

# HOUSE BILL REPORT

## HB 2716

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### As Reported by House Committee On:

State Government

**Title:** An act relating to requiring cost and benefit assessments early in the rule-making process.

**Brief Description:** Requiring cost and benefit assessments early in the rule-making process.

**Sponsors:** Representatives Roach, Upthegrove, Romero, Morell, Mulliken, Woods and Pflug.

### Brief History:

#### Committee Activity:

State Government: 2/1/02, 2/7/02 [DP].

#### Brief Summary of Bill

- Requires agencies to list in the notice of rulemaking the method that will be used to analyze the costs and benefits of a significant legislative rule, or to indicate that a preliminary analysis is available upon request.

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### HOUSE COMMITTEE ON STATE GOVERNMENT

**Majority Report:** Do pass. Signed by 6 members: Representatives Romero, Chair; Miloscia, Vice Chair; McDermott, Schindler, Schmidt and Upthegrove.

**Staff:** Catherine Blinn (786-7114).

### Background:

A significant legislative rule is a rule that:

- Adopts substantive provisions of law pursuant to delegated legislative authority, the violation of which will result in a penalty or sanction;
- Affects the issuance, suspension, or revocation of a license or permit; or
- Adopts new, or makes significant changes to, policy or regulatory programs.

Significant legislative rules of the following agencies are subject to additional procedural requirements: the Department of Ecology, the Department of Labor and Industries, the

Department of Health, the Department of Revenue, the Department of Social and Health Services, the Board of Natural Resources, the Department of Employment Security, the Forest Practices Appeals Board, the Insurance Commissioner, and the Department of Fish and Wildlife. Other agencies may voluntarily subject their rules to these requirements, or may have the requirements imposed by the Joint Administrative Rules Review Committee. The additional requirements include making the following determinations before adoption of the rule:

- that the rule is necessary to achieve the goals of the statute the rule purports to implement;
- that the rule would not force persons to violate other state or federal laws;
- that the rule does not require more stringent requirements on private entities than are imposed on public entities;
- that the rule is the least burdensome alternative available;
- whether the rule differs from federal requirements on the subject; and
- whether the probable benefits of the rule outweigh the probable costs.

Before adopting significant legislative rules, an agency must file an implementation plan. The plan must detail how the agency plans to implement and enforce the rule, inform the public about the rule, promote and assist voluntary compliance with the rule, and evaluate the effectiveness of the rule.

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### **Summary of Bill:**

For rules subject to the significant legislative rules process, the notice of rule-making must contain a statement describing the method that will be used to analyze the probable costs and benefits of the rule, or must indicate that a preliminary analysis of the probable costs and benefits is available upon request.

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**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** The Association of Washington Business is in favor of the bill because agencies should provide more information to the public up front. More information up front allows parties to have as much information as possible prior to the public hearing. The National Federation of Independent Business supports the bill because it will assist small businesses to digest and analyze the information before the public hearing. The Independent Business Association is in support of the bill but believes it should go farther and require that the cost/benefit analysis be available prior to the public hearing.

**Testimony Against:** None.

**Testified:** Representative Roach, prime sponsor; Amber Balch, Association of Washington Business; Carolyn Logue, National Federation of Independent Business; and Gary Smith, Independent Business Association.