

# HOUSE BILL REPORT

## SB 5512

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**As Reported by House Committee On:**  
State Government

**Title:** An act relating to small business economic impact statements.

**Brief Description:** Including nonprofits in the small business economic impact statement requirement.

**Sponsors:** Senators Honeyford, Kastama, West, Keiser, Winsley and Rasmussen.

**Brief History:**

**Committee Activity:**

State Government: 4/1/03, 4/3/03 [DP].

<p><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>· Includes non-profits in the small business impact statement requirements.</li></ul>
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### HOUSE COMMITTEE ON STATE GOVERNMENT

**Majority Report:** Do pass. Signed by 9 members: Representatives Haigh, Chair; Miloscia, Vice Chair; Armstrong, Ranking Minority Member; Shabro, Assistant Ranking Minority Member; Hunt, McDermott, Nixon, Tom and Wallace.

**Staff:** Anne Warwick (786-7291).

**Background:**

The Regulatory Fairness Act was adopted to minimize the proportionally higher impact that state agency rules have on small business. As part of the rule-making process, an agency must prepare a Small Business Economic Impact Statement (SBEIS) if: 1) the rule will impose more than minor costs on businesses in an industry; or 2) the Joint Administrative Rules Review Committee requests the agency to do so.

The SBEIS must include:

- a description of how small businesses will be involved in the development of the rule;
- an analysis of the costs of complying with the proposed rule, including whether

- compliance will result in loss of sales or revenue; and
- whether the rule will have a disproportionate impact on small businesses.

Additionally, the statement must identify any steps the agency took to reduce the cost of the rule on small businesses, or provide reasonable justification for not identifying those steps.

"Small business" is defined as any business entity with 50 or fewer employees which is owned and operated independently from all other businesses with the purpose of making a profit.

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**Summary of Bill:**

For the purposes of the Regulatory Fairness Act, the requirement that an entity affected by a rule must have "the purpose of making a profit" is deleted from the definition of "small business." Agencies preparing an SBEIS must consider the effect of a rule on nonprofit organizations, charitable organizations and similar groups with 50 or fewer employees.

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**Appropriation:** None.

**Fiscal Note:** Available for HB 1492 (companion).

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** There is a tremendous need to pay attention to the regulatory impacts on nonprofit organizations.

**Testimony Against:** None.

**Testified:** Senator Honeyford, prime sponsor; Loren Michael Freeman; and Nick Federici, Washington Association of Housing Services for the Aging.