

# SENATE BILL REPORT

## SB 5500

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As Passed Senate, February 24, 2011

**Title:** An act relating to the rule-making process for state economic policy.

**Brief Description:** Concerning the rule-making process for state economic policy.

**Sponsors:** Senators Baumgartner, Chase, Kastama, Zarelli, Schoesler, Shin, Holmquist Newbry, Delvin, Parlette, Kilmer and Roach.

**Brief History:**

**Committee Activity:** Economic Development, Trade & Innovation: 2/07/11, 2/10/11 [DP].  
Passed Senate: 2/24/11, 47-0.

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

**Majority Report:** Do pass.

Signed by Senators Kastama, Chair; Chase, Vice Chair; Baumgartner, Ranking Minority Member; Ericksen, Hatfield, Holmquist Newbry and Kilmer.

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

**Background:** Under current law, all state agencies and local governments with rule-making authority have to consider economic values in the rule-making process.

In 1994 the Legislature adopted the Regulatory Fairness Act to protect small businesses from being disproportionately impacted by state regulation. Under certain circumstances the statute requires agencies to prepare a Small Business Economic Impact Statement when adopting a rule. If disproportionate impact on small business is found in the impact statement, agencies must, where legal and feasible, reduce the costs imposed on small businesses by a rule.

When a Small Business Economic Impact Statement is required on a rule, agencies must either directly notify known interested small businesses or provide information on the rule to publications likely to be obtained by affected small businesses.

**Summary of Bill:** A legislative finding states that government decisions can have negative consequences for businesses and employees. Those with rule-making authority have to consider economic impacts in the rule-making process.

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*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.*

Agencies must consider specified methods to reduce the impact of a proposed rule on small businesses, including those suggested by small businesses or small business advocates.

When a Small Business Economic Impact Statement is required on a rule, agencies must provide notice of the rule directly to known interested small businesses, through publications likely to be obtained by affected small businesses, and via posting on the agency website.

**Appropriation:** None.

**Fiscal Note:** Available.

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

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

**Staff Summary of Public Testimony:** PRO: Regulations are one of the biggest problems facing small businesses. The intent of the bill is to help small business and better inform small businesses of what is going on. Economic impact statements are required. The best way to inform small businesses is through their industry association.

**Persons Testifying:** PRO: Senator Baumgartner, prime sponsor; Gary Smith, Independent Business Association.