assigned to us. The average salary will be comparable to the average salary of current state employees for all funds; approximately \$57,000 plus benefits as provided by OFM.

It is assumed that these new tasks will be phased in so OST will not be fully operational on the effective date if passed by the voters at the next general election.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		300.0	150.0	625.0	750.0
A-Salaries and Wages		17,100,000	17,100,000	71,250,000	85,500,000
B-Employee Benefits		4,275,000	4,275,000	17,812,500	21,375,000
C-Personal Service Contracts					
E-Goods and Services		9,600,000	9,600,000	40,000,000	48,000,000
G-Travel		150,000	150,000	300,000	200,000
J-Capital Outlays		600,000	600,000	900,000	200,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$31,725,000	\$31,725,000	\$130,262,500	\$155,275,000

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 2010	FY 2011	2009-11	2011-13	2013-15
OST Bank Employees	57,000		300.0	150.0	625.0	750.0
Total FTE's	57,000		300.0	150.0	625.0	750.0

Part IV: Capital Budget Impact

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 will have to be developed to incorporate the intent of the bill as stated under section 10 of this bill:
 The treasurer may adopt any rules necessary to implement this act, including but not limited to rules regarding:
 (1) Objectives of the bank;

- (2) Criteria for evaluating a loan;
- (3) Individual and aggregate lending limits for one borrower; and
- (4) Eligibility for borrowing.

Individual State Agency Fiscal Note

Bill Number: 3162 HB	Title: Creation of a state bank	Agency: 102-Dept of Financial Institutions
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

Total \$					

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: Jon Hedegard	Phone: 360-786-7127	Date: 02/09/2010
Agency Preparation: Levi Clemmens	Phone: 360-902-0512	Date: 02/12/2010
Agency Approval: Michael Schmidlkofer	Phone: 902-8792	Date: 02/12/2010
OFM Review: Matthew Bridges	Phone: (360) 902-0575	Date: 02/15/2010

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.

HB 3162 creates the state bank of Washington.

Section 8 of the bill states that the director may examine the state bank in the same manner as a state-chartered financial institution under RCW 30.04.060. The state bank must pay the director for the costs of an examination.

The bill allows the Washington State Treasurer to deposit state moneys in the state bank. The Department is not able to determine who would elect to use the state bank, or how large the state bank would grow. As such, the fiscal impact of the bill is indeterminate.

Should the state bank become large, the Department estimates that examining the state bank would require approximately 2,360 examination hours.

II. B - Cash receipts Impact

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

The cost is indeterminate because we do not know the size of deposits that would be deposited in the state bank. The Department estimates that examining a large bank requires approximately 2,360 examination hours. Cash receipts from an examination of the state bank begin at \$197,663. Estimates are the revenues will grow by 5% per year.

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 cost is indeterminate because we do not know the size of deposits that would be deposited in the state bank. The Department estimates that examining a large bank requires approximately 2,360 examination hours, which would require approximately 1.8 FTEs. Annual expenditures related to those 1.8 FTEs are estimated at \$224,000, and would increase at approximately 5% per year.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

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.