

# HOUSE BILL REPORT

## E2SHB 2192

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### As Passed Legislature

**Title:** An act relating to promoting economic development through enhancing transparency and predictability of state agency permitting and review processes.

**Brief Description:** Promoting economic development through enhancing transparency and predictability of state agency permitting and review processes.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Smith, Hansen, Haler, Buys, Hayes, Parker, Short, Seaquist, Pike, Scott, Zeiger, Hargrove, Manweller, Holy, Magendanz, Vick and Wilcox).

#### **Brief History:**

##### **Committee Activity:**

Government Operations & Elections: 1/31/14, 2/4/14 [DPS];

Appropriations: 2/7/14, 2/10/14 [DP2S(w/o sub GOE)].

##### **Floor Activity:**

Passed House: 2/14/14, 96-0.

Passed Senate: 3/5/14, 48-0.

Passed Legislature.

#### **Brief Summary of Engrossed Second Substitute Bill**

- Requires state agencies to track and record performance data regarding permit timelines.
- Requires agencies to post specific permit assistance information on the agency's website.
- Requires agencies to report performance data regarding permit timeliness in each even-numbered year beginning in 2016 until 2020 to the Office of Regulatory Assistance (ORA) and the ORA is required to publish a comprehensive progress report to the economic development committees of the Legislature and to the Governor.
- Requires the Office of the Chief Information Officer, in consultation with the ORA, to establish a central repository for permit performance and assistance information, hosted on the ORA's website.
- Adds a null and void clause.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

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## HOUSE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives S. Hunt, Chair; Bergquist, Vice Chair; Taylor, Ranking Minority Member; Young, Assistant Ranking Minority Member; Carlyle, Christian, Kretz, Manweller, Orwall, Robinson and Van De Wege.

**Staff:** Amanda Ondrick (786-7296) and Marsha Reilly (786-7135).

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Government Operations & Elections. Signed by 30 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Ross, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Carlyle, Christian, Cody, Dunshee, Fagan, Green, Haigh, Haler, Harris, Hudgins, G. Hunt, S. Hunt, Jinkins, Kagi, Lytton, Morrell, Parker, Pettigrew, Schmick, Seaquist, Springer, Sullivan, Taylor and Tharinger.

**Staff:** Charlie Gavigan (786-7340).

### **Background:**

#### Programs to Improve Regulatory Process.

Several programs have been established, through legislation and executive order, to improve the regulatory process in the state:

- Executive Order 06-02 directed the development of a one-stop business portal, with the intent of offering a single, secure, online portal that would make licensing, permitting, regulatory approvals or filings, and tax collection easier for business. The portal can be accessed at [www.business.wa.gov](http://www.business.wa.gov), and contains services and resources related to doing business in Washington.
- The Legislature created the Office of Regulatory Assistance (ORA) in 2002 to address potential conflict, overlap, and duplication in Washington's environmental permits. The ORA's functions regarding permits and licenses fall into three areas, supplying information, providing assistance and coordination, and improving regulatory processes.
- Executive Order 10-05 directed the Department of Commerce, working with the Governor's ORA and key state agencies that regulate business, to consolidate the variety of small business licensing, registration and certification guides into one integrated online resource available across all state agencies by June 30, 2011.

#### Performance Audits of Regulatory Processes.

In 2012 the State Auditor completed an audit of state regulatory practices. The audit addressed two questions:

- Do Washington government websites effectively provide regulatory information to businesses?

- Do Washington regulatory agencies have processes in place to streamline their business rules consistent with Governor Gregoire's executive order?

Regarding website access to business information, the audit found that the vision of a one-stop business portal has not yet been achieved. Regulatory information on regulatory agency websites is incomplete, not all sites are easy to use, and only 23 percent of permits and licenses provide online information about processing times.

Regarding rule streamlining, the audit found that agencies are streamlining some of their rules and some agencies' streamlining practices are in alignment with Governor Gregoire's executive order. The three agencies that could improve their streamlining practices for formalizing their review processes include, the Department of Ecology, the Department of Health, and the Department of Labor and Industries. None of these agencies measured the results of streamlining activity to determine whether rule revisions had the intended effect.

Audit recommendations included that all state regulatory agencies adopt streamlining processes that include:

- documentation of the review requirement and the process;
- review in regular intervals to ensure all business rules are evaluated to determine if streamlining is needed;
- specific criteria to evaluate the need, consistency, and clarity of existing rules; and
- measurement and tracing of results, before and after rules are streamlined.

In 2013 the State Auditor completed a performance audit on improving permit timeliness. The audit revealed that not all agencies:

- track permit processing times;
- tell businesses processing times;
- provide businesses sufficient up-front assistance; or
- use data to identify and correct process delays.

The audit recommendations included that agencies should:

- track and publish permit processing times;
- identify decision time targets;
- provide assistance to applicants early in the process;
- use performance data to identify and eliminate process bottlenecks; and
- share effective practices among agencies.

### **Summary of Engrossed Second Substitute Bill:**

The stated intent is to improve the predictability and efficiency of permit decisions by making information about permitting assistance and timelines more readily available to the public. To accomplish this, each agency that issues permits indicated in the State Auditor's December 30, 2013, performance audit report is required to track and record the time it takes to make permitting decisions. At a minimum, the following performance data must be tracked and recorded:

- the time from initial submission of an application by an entity seeking a permit to the time the agency determines it is complete; and

- the time from the receipt of the complete application to the agency's decision to approve or deny the permit.

By March 1, 2016, and every even-numbered year thereafter until 2020, each agency will provide a report to the ORA with information on its performance data including application completion times and decision issuance times.

To provide meaningful customer service that informs project planning and decision making for citizens and businesses, the following information must be made available to permit applicants through a link from the agency's website to the ORA website:

- a list of the types of permit assistance available and how the assistance can be accessed;
- the estimated time for an agency to process permits and issue decisions based on the performance data collected; and
- tools that will help applicants successfully complete their applications, such as examples of completed applications, examples of approved applications, and checklists for ensuring a complete application.

To ensure that agencies can post the required information online with minimal expenditure of agency resources, the OCIO, in consultation with the ORA, will establish a central repository for permit performance and assistance information, hosted on the ORA's website. The ORA will ensure the searchability of information posted on the central repository.

By September 2016, and each even-numbered year thereafter until 2020, the ORA shall publish a comprehensive progress report on the performance of agencies in tracking permit timelines and other efforts to improve regulatory permitting. The report must:

- disclose the performance data for each agency for the previous year;
- provide an updated list of each agency's inventory of permits; and
- identify permits with most-improved and most-in-need-of improvement processing and decision times, based on the performance data.

The procedures implemented due to the requirements under the act are added to the integration efforts required by the Quality Management, Accountability, and Performance System.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed. However, the bill is null and void unless funded in the budget.

**Staff Summary of Public Testimony (Government Operations & Elections):**

(In support) In December 2013 the State Auditor completed an excellent audit on the key competitive disadvantages in Washington and found that it is around permit timeliness. In large measure, the report states that businesses are happy with many of the services the agencies offered but are frustrated by the lack of knowledge about how long a permit

decision will take, not receiving prompt permit decisions, and lack of the information available to assist in correctly completing the permit process.

Currently the bill's sponsor is meeting with the OCIO and the Office of the Governor to simplify the bill. The proposed substitute will address many concerns. In the substitute bill, agencies will report to one office and the process for collecting performance data and reporting is easier. Also, reporting dates will align with the Office of the Governor reporting dates. This process will be aided by the OCIO to ensure the process is done in the most cost effective way. The goal is to make permit processing times and information public. Making performance data more transparent and collecting metrics will help drive the improvement necessary to get a timely permit decision to businesses. This bill is a benefit to agencies and builds on previous efforts provided by the Legislature and through executive order. It is about customer service so that job creators can get to the business of creating jobs.

Agencies stated that one reason they do not provide information on how long it takes to issue permits is because permitting is not a priority function of the agency. Permitting is important because businesses hire staff for the permit process which costs businesses money. Improving the efficiency of issuing permits reduces the cost to businesses and improves customer service. By increasing timeliness and speed, Washington will attract more businesses.

Employees of state agencies are working hard but they work in a system that is inefficient. There are many stories about the permit process not working well for businesses. It is important to agriculture that processing times are quick. It can take a long time to initiate improvements but in the end it improves the overall process, so it is worth the time invested.

(Opposed) None.

**Staff Summary of Public Testimony (Appropriations):**

(In support) Representative Smith has been working consistently with the Office of the Chief Information Officer and the Department of Commerce to align the goals in the bill with the Governor's Office.

(Opposed) None.

**Persons Testifying (Government Operations & Elections):** Representative Smith, prime sponsor; Mike Ennis, Association of Washington Business; Carl Gipson, Frontier Communications; Liz de Bagara, Washington Business Advocates; Mark Johnson, Washington Retail Association; and Evan Sheffels, Washington Farm Bureau.

**Persons Testifying (Appropriations):** Representative Smith, prime sponsor.

**Persons Signed In To Testify But Not Testifying (Government Operations & Elections):** None.

**Persons Signed In To Testify But Not Testifying (Appropriations):** None.