

HOUSE BILL REPORT

SSB 5679

As of Second Reading

Title: An act relating to improving the business climate and stimulating job creation by requiring certain agencies to establish a formal review process of existing rules.

Brief Description: Improving the business climate and stimulating job creation by requiring certain agencies to establish a formal review process of existing rules.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Brown, Chase, King, Litzow, Dammeier, Schoesler, Rivers, Smith, Braun, Hewitt, Sheldon and Tom).

Brief History:

Committee Activity:

Government Operations & Elections: 3/28/13, 4/3/13 [DPA].

Brief Summary of Substitute Bill

- Requires the departments of Ecology, Labor and Industries, and Health to establish a formal review process of existing rules.

HOUSE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass as amended. Signed by 10 members: Representatives Hunt, Chair; Bergquist, Vice Chair; Buys, Ranking Minority Member; Taylor, Assistant Ranking Minority Member; Alexander, Carlyle, Fitzgibbon, Manweller, Orwall and Van De Wege.

Staff: Marsha Reilly (786-7135).

Background:

Executive Order 06-02.

Governor Gregoire signed Executive Order (EO) 06-02 in February 2006 for the purpose of improving and simplifying the licensing, permitting, tax collection and other state business systems, and developing a one-stop business portal for Washington citizens and businesses.

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 that collect taxes or provide permits, licenses, approvals, and other regulatory services are required to:

- establish measurable service delivery standards to address turnaround or response times, professionalism and helpfulness, consistency, efficiency and effectiveness, and overall quality of services outcomes;
- regularly measure progress;
- report quarterly to the Governor;
- consider benchmarks from similar agencies or programs;
- set targets for improvement; and
- use "plain talk" standards for written materials.

Audit on Business Regulation Practices in Washington.

In 2012 the State Auditor completed an audit of state regulatory practices. The audit addressed two questions:

- Do Washington state government websites effectively provide regulatory information to businesses?
- Do Washington regulatory agencies have processes in place to streamline their business rules consistent with Governor Gregoire's executive order?

Regarding website access to business information, the audit found that:

- the vision of a one-stop business portal has not yet been achieved;
- regulatory information on regulatory agency websites is incomplete, and not all sites are easy to use; and
- only 23 percent of permits and licenses provide online information about processing times.

Regarding rule streamlining, the audit found that:

- agencies are streamlining some of their rules and some agencies' streamlining practices are in alignment with the Governor's EO;
- three agencies, Ecology, Health, and Labor and Industries, could improve their streamlining practices for formalizing their review processes; and
- none of the agencies measured the results of streamlining activity to determine whether rule revisions had the intended effect.

The audit recommended that all state regulatory agencies adopt streamlining processes that include:

- documentation of the review requirement and the process;
- reviewing at regular intervals to ensure all business rules are evaluated to determine if streamlining is needed;
- specific criteria to evaluate the need, consistency, and clarity of existing rules; and
- measurement and tracing of results, before and after rules are streamlined.

Summary of Bill:

The departments of Ecology, Labor and Industries, and Health must establish and perform a formal review process of its existing rules every five years with a goal to decrease the

numbers of, simplify the process, and decrease the time required for obtaining licenses, permits, and inspections in order to reduce the regulatory burden on businesses. The review must be conducted using available funds. The departments must establish benchmarks and a process for effectively applying sunset provisions to rules when applicable. The departments must report back to the applicable committees of the Legislature with its review process and benchmarks by January 2014.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) For more than a decade, state agencies have been called upon to review, update, and streamline their rules. The bill directs the departments of Ecology, Health, and Labor and Industries to perform a formal review process. Sunset provisions must be applied as applicable. It is important to reduce the regulatory burden on businesses by simplifying the process. Businesses want to comply, but do not have the resources to go through the many rules and regulations necessary to comply.

(With concerns) The departments all agree that a review of rules should be done. What the auditor found is that there is not a "formal" review process. The departments work closely with stakeholders when reviewing rules. The process outlined in the bill is different than the current process. All three departments have a lot of rules that do not pertain to licenses, permits, or inspections. The language from the companion bill, Substitute House Bill 1591, was agreed to with the three departments and would not impact other laws and federal mandates. Rules are constantly being evaluated.

(Opposed) None.

Persons Testifying: (In support) Senator Brown, prime sponsor.

(With concerns) Tamara Jones, Department of Labor and Industries.

Persons Signed In To Testify But Not Testifying: None.