

# SENATE BILL REPORT

## 2SHB 2603

---

---

As of February 23, 2010

**Title:** An act relating to violations of state law or agency rule by small businesses.

**Brief Description:** Requiring agencies to give small businesses an opportunity to comply with a state law or agency rule before imposing a penalty.

**Sponsors:** House Committee on Ways & Means (originally sponsored by Representatives Smith, Kenney, Bailey, Quall, Morris, Blake, Anderson, Chase, Kelley, Short, Appleton, Sullivan, Dammeier, Upthegrove, Klippert, Chandler, Kristiansen, Rolfes, Pearson, Roach, Parker, Morrell, Haler, Walsh, Orcutt, Johnson, Liias, Hunt, Probst, Ericksen, Moeller, Kretz, Sells, Hope, Herrera and Warnick).

**Brief History:** Passed House: 2/15/10, 98-0.

**Committee Activity:** Economic Development, Trade & Innovation: 2/25/10.

---

### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

**Staff:** Jack Brummel (786-7428)

**Background:** Small Business Paperwork Violations Act. In 2009 the Legislature enacted a law directing agencies to waive fines, civil penalties, or administrative sanctions for first-time paperwork violations made by small businesses. A small business is defined as a business with 250 or fewer employees. A paperwork violation is defined as a violation of any statutory or regulatory requirement that mandates the collection of information by an agency, or the collection, posting, or retention of information by a small business.

When an agency issues a waiver, it may require the small business to correct the violation within a reasonable period of time and in a manner specified by the agency. If a correction is impossible, no correction may be required and failure to correct is not grounds for reinstatement of fines, penalties, or sanctions.

Exceptions to the waiver requirement may be made if the violation:

- presents a direct danger to public health, results in a loss of income or benefits to an employee, poses a potentially significant threat to human health or the environment, or causes serious harm to the public interest;
- involves knowing or willful conduct that may result in a felony conviction;
- concerns assessment or collection of any tax, debt, revenue or receipt;

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

- concerns a regulated entity's financial filings, or insurance rate or form filing;
- conflicts with federal law or programs; or
- is by a business owner who previously committed a substantially similar paperwork violation.

**Summary of Bill:** The Small Business Paperwork Violations Act is amended. Agencies must provide a small business with a copy of the state law or agency rule being violated and must allow a period of at least two business days for the small business to correct the violation before the agency imposes a fine, a civil penalty, or an administrative sanction. If no correction is possible, no correction must be required. Exceptions to this requirement are the same as the exceptions to the waiver requirement.

The definition of a small business is changed from a business with 250 or fewer employees to an in-state business that has 50 or fewer employees or has gross revenues of less than \$7 million annually.

**Appropriation:** None.

**Fiscal Note:** Available (preliminary).

**Committee/Commission/Task Force Created:** No.

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