

SENATE BILL REPORT

SB 6212

AS OF JANUARY 18, 1994

Brief Description: Reducing costs of rule making on small businesses.

SPONSORS: Senators Moore, Anderson, Sheldon, Amondson, McAuliffe, Quigley, Oke, Bauer, Winsley, Roach and Ludwig

SENATE COMMITTEE ON LABOR & COMMERCE

Staff: Jonathan Seib (786-7427)

Hearing Dates: January 19, 1994

BACKGROUND:

The Regulatory Fairness Act was enacted in 1982 to promote agency consideration and mitigation of the impact of their rules on small business.

The act requires that in the adoption of any non-emergency rule which will have an economic impact on more than 20 percent of all industries, or more than 10 percent of any one industry, the agency must prepare a small business economic impact statement (SBEIS). If it is legal and feasible in meeting the stated objective of the statutes which are the basis of the proposed rule, the agency is also to reduce the economic impact of the rule in ways specified in the act.

An agency is not required to prepare an SBEIS if the rule is being adopted solely for the purpose of conformity with federal law or if the rule will have a minor or negligible economic impact. The Business Assistance Center is to develop guidelines for determining whether the rule's impact will be minor or negligible.

The Business Assistance Center in the Department of Trade and Economic Development is given certain other responsibilities under the Regulatory Fairness Act. It has convened a Regulatory Fairness Task Force made up of business and agency representatives. There is concern, based in part on the discussions of the task force, that existing provisions of the Regulatory Fairness Act are unclear and difficult for agencies to comply with.

SUMMARY:

The language of the Regulatory Fairness Act is clarified and amended.

An agency is required to prepare a small business economic impact statement (SBEIS) if a proposed non-emergency rule will

impose more than minor cost on business, or upon the request of a majority of the Joint Administrative Rules Review Committee. The Business Assistance Center is to adopt rules for determining when a proposed rule will impose more than minor costs on business.

Based on the extent of disproportionate impact identified in the impact statement, and unless reasonable justification exists to do otherwise, the agency is to reduce the costs of the rule on small business. The list of steps which the agency may take to reduce costs is expanded.

Additional information to be provided in the SBEIS includes a statement of the steps the agency has taken to reduce the cost of the rule on small business, a list of industries required to comply with the rule, and a statement of whether and how the agency has involved small business in rule development.

The section exempting an agency from preparing an SBEIS if the rule is being adopted solely for the purpose of conformity with federal law is repealed.

The responsibilities of the Business Assistance Center are clarified and expanded to include developing guidelines for agency preparation of SBEIS, reviewing draft SBEIS, advising the Joint Administrative Rules Review Committee regarding agency compliance with the Regulatory Fairness Act, organizing a state rules coordinating committee, and submitting recommendations to the Department of Personnel for an administrative procedures training program.

Appropriation: none

Revenue: none

Fiscal Note: requested January 17, 1994

Effective Date: July 1, 1994