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FISCAL NOTE (Form 1)  
(Office of Fiscal Analysis)  
Analyst: AC/GJD 7/24/92  
las  
Version:

BILL NUMBER: SHB 5800  
FILE NUMBER:  
AMENDMENTS:

TITLE: "AN ACT CREATING AN OFFICE OF ADMINISTRATIVE HEARINGS  
AND REGISTRATION OF HOME INSPECTORS"

FAVORABLY REPORTED BY Judiciary, Appropriations

EFFECTIVE DATE: 10/1/92, except  
Sections 1-6 and 26 which take  
effect 2/1/92 and Sections 7-24  
which take effect 1/1/94

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FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5800

STATE IMPACT	Cost, Future Cost, Revenue Gain, see explanation below
MUNICIPAL IMPACT	None
STATE AGENCY(S)	Department of Consumer Protection, Attorney General's Office, Judicial Department, Various State Agencies

EXPLANATION OF ESTIMATES:

STATE IMPACT: The passage of the bill would result in a future cost to the State due to the creation of an Office of Administrative Hearings that cannot be determined at this time. Under the bill, an Office of Administrative Hearings (OAH) would be created on January 1, 1994 that would have jurisdiction over four state agencies chosen by the Governor on or before February 1, 1993. A year later, four additional agencies would be placed under the jurisdiction of the office at the recommendation of the Governor. The bill does not specify further additions of agencies beyond the eight already mentioned.

Except for the appointment of a Chief Administrative Law Judge (CALJ), whose salary would be the same as a Superior Court judge's (\$94,647, according to statute, in SFY 1993-94), the number of administrative law judge positions to be created is unknown. According to the bill, the salary of an administrative law judge (ALJ) would range from 67% to 95% of a superior court judge's salary depending on years of service, with the 95% maximum reached after five years of service. These judges would be entitled to state retirement, disability and longevity benefits.

Although the bill requires that administrative law judges must have practiced law for at least five years to be eligible for a position at the OAH, these qualifications are excluded from applying to individuals employed by the State as hearing officers on February 1, 1993. Currently, hearings are conducted by agencies through full-time hearing officers, part-time hearing officers or contractual hearing officers of which there were an estimated 12, 99 and 68 respectively, in 24 agencies in SFY 1990. The average compensation for a full-time hearing officer during the same time period was an estimated \$41,700. To the extent that the number of hearing officers would be reduced, savings to the state would result. However, the level of reduction achievable and the potential existence of efficiencies is uncertain and would be balanced against the higher compensation of administrative law judges.

The bill also authorizes the CALJ to appoint necessary staff, compile various statistics, maintain records, develop an evaluation system of ALJs, adopt regulations maintain a training program for ALJs, appoint temporary ALJs and other various administrative and operational activities. As the extent of those requirements is not specified, the cost is uncertain.

It should be noted that, although the OAH would be created on January 1, 1994, the appointment of the CALJ (who then could appoint necessary staff and undertake necessary administrative operations) could take place as early as February 1, 1993. Therefore, cost could be incurred in SFY 1992-93 and would be incurred in SFY 1993-94.

Under current statutes, the Attorney General, if called upon, must represent an Agency in contested administrative hearings. Since the bill calls for agencies to have hearings outside their own agencies, there may be an increase in demand for representation by the Attorney General's Office. Depending on the level of increased activity, the Attorney General's Office may need additional resources to provide representation to agencies.

In addition, it is anticipated that the Department of Consumer Protection will require an additional appropriation that could range from \$3,000-\$5,000 for 1992-93. The additional appropriation would be necessary to cover the administrative expenses that are expected to result from the new registration requirement. The administrative expenses are associated with developing and printing the registration and certification forms, postage and expenses related to the developing, publishing and adopting the regulations.

Since it is estimated that there are only about 150-200 Home Inspectors in the state, the need for additional staff support is not anticipated at this time. However, because of a potential increased demand for investigative services, there may be a need for a future increase in the level of personal services funding.

It should be noted that the Department of Consumer Protection indicates that it will need an investigator and clerk-typist at a total annual cost of \$75,524 (includes fringe benefits) at the onset. It is, however, unclear at this time whether DCP would actually require this higher level of support.

Based upon the anticipated number of registrants a revenue gain that could range between \$9,000 (\$60 registration fee x 150 inspectors) and \$12,000 (\$60 registration fee x 200 inspectors) is expected to result.

Under the Unfair Trade Practices Act, the Department of Consumer Protection has basically two methods for resolving complaints, 1) formal administrative hearings, or 2) forwarding the complaint to the Attorney General's office for litigation.

If most of the cases are handled administratively by DCP, a minimal workload increase is anticipated to result for the Office of the Attorney General which can be handled within the agency's normal budgetary resources.

Additional costs could result for the Judicial Department, the extent of which cannot be determined at this time. The additional court costs which could result are contingent upon the number of suits filed under the Unfair Trade Practices Act.

Under the Unfair Trade Practices Act, civil penalties can be imposed for violations, thus a revenue gain is anticipated. The extent of the additional revenue cannot be determined as it would depend upon the number of violations which occurred, and the amount of the penalty that is imposed.

In addition, depending upon the frequency of the Judicial Department's involvement beyond violations of the Unfair Trade Practices Act, additional minimal court costs and revenue gain could result, the extent of which is indeterminate.