

# HOUSE BILL REPORT

## HB 1492

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### As Reported by House Committee On:

State Government

**Title:** An act relating to small business economic impact statements.

**Brief Description:** Including nonprofits in the small business economic impact statement requirement.

**Sponsors:** Representatives Conway, Campbell, Cody, Skinner, Darneille, Sehlin and Kenney.

### Brief History:

#### Committee Activity:

State Government: 2/27/03, 2/28/03 [DP].

#### Brief Summary of Bill

- Includes nonprofits in the Small Business Economic Impact Statement requirement.

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## HOUSE COMMITTEE ON STATE GOVERNMENT

**Majority Report:** Do pass. Signed by 9 members: Representatives Haigh, Chair; Miloscia, Vice Chair; Armstrong, Ranking Minority Member; Shabro, Assistant Ranking Minority Member; Hunt, McDermott, Nixon, Tom and Wallace.

**Staff:** Anne Warwick (786-7291) and Katie Blinn (786-7114).

### Background:

The Regulatory Fairness Act was adopted to minimize the proportionally higher impact of state agency rules on small business. As part of the rule-making process, an agency must prepare a Small Business Economic Impact Statement (SBEIS) if: 1) the rule would impose more than minor cost on businesses in an industry; or 2) the Joint Administrative Rules Review Committee requests the agency to do so.

The SBEIS must include:

- a description of how small businesses will be involved in the development of the rule;
- an analysis of the costs of complying with the proposed rule, including whether compliance will result in loss of sales or revenue; and
- whether the rule will have a disproportionate impact on small businesses.

Additionally, the statement must identify any steps the agency took to reduce the cost of the rule on small businesses, or provide reasonable justification for not identifying those steps.

"Small business" is defined as any business entity with 50 or fewer employees, which is owned and operated independently from all other business with the purpose of making a profit.

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**Summary of Bill:**

For the purposes of the Regulatory Fairness Act, the requirement that an entity affected by a rule must have "the purpose of making a profit" is deleted from the definition of "small business." Agencies preparing SBEIS must consider the effect of rules on nonprofit organizations, charitable organizations and similar groups with 50 or fewer employees.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** Agencies rely heavily on nonprofit organizations to deliver services. As we rely more and more on partnerships with nonprofits in the delivery of services, we need to include them in the notification process. It is really just a matter of basic fairness. Regulations imposed by agencies are currently not taking into account information given to the agency from nonprofits during the rule making process. The interests of nonprofit organizations are being completely ignored. All businesses, whether for profit or not, should be considered equal.

**Testimony Against:** None.

**Testified:** Loren Michael Freeman; and Harry Steinmetz, Washington Association of Housing and Services for the Aging.