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**State Government & Tribal Affairs**  
**Committee**

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**SB 5500**

**Brief Description:** Concerning the rule-making process for state economic policy.

**Sponsors:** Senators Baumgartner, Chase, Kastama, Zarelli, Schoesler, Shin, Holmquist Newbry, Delvin, Parlette, Kilmer and Roach.

**Brief Summary of Bill**

- Requires agencies to consider methods suggested by small businesses or small business advocates to reduce the impact of a proposed rule.
- Requires that notifications of proposed rules with small business economic impact statement requirements be posted on an agency's website.

**Hearing Date:** 3/9/11

**Staff:** Marsha Reilly (786-7135).

**Background:**

The Regulatory Fairness Act was enacted in 1994 to reduce the disproportionate impact of state administrative rules on small business. As part of the rule-making process, an agency must prepare a small business economic impact statement (SBEIS) if:

- the rule would impose more than minor costs on businesses in an industry; or
- the Joint Administrative Rules Review Committee requests the agency to do so.

As part of the SBEIS, an agency must analyze the compliance costs of the rule including lost revenue or sales, and increased labor, equipment, supply, or administrative costs. The SBEIS must determine whether the rule has a disproportionate impact on small businesses. If the rule has such an impact, the agency must, where legal and feasible, reduce the costs on small businesses. Such steps may include:

- reduce, modify, or eliminate substantive regulatory requirements;

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- simplify, reduce, or eliminate recordkeeping and reporting requirements;
- reduce the frequency of inspections;
- delay compliance timetables;
- reduce or modify fine schedules for noncompliance; or
- any other mitigation techniques.

A SBEIS must also include a description of the reporting, record keeping, and other compliance requirements of the proposed rule, and the kinds of professional services that a small business is likely to need in order to comply with the rule. The agency must analyze the costs of compliance, including costs of equipment, supplies, labor, and increased administrative costs, and must consider whether compliance will cause businesses to lose sales or revenue.

An agency must include in the SBEIS the steps taken to reduce costs and involve small businesses in the development of the rule. It also must include a list of industries required to comply with the rule.

Whenever a proposed rule requires an SBEIS, the agency must provide notice to small businesses through direct notification of known interested small businesses or trade organizations affected by the proposed rule, or provide information of the proposed rule making to publications likely to be obtained by the affected small businesses.

**Summary of Bill:**

The methods listed to reduce costs on small businesses are changed from permissible to mandatory. Agencies must consider mitigation techniques suggested by small businesses or small business advocates. Notice requirements for proposed rules with a SBEIS include posting the information on the agency's website.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.