

**SENATE BILL REPORT**

**SB 5700**

**AS REPORTED BY COMMITTEE ON COMMERCE & LABOR, FEBRUARY 28, 1991**

**Brief Description:** Regulating small businesses.

**SPONSORS:** Senators Matson, Bailey, Hansen, Newhouse, Barr, McMullen, Sellar, Bauer, Anderson, Hayner, McCaslin, Owen, L. Smith and Thorsness.

**SENATE COMMITTEE ON COMMERCE & LABOR**

**Majority Report:** Do pass.

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

**Minority Report:** Do not pass.

Signed by Senators Murray and Skratek.

**Staff:** Traci Anderson (786-7452)

**Hearing Dates:** February 26, 1991; February 28, 1991

**BACKGROUND:**

The 1990 annual report of the Governor's Small Business Improvement Council (SBIC) identified a number of existing state policies and regulations that place particular economic hardship on small firms in the state.

Fees charged to businesses for the administration of certain environmental programs are of particular concern to the SBIC. It is reported that wastewater discharge permit fees place an especially heavy economic burden on small businesses. These fees fund the Wastewater Discharge Permit Program operated by the Department of Ecology (DOE). The DOE has recently proposed a 162 percent increase in all permit fees, beginning sometime in 1991. The proposed increase will make the program self-supporting, as required by the passage of Initiative 97 in 1988.

The Efficiency Commission recently completed a report on the Wastewater Discharge Permit Program operated by the Department of Ecology. This report highlights a number of problems that currently exist in the operation of the program which prevent it from being implemented in an efficient and effective manner. The commission has recommended that the agency make a number of important changes in the operation of the program over the next several years.

**SUMMARY:**

A cap is placed on the monthly late fees charged by DOE on delinquent wastewater permit fee accounts. DOE may charge a monthly fee of not more than 2 percent of the outstanding balance of the delinquent account, excluding penalty fees.

The permit fee schedule in effect as of January 1991 will not be adjusted until December 1992.

The Senate Commerce and Labor Committee will complete a study on the impact of government regulation on small businesses in the state of Washington. The study will focus on the policy areas identified by the Governor's Small Business Improvement Council. The study will also examine the extent to which state agencies work with small businesses in attempting to mitigate the effects of proposed policies.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested February 20, 1991

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**TESTIMONY FOR:**

Some businesses have had wastewater permits for less than two years and the Department of Ecology is already proposing to increase the fee by 160 percent. The question is what are businesses buying with the fee? If government is going to rely on user fees to fund established programs, agencies that run these programs and charge fees should be held to very strict standards of accountability.

**TESTIMONY AGAINST:**

Permitting of wastewater dischargers is important for protecting the quality of the water in the state of Washington.

**TESTIFIED:** PRO: Frank DeLong, Washington State Horticulture Association; Jim Zimmerman, Troutlodge, Washington Fish Growers Association; Gary Smith, Independent Business Association; CON: Lou Anne Houck, Citizens Coalition for Toxic Clean Up