

**SENATE BILL REPORT**

**SHB 2498**

**AS REPORTED BY COMMITTEE ON WAYS & MEANS, MARCH 2, 1992**

**Brief Description:** Regarding regulatory fairness.

**SPONSORS:** House Committee on Appropriations (originally sponsored by Representatives Ludwig, Forner, Cantwell, Sheldon, Dellwo, Bray, Roland, Rasmussen, Moyer, Rayburn, Grant, H. Myers, Paris, Riley, Edmondson, Kremen, Ferguson, Winsley, Wineberry, Jones, Dorn, Franklin, Ebersole, Bowman, May, Heavey, Ogden, Cooper, Pruitt, O'Brien, Hine, Nelson and P. Johnson)

**HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT**

**SENATE COMMITTEE ON COMMERCE & LABOR**

**Majority Report:** Do pass as amended.

Signed by Senators Matson, Chairman; Anderson, Vice Chairman; Bluechel, McCaslin, and McDonald.

**Staff:** Jonathan Seib (786-7427)

**Hearing Dates:** February 25, 1992

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** Do pass as amended.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Bluechel, Cantu, Gaspard, Hayner, M. Kreidler, Metcalf, Newhouse, Saling, L. Smith, West, Williams, and Wojahn.

**Staff:** Martin Chaw (786-7715)

**Hearing Dates:** March 2, 1992

**BACKGROUND:**

Washington's Administrative Procedure Act encourages state agencies to seek input from the public, including businesses, on subjects being considered for rule-making action. It requires each agency to designate a rules coordinator who can respond to public inquiries. An agency must conduct a public hearing on all proposed rules.

The Regulatory Fairness Act is intended to assure that agency rules affecting businesses do not disproportionately impact small business. When adopting any rule that will have an economic impact on more than 20 percent of all industries or more than 10 percent of any one industry, the adopting agency must reduce the economic impact of the rule on small businesses, and prepare a small business economic impact

statement. The impact statement must analyze the costs to small business of compliance with the proposed rule.

The Joint Administrative Rules Review Committee, comprised of four senators and four representatives, reviews agency rules for compliance with legislative intent. If it finds that the rule is inconsistent with legislative intent, and if the agency does not remedy the inconsistency, the committee may recommend that the Governor suspend the rule or that the Legislature repeal or amend the authorizing legislation.

**SUMMARY:**

When any proposed rule requires a small business economic impact statement, the agency must provide small businesses with notice of the proposed rule. Notice can be given by: (1) direct notification of known interested small businesses or trade organizations affected by the rule; or (2) notice in a publication likely to be read by affected businesses; or (3) appointment of a committee to comment on the proposed rule.

The Joint Administrative Rules Review Committee may review any rule for compliance with the Regulatory Fairness Act. The committee may also review small business economic impact statements required under that act.

The Business Assistance Center of the Department of Trade and Economic Development shall coordinate the provision of information by state agencies regarding state rules that affect specific classes or lines of business. The rules coordinator of each agency shall provide information to the Business Assistance Center.

The state shall not be financially liable for any errors or omissions in information on agency rules provided to businesses by the Business Assistance Center.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**SUMMARY OF PROPOSED COMMERCE & LABOR AMENDMENT:**

A provision is added to the bill requiring an agency preparing a small business economic impact statement to file the statement with the Code Reviser at least 45 days prior to publication of the notice of a public hearing, during which time the agency is to solicit comment on the proposed rule and make modifications as are feasible to minimize identified economic impact.

When publishing notice of a hearing on proposed rules, an agency is to include, where applicable, a statement of the steps taken to minimize the rules' economic impact as required under the Regulatory Fairness Act.

**SUMMARY OF PROPOSED WAYS & MEANS AMENDMENT:**

The act is made contingent on funding in the 1992 supplemental budget.

Language directing the Business Assistance Center to provide information to businesses is deleted and replaced with language directing that a study be conducted to determine how the center can best provide such information.

**TESTIMONY FOR (Commerce & Labor):**

Small businesses play a vital role in the state's economy, but are being severely hampered by regulatory requirements, which have a disproportionate impact on them. This bill provides for better notice and review of proposed agency rules, and more consideration of a proposed rule's economic impact. Businesses need better information regarding rules and permits affecting particular types. This bill is a step in the right direction.

**TESTIMONY AGAINST (Commerce & Labor):** None

**TESTIFIED (Commerce & Labor):** PRO: Representative Curtis Ludwig, prime sponsor; Gary Smith, Independent Business Association; Rose Marie Lewis, Nat Jackson, Clif Finch, Association of Washington Business

**TESTIMONY FOR (Ways & Means):**

Legislation is needed to better inventory the governmental regulations imposed upon businesses.

**TESTIMONY AGAINST (Ways & Means):** None

**TESTIFIED (Ways & Means):** PRO: Clif Finch, Association of Washington Business; Gary Smith, Independent Business Association