

SENATE BILL REPORT

HB 1430

As Reported By Senate Committee On:
Government Operations & Elections, April 2, 2003

Title: An act relating to housing.

Brief Description: Requiring state agencies to prepare housing impact statements.

Sponsors: Representatives Miloscia, Armstrong, Haigh and Benson.

Brief History:

Committee Activity: Government Operations & Elections: 4/2/03 [DP, DNP].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass.

Signed by Senators Roach, Chair; Stevens, Vice Chair; McCaslin and Reardon.

Minority Report: Do not pass.

Signed by Senator Kastama.

Staff: Ronda Larson (786-7429)

Background: When an agency proposes a new rule or regulation, the agency must assess whether it will disproportionately affect small business. For example, if a rule disproportionately increases costs for home builder businesses that are small as compared to large home builders, the agency must reduce the costs of the rule. Such steps could include reducing frequency of inspections or reducing fine schedules for noncompliance.

The extent to which an agency must try to reduce the costs of a rule depends upon the calculations that the agency makes when it prepares a small business economic impact statement (SBEIS). The main calculation in the SBEIS measures the extent of the rule's disproportionate impact on small businesses.

Summary of Bill: A requirement is added to the small business economic impact statement statute. When an agency proposes a new rule, the agency must assess whether it will disproportionately affect home builder/developer businesses that are large. The agency must also assess whether it will raise the cost either of housing or of a component of housing. If a rule disproportionately increases costs for home builder/developer businesses that are large as compared to all sizes of home builder/developer businesses, the agency must reduce the costs of the rule. Such steps could include reducing frequency of inspections or reducing fine schedules for noncompliance.

The extent to which an agency must try to reduce the costs of a rule depends upon the calculations that the agency makes when it prepares a housing impact statement. The main

calculation in the housing impact statement measures the extent of the rule's disproportionate impact on home builder/developer businesses that are large.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The bill came before the Legislature last session. The only reason it died was that the earthquake occurred. It was a good bill then and it is a good bill now. This is a home ownership issue. The Legislature should look at all factors that increase costs so that it has an understanding of how regulations increase the cost of housing. The state is ranked 47th out of the 50 states on the number of people who own their own home. This bill is a great start to looking at what rules are doing to costs of homes.

Testimony Against: The Department of Community, Trade, and Economic Development does not object to the bill but has concerns that the bill is inefficient for several reasons. First, it is redundant. The Small Business Economic Impact Statement requirements already address what this bill tries to do. The elements of the housing impact statement are in the small business impact statement. Second, it is difficult to implement because so many factors increase the cost of housing and the cost of components of housing. Therefore, this bill would create innumerable opportunities for legal challenges to agency rule-making. Third, if we add housing costs to the impact statement list, where does it end? Will we have requirements in the future for tax impact statements or transportation impact statements, for example?

Testified: PRO: Jennifer Kunkel of the Building Industry Association of Washington; Representative Miloscia, prime sponsor. CON: Tom McBride (on behalf of the Governor's Office), Department of Community, Trade, and Economic Development.