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**SUBSTITUTE HOUSE BILL 2577**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** House State Government & Tribal Relations (originally sponsored by Representatives Barkis, Chapman, Schmick, Walen, Chambers, Corry, Tarleton, Leavitt, Vick, Dye, Cody, Macri, Stokesbary, Frame, Tharinger, Hoff, Pellicciotti, Gildon, Senn, Walsh, Dent, Dolan, Jenkin, Volz, Blake, Lekanoff, Van Werven, and Ybarra)

READ FIRST TIME 02/07/20.

1 AN ACT Relating to agency responsibilities to regulated  
2 businesses and professions; adding a new chapter to Title 18 RCW;  
3 creating new sections; and providing an expiration date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature reaffirms its findings  
6 that the licensing and regulation of businesses and professions  
7 requires periodic inspections, audits, interviews, site visits, or  
8 other oversight measures to verify that licensing, permit, and other  
9 regulatory requirements are met, and that unnecessary costs and  
10 delays may occur when business owners, particularly small business  
11 owners, must seek outside counsel or other professional assistance to  
12 prepare for and participate in review and enforcement actions such as  
13 audits, inspections, or examinations of their records, facilities, or  
14 job sites.

15 The legislature finds that agencies have a responsibility to  
16 provide a clear description of their audit, inspection, or  
17 examination processes to businesses and professions they regulate.  
18 This information must be clear, concise, and sufficient to provide  
19 regulated businesses and professions with an understanding of what  
20 they may expect before, during, and after an audit, inspection, or  
21 examination.

1        NEW SECTION.    **Sec. 2.**    (1) By December 31, 2020, each state  
2 regulatory agency that conducts audits, inspections, or examinations  
3 within its regulatory authority over businesses and professions must  
4 provide, or provide references to, the following information at each  
5 audit, inspection, or examination:

6        (a) The purpose and legal authority for conducting the audit,  
7 inspection, or examination;

8        (b) If advance notice for an audit, inspection, or examination  
9 will not be provided, the basis for not providing advance notice;

10       (c) The auditor, inspector, or examiner must present  
11 identification at the start of an audit, inspection, or examination;

12       (d) The auditor, inspector, or examiner must provide contact  
13 information for a staff person who is available to answer questions  
14 regarding the audit, inspection, or examination;

15       (e) Whether the business may cure or correct a potential or  
16 actual violation during or after an audit, inspection, or examination  
17 to avoid or mitigate an administrative sanction, if any;

18       (f) How the business may provide past agency advice or  
19 interpretations it relied upon for consideration in agency decisions;

20       (g) Whether the business may designate one or more individuals as  
21 official company representatives and have legal, accounting, safety,  
22 or other technical professionals participate in any audit,  
23 inspection, or examination; and

24       (h) How the business may respond to the outcome of an audit,  
25 inspection, or examination, what the next steps are in the process,  
26 and a good faith estimate for future communication. Outcomes could  
27 include agency reports, findings, orders, or other documentation  
28 about the audit, inspection, or examination.

29       (2) The requirements specified in subsection (1) of this section  
30 do not apply:

31       (a) In emergency situations where environmental quality or worker  
32 or public safety, health, or welfare are in imminent danger;

33       (b) In any criminal investigations or proceedings, including when  
34 a criminal justice agency as defined in RCW 10.97.030 exercises its  
35 law enforcement authority, or to an agency's undercover,  
36 surveillance, or seizure activities;

37       (c) To site visits conducted by employees, vendors, or  
38 contractors of a state regulatory agency if the purpose of the site  
39 visit is not related to verifying compliance with licensing or other  
40 regulatory requirements; or

1 (d) If they would create a conflict with federal or state law or  
2 unreasonably limit, delay, or prevent an agency from performing its  
3 statutorily authorized duties.

4 NEW SECTION. **Sec. 3.** For the purposes of this chapter,  
5 "regulatory" and "regulatory agency" have the same meaning as in RCW  
6 19.02.020, but "regulatory agency" does not include any local  
7 government entity.

8 NEW SECTION. **Sec. 4.** State regulatory agencies must post a  
9 general description about the responsibilities specified in section 2  
10 of this act on their web site. The posting does not have to include  
11 specifics for each audit, inspection, or examination program, but  
12 must indicate that the information will be provided at an audit,  
13 inspection, or examination.

14 NEW SECTION. **Sec. 5.** (1) The joint legislative audit and review  
15 committee shall review agencies' performance and compliance with this  
16 chapter by December 31, 2023. The review must include surveying  
17 regulated businesses to obtain their views on agency implementation  
18 and identifying how views compare for small and large businesses.

19 (2) This section expires July 1, 2024.

20 NEW SECTION. **Sec. 6.** Sections 2 through 4 of this act  
21 constitute a new chapter in Title 18 RCW.

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