

***Local Government & Housing
Committee***

HB 1813

Brief Description: *Providing for local government regulatory fairness.*

Sponsors: *Representatives Mulliken, Doumit, Alexander, Mielke, Kirby, Jarrett, Crouse, Hatfield, B. Chandler, Morell, Dunn and Pearson.*

Brief Summary of Bill

- *Creates the 'Local Government Regulatory Fairness Act' with the intent of reducing the local disproportionate impact of state administrative rules on local governments.*
- *Creates a requirement that state agencies prepare a 'local government impact statement' if the proposed rule imposes more than minor costs on local governments, or at the request of the JARRC.*
- *Proposed state agency rules that have been determined to have a fiscal impact greater than \$50,000 through the local government impact statement may not be implemented without full reimbursement to the local governments.*

Hearing Date: *2/19/01*

Staff: *Scott MacColl (786-7106).*

Background:

The legislature is prohibited from imposing responsibility for new programs or increased levels of service under existing programs on any local government of the state unless fully reimbursed by the state [commonly referred to as 'unfunded mandates']. Reimbursement may be through specific appropriations, or increases in state distributions of revenue.

The legislature, in consultation with the Office of Financial Management, determines the costs of any new program or increased levels of service under existing programs.

State agencies are authorized to promulgate rules based on authority set forth in statute, and required to follow Chapter 34.05 RCW (Administrative Procedures Act, or APA) which specifies the rule-making procedures.

Public notification in the APA requires that at least twenty days prior to the rule-making hearing at which the public comments regarding the adoption of the rule, the agency is required to publish notice in the state register. The notice is required to include, among others, a title, citation of statutory authority, a rule summary, a short explanation and anticipated impacts, the responsible agency personnel, the proposed date of adoption, and a small business impact statement.

The small business impact statement [Chapter 19.85 RCW, the 'Regulatory Fairness Act'] is required under the APA if the proposed rule will impose more than minor costs on businesses in an industry, or if requested by the Joint Administrative Rules Review Committee (JARRC) within 45 days of receipt of the proposed rule making notice.

The statement must include compliance requirements, the costs of such compliance, whether or not the proposed rule will cause businesses to lose sales in order to comply, and any steps the agency has taken to reduce the costs of the rule on small businesses.

Summary of Bill:

Creates the 'Local Government Regulatory Fairness Act' with the intent of reducing the disproportionate impact of state administrative rules on local governments.

State agencies are prohibited from adopting proposed rules that impose responsibility for new programs or increased levels of service that cost over \$50,000 unless fully reimbursed by the state through a specific appropriation, increases in state distributions of revenue, or funding from the state agency. Reimbursement costs are determined through a local government impact statement prepared by the agency proposing the rule.

Requires that state agencies prepare, as part of the Administrative Procedures Act, a 'local government impact statement' [based on the small business impact statement] if either a proposed rule imposes more than minor costs on local governments, or by a request from the Joint Administrative Rules Review Committee (JARRC) within 45 days of receiving noticed of the proposed rule.

Local government impact statements must include an analysis of the compliance requirements, local government regulatory changes implementation requirements, and the costs of such requirements. Cost analysis should include costs of labor, planning, implementation, court defense, and administrative costs.

The statement must include steps the agency has taken to reduce implementation costs on local jurisdictions through reducing or modifying substantive regulatory requirements, delaying compliance timetables, eliminating agency review requirements, or any mitigation techniques. The statement must also include a description of how the agency will involve the local governments in rule development, and which local governments are required to

comply with the rule.

Agencies are authorized to survey affected local governments, and are encouraged whenever possible, to appoint a committee to assist in the accurate assessment of the costs of the proposed rule, and the means to reduce the costs imposed on local governments.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.