
SENATE BILL 5730

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By Senators Doumit, Zarelli, Eide, Shin, Rasmussen and Mulliken

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1 AN ACT Relating to regulation of small businesses; and amending RCW
2 19.85.030, 19.85.040, 19.85.050, 19.85.070, and 34.05.671.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 19.85.030 and 2000 c 171 s 60 are each amended to read
5 as follows:

6 (1) In the adoption of a rule under chapter 34.05 RCW, an agency
7 shall prepare a small business economic impact statement: (a) If the
8 proposed rule will impose more than minor costs on businesses in an
9 industry; or (b) if requested to do so by a majority vote of the joint
10 administrative rules review committee within forty-five days of
11 receiving the notice of proposed rule making under RCW 34.05.320.
12 However, if the agency has completed the pilot rule process as defined
13 by RCW 34.05.313 before filing the notice of a proposed rule, the
14 agency is not required to prepare a small business economic impact
15 statement.

16 An agency shall prepare the small business economic impact
17 statement in accordance with RCW 19.85.040, and file it with the code
18 reviser along with the notice required under RCW 34.05.320. An agency
19 shall file a statement prepared at the request of the joint

1 administrative rules review committee with the code reviser upon its
2 completion before the adoption of the rule. An agency shall provide a
3 copy of the small business economic impact statement to any person
4 requesting it.

5 (2) Based upon the extent of disproportionate impact on small
6 business identified in the statement prepared under RCW 19.85.040, the
7 agency shall, where legal and feasible in meeting the stated objectives
8 of the statutes upon which the rule is based, reduce the costs imposed
9 by the rule on small businesses. ~~((Methods to reduce the costs on
10 small businesses may include))~~ The agency shall consider, without
11 limitation, each of the following methods of reducing the impact of the
12 proposed rule on small businesses:

13 (a) Reducing, modifying, or eliminating substantive regulatory
14 requirements;

15 (b) Simplifying, reducing, or eliminating recordkeeping and
16 reporting requirements;

17 (c) Reducing the frequency of inspections;

18 (d) Delaying compliance timetables;

19 (e) Reducing or modifying fine schedules for noncompliance; ~~((or))~~

20 (f) Establishing performance standards for small businesses to
21 replace design or operational standards required in the proposed rules;
22 and

23 (g) Any other mitigation techniques suggested by small businesses
24 or their advocates.

25 **Sec. 2.** RCW 19.85.040 and 1995 c 403 s 403 are each amended to
26 read as follows:

27 (1) A small business economic impact statement must include a brief
28 description of the reporting, recordkeeping, and other compliance
29 requirements of the proposed rule, and the kinds of professional
30 services that a small business is likely to need in order to comply
31 with such requirements. It shall analyze the costs of compliance for
32 businesses required to comply with the proposed rule adopted pursuant
33 to RCW 34.05.320, including costs of equipment, supplies, labor, and
34 increased administrative costs. It shall consider, based on input
35 received, whether compliance with the rule will cause businesses to
36 lose sales or revenue. To determine whether the proposed rule will
37 have a disproportionate impact on small businesses, the impact

1 statement must compare the cost of compliance for small business with
2 the cost of compliance for the ten percent of businesses that are the
3 largest businesses required to comply with the proposed rules using one
4 or more of the following as a basis for comparing costs:

- 5 (a) Cost per employee;
- 6 (b) Cost per hour of labor; or
- 7 (c) Cost per one hundred dollars of sales.

8 (2) A small business economic impact statement must also include:

9 (a) A statement of the steps taken by the agency to reduce the
10 costs of the rule on small businesses as required by RCW
11 19.85.030(~~(+3)~~) (2), or reasonable justification for not doing so,
12 addressing the options listed in RCW 19.85.030(~~(+3)~~) (2);

13 (b) A description of how the agency will involve small businesses
14 in the development of the rule; and

15 (c) A list of industries that will be required to comply with the
16 rule. However, this subsection (2)(c) shall not be construed to
17 preclude application of the rule to any business or industry to which
18 it would otherwise apply.

19 (3) To obtain information for purposes of this section, an agency
20 may survey a representative sample of affected businesses or trade
21 associations and should, whenever possible, appoint a committee under
22 RCW 34.05.310(2) to assist in the accurate assessment of the costs of
23 a proposed rule, and the means to reduce the costs imposed on small
24 business.

25 **Sec. 3.** RCW 19.85.050 and 1989 c 175 s 74 are each amended to read
26 as follows:

27 (1) (~~Within one year after June 10, 1982,~~) Each agency shall
28 publish and deliver to the office of financial management, and to all
29 persons who make requests of the agency for a copy (~~of~~), a plan to
30 periodically review all rules (~~then in effect and which have been~~)
31 issued by the agency (~~which~~) that have an economic impact on more
32 than twenty percent of all industries or ten percent of the businesses
33 in any one industry. (~~Such~~) The plan may be amended by the agency at
34 any time by publishing a revision to the review plan and delivering
35 such revised plan to the office of financial management and to all
36 persons who make requests of the agency for the plan. The purpose of
37 the review is to determine whether such rules should be continued

1 without change or should be amended or rescinded, consistent with the
2 stated objectives of applicable statutes, to minimize the economic
3 impact on small businesses (~~(as described by this chapter)~~). The plan
4 shall provide for the review of all such agency rules (~~(in effect on~~
5 ~~June 10, 1982, within ten years of that date)~~) every five years.

6 (2) In reviewing rules to minimize any significant economic impact
7 of the rule on small businesses as described by this chapter, and in a
8 manner consistent with the stated objectives of applicable statutes,
9 the agency shall consider the following factors:

10 (a) The continued need for the rule;

11 (b) The nature of complaints or comments received concerning the
12 rule from the public;

13 (c) The complexity of the rule;

14 (d) The extent to which the rule overlaps, duplicates, or conflicts
15 with other state or federal rules, and, to the extent feasible, with
16 local governmental rules; and

17 (e) The degree to which technology, economic conditions, or other
18 factors have changed in the subject area affected by the rule.

19 (3) Each year each agency shall publish a list of rules which are
20 to be reviewed pursuant to this section during the next twelve months
21 and deliver a copy of the list to the office of financial management
22 and all persons who make requests of the agency for the list. The list
23 shall include a brief description of the legal basis for each rule as
24 described by RCW 34.05.360, and shall invite public comment upon the
25 rule.

26 **Sec. 4.** RCW 19.85.070 and 1992 c 197 s 1 are each amended to read
27 as follows:

28 When any rule is proposed for which a small business economic
29 impact statement is required, the adopting agency shall provide notice
30 to small businesses of the proposed rule through (~~(any of the~~
31 ~~following))~~):

32 (1) Direct notification of known interested small businesses or
33 trade organizations affected by the proposed rule; (~~(or)~~)

34 (2) Providing information of the proposed rule making to
35 publications likely to be obtained by small businesses of the types
36 affected by the proposed rule; and

37 (3) Posting on the agency web site.

1 **Sec. 5.** RCW 34.05.671 and 1995 c 403 s 505 are each amended to
2 read as follows:

3 (1) The rules review committee may make reports from time to time
4 to the members of the legislature and to the public with respect to any
5 of its findings or recommendations. The committee shall keep complete
6 minutes of its meetings.

7 (2) The committee may establish ad hoc advisory boards, including
8 but not limited to, ad hoc economics or science advisory boards to
9 assist the committee in its rules review functions. The committee
10 shall establish a small business advisory board to ensure that small
11 business concerns are reflected in the rules review process.

12 (3) The committee may hire staff as needed to perform functions
13 under this chapter.

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