

---

## Local Government Committee

---

### BILL ANALYSIS HB 2395

**TITLE OF THE BILL:** Establishing a moratorium on state agency rules that create new costs for local governments.

#### Brief Summary of Bill:

- Imposes a moratorium (until March 30, 2002) on all state agency rulemaking or programmatic activities that create new costs for local governments.
- Requires all state agencies (until March 30, 2002) to assess costs of rules or activities on local governments and to issue a finding that a rule or activity does not create new costs for local governments before proceeding with the rule or activity.
- Includes an emergency clause and a July 1, 2002, expiration date.

**SPONSORS:** Representatives Mulliken, Doumit, Mielke, Scott, Ericksen, Fortunato and Edwards.

**HEARING DATE:** Thursday, January 20, 2000.

**EFFECTIVE DATE:** The bill contains an emergency clause and takes effect immediately.

**FISCAL NOTE:** Not requested.

**ANALYSIS PREPARED BY:** Scott MacColl (786-7106)

---

### BACKGROUND:

Local government revenues are reduced due to the passage of Initiative 695, which repealed the Motor Vehicle Excise Tax (MVET). Certain local governments formerly received revenue in the form of Sales Tax Equalization, which was funded through MVET receipts.

State agency rule making is authorized in Chapter 43.17 RCW, in which departments are authorized to prescribe rules and regulations. These rules and regulations may require local governments to

provide some action in response to new or updated rules.

Administrative agencies are created by the Legislature and have only the authority given to them by the Legislature. Administrative agency powers may be expressly stated in statute or may be implied from statutorily mandated duties. An administrative agency authorized or required to take some action has the implied authority to take those actions that are lawful and necessary to carry out the granted authority or to satisfy the statutory requirement. This "implied authority" of state agencies can be limited by constitutional or statutory conditions or restrictions.

Administrative agencies may be granted statutory authority to promulgate "rules," defined generally by the Administrative Procedure Act (APA) to include any agency orders, directives or regulations of general applicability that may impose penalties or sanctions, establish standards or qualifications, or relate to benefits conferred by law. Agency rules may also specify procedures for agency actions or hearings. The APA includes statutory procedural requirements for promulgation of agency rules, including public notice and opportunity to comment.

## **SUMMARY:**

State Agencies are restricted from proposing or adopting a rule or engaging in programmatic activity that will create new costs for local governments until March 30, 2002. In order to proceed with any rules or programmatic activity, a state agency must assess whether or not a new cost is created for local governments. Also, until March 30, 2002, the state agency must issue a finding that no new costs are created for local governments prior to proceeding.

For the purposes of this bill, local governments are defined as towns, cities and counties. Also, costs are defined as expenses related to implementation or response to the agency rule making or activity, which include review, technical assistance, planning, administration, legislative, implementation, litigation, enforcement, or rule-making expense.