

HOUSE BILL REPORT

HB 1818

As Passed Legislature

Title: An act relating to promoting economic development through business and government streamlining projects.

Brief Description: Promoting economic development through business and government streamlining projects.

Sponsors: Representatives Smith, Maxwell, Magendanz, Morris, Hargrove, Sells, Angel, Ryu, Hayes, Zeiger, Vick, O'Ban, Morrell, Bergquist, Stonier and Fey.

Brief History:

Committee Activity:

Technology & Economic Development: 2/19/13, 2/20/13 [DP].

Floor Activity:

Passed House: 3/9/13, 97-0.

Passed Senate: 4/28/13, 46-0.

Passed Legislature.

Brief Summary of Bill

- Authorizes the Department of Commerce, in collaboration with the Office of Regulatory Assistance and the Office of Accountability and Performance, to conduct annual multi-jurisdictional regulatory streamlining projects impacting specific industry sectors within specific geographical locations through 2019.

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 16 members: Representatives Morris, Chair; Habib, Vice Chair; Smith, Ranking Minority Member; Crouse, Assistant Ranking Minority Member; Dahlquist, Hudgins, Kochmar, Magendanz, Maxwell, Morrell, Stonier, Tarleton, Vick, Walsh, Wylie and Zeiger.

Staff: Jennifer Thornton (786-7147).

Background:

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.

Executive Order 12-01, *Regulatory Reform and Assistance to Help Small Businesses Succeed and Grow* issued on January 5, 2012, directed the Office of Regulatory Assistance (ORA) and the Department of Commerce (Department), in collaboration with other agencies, to develop a pilot program that streamlines and reduces the number of duplicative and conflicting requirements, decisions and inspections that affect small business operations. The pilot program was required to begin with a project focused on a segment of the food and beverage industry, and to involve local government and related industry associations. The agencies were directed to develop shared, delegated, or joint regulatory and inspection approaches among agencies whenever possible. They were further directed to design the program to conduct an inventory and reconcile related or similar regulatory requirements across relevant agencies, and compile a report with a guide or template for expansion to other business types or industry sectors.

The Washington Economic Development Commission (Commission) was created to provide planning, coordination, evaluation, monitoring, and policy analysis and development for the state economic development system as a whole. The Commission's biennial comprehensive economic development strategy, produced in January 2013, *Driving Washington's Prosperity: A Strategy for Job Creation and Competitiveness* included the need for "Running Lean: Regulating Smarter" as one of five key priority areas. The strategy's first regulatory-related recommendation is to initiate a systematic review of state regulations on a sector-by-sector basis for their cost-effectiveness and determine overlaps, excessive costs, obsolescence, redundancy, and solutions.

Summary of Bill:

The Legislature finds that a number of state agencies have identified the need for an improved regulatory environment for small businesses to grow and improve jobs; and cross-agency and cross-jurisdictional regulatory improvements are needed in order to meaningfully improve the overall business customer experience and for the business community to comply with requirements.

The Legislature intends to authorize a business regulatory efficiency program administered by the Department with the goal of providing an improved regulatory environment in Washington.

The Department, in collaboration with the ORA and the Office of Accountability and Performance, are authorized to conduct one or more annual multi-jurisdictional regulatory streamlining projects impacting a specific industry sector within a specific geographical location between 2013 and 2019.

The Department must establish and implement a competitive application process to select the projects. The initial pilot project must focus on the manufacturing sector. The Department, in consultation with the Commission must determine the sectors for subsequent projects. All state agencies with regulatory requirements that impact the chosen sector must participate.

Project selection criteria must include evidence of strong business and local government commitment, identification of a lead partner capable of managing the project, and the provision of a 50 percent match by project partners. The Department must pursue non-state

sources of funding for the remainder of the funding needed. A maximum of \$50,000 of state funds may be used for a project.

Project partners must present their recommendations to the Department for comment and endorsement, and to the Commission for comment, endorsement, and evaluation.

The Department must document and distribute the streamlined laws, rules, processes, and other potentially replicable information derived from the projects to cities and counties. The Department must also submit annual reports to the Legislature on containing project outcomes and streamlining recommendations identified in the projects that require statutory changes for implementation.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This was an idea brought to the Commission. Regulatory reform is one of the Commission's five pillars. A number of businesses brought this idea forward suggesting a project that looks at a specific sector, then drops a circle around a geographic area, brings together the city, state, and county regulators, conducts an inventory of everything that sector has to deal with, and then streamlines the process to better serve the customers. This is a great way to address the broader issue of the multi-jurisdictional regulatory climate that businesses need to deal with every day. The cross jurisdictional, cross agency approach is necessary. Washington has a lot to offer, and this bill will help with the refinement that needs to occur.

Modumetal is an early stage manufacturing technology company based in Seattle, that was founded five years ago. It offers a more energy efficient and cost effective way of manufacturing metals. The Modumetal team has received support from angel investors, local representatives, and businesses in the state to help the company get off the ground. Modumetal planned to acquire existing production assets and relocate them to Seattle. Due to the complexity of the regulations, unpredictable schedule impact, and fear of potential exposure, Modumetal revised its plan, and is now working to relocate the facility in the midwest. Washington has a long way to go to streamline this process, but has a strong history of manufacturing and offers a great environment. There are good reasons to think the state will move forward.

(Neutral) Government should absolutely be engaged in ways to improve processes to deliver services to businesses in a better way. The sector approach is an interesting way to do this. The Department's pilot showed how many steps are involved. All the layers cause room for improvement.

(Opposed) None.

Persons Testifying: (In support) Representative Smith, prime sponsor; Leslie Collinson, Modumetal Incorporated; and Amber Carter, Association of Washington Business.

(Neutral) Nick Demerice, Department of Commerce.

Persons Signed In To Testify But Not Testifying: None.