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## State Government Committee

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### HB 1334

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

**Sponsors:** Representatives Haigh, Armstrong, Kristiansen, Tom, Anderson, Shabro, Hatfield, Nixon, Hunt, Roach, Holmquist, Grant, O'Brien, Kagi, Kessler, Upthegrove and Morris.

#### Brief Summary of Bill

- Requires agencies to include in the notice of rule-making published in the state register a description of the methodology used to determine probable benefits and probable costs of a significant legislative rule, or to indicate that a preliminary analysis is available upon request.

**Hearing Date:** 2/6/03

**Staff:** Marsha Reilly (786-7291).

#### Background:

The Administrative Procedure Act (APA) details procedures that state agencies are required to follow when adopting rules. First, an agency is required to prepare a "statement of intent" and solicit comments from the public on a subject of possible rule-making. When the agency is ready to hold a hearing on a proposed rule, it publishes a notice in the state register. A hearing is held and comments are received. An agency is required to consider, summarize, and respond to the oral and written comments it receives. The agency may then withdraw the rule, modify it, or adopt the rule as proposed.

A *procedural rule* is a rule that adopts, amends, or repeals:

- any procedure, practice, or requirement relating to any agency hearings;
- any filing or related process requirement for making application to an agency for a license or permit;
- or any policy statement pertaining to the consistent internal operations of an agency.

An *interpretive rule* is a rule, the violation of which does not subject a person to a penalty or sanction, that sets forth the agency's interpretation of the statutory provisions it administers.

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;
- Establishes, alters, or revokes the issuance, suspension, or revocation of a license or permit; or
- Adopts a new, or makes significant amendments to, a policy or regulatory program.

The departments of Ecology, Labor and Industries, Health, Revenue, Social and Health Services, and Natural Resources, the Employment Security Department, the Forest Practices Board, the Office of the Insurance Commissioner, and the Department of Fish and Wildlife are subject to additional requirements when adopting significant rules. It must be determined that:

- The rule is needed to achieve statutory goals;
- Probable benefits are greater than probable costs;
- The rule is the least burdensome alternative for those required to comply to achieve the statutory objectives;
- The rule does not conflict with federal or state law;
- The rule does not treat public and private entities differently, unless required by law to do so; and
- Any differences from federal law are justified by explicit statutory authorization or to meet statutory objectives.

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, how the public will be informed about the rule, how the agency will promote and assist voluntary compliance with the rule, and how the agency will evaluate the effectiveness of the rule.

On January 31 of each even-numbered year, the Office of Financial Management is required to report to the Governor and the Legislature regarding the effects of significant rules on the regulatory system in this state.

**Summary of Bill:**

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

**Appropriation:** None.

**Fiscal Note:** Available.

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