

SENATE BILL REPORT

SB 5765

As of February 26, 2013

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: Senators Brown, Chase, Braun, Smith and Cleveland.

Brief History:

Committee Activity: Trade & Economic Development: 2/19/13 [DP-WM].
Ways & Means: 2/25/13.

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Braun, Chair; Smith, Vice Chair; Chase, Ranking Member; Holmquist Newbry, Schlicher and Shin.

Staff: Edward Redmond (786-7471)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dianne Criswell (786-7433)

Background: 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 (Commerce), 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.

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.

The Washington Economic Development Commission (WEDC) was created to provide planning, coordination, evaluation, monitoring, and policy analysis and development for the state economic development system as a whole. WEDC'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: A business regulatory efficiency program administered by Commerce is created by the Legislature. The goal of the efficiency program is to provide an improved regulatory environment in Washington State for businesses. On an annual basis, Commerce, ORA, and the Office of Accountability and Performance must conduct multijurisdictional regulatory streamlining projects that impact a specific industry sector or subsector within a particular geographic location.

The initial pilot project must focus on the manufacturing sector. Planning for the initial pilot project must begin by September 1, 2013, and the initial project must commence by December 31, 2013. Commerce must brief the economic development committees of the Legislature on the status of the initial project by January 15, 2014. Commerce must implement one or more regulatory streamlining projects in each subsequent year through 2019.

Commerce must work in collaboration with WEDC to determine the sectors for subsequent projects. Criteria for selecting projects must include the following:

- evidence of strong business commitment to the project;
- evidence of strong commitment by the local jurisdictions where the project is located to allocate needed staff and to streamline laws, rules, and administrative processes both within and across jurisdictions;
- identification of a lead partner capable of providing project management and group coordination;
- support of the necessary stakeholders;
- a plan and the ability to complete the project as scheduled; and
- a minimum 50-percent match from the project partners, which may be cash, in-kind, or a combination of both.

Commerce must pursue opportunities for non-state funding as the match to the project partners' contribution. Commerce may also collaborate with nonprofit organizations, the private sector, and other interested entities to successfully complete each project, and may also contract with a third party for expertise and facilitation.

State agencies must participate in the regulatory streamlining project if their regulatory requirements impact the project's industry sector. State agencies, local jurisdictions, business partners, and other participants must work collaboratively on various factors including:

- developing a project plan to conduct a cross-jurisdictional review process;

- identifying all applicable laws and administrative processes concerning the selected sector; and
- developing an implementation plan and schedule that identifies priority streamlining projects.

Commerce must document and distribute the streamlined laws, rules, and processes to the Association of Washington Cities and Washington State Association of Counties for distribution to their members.

Beginning January 15, 2015, and annually thereafter until 2020, Commerce must submit a report to the economic development committees of the Legislature on the outcomes of the projects. The report must also include any required legislation, as well as any streamlining recommendations such as replicable models, approaches, and tools that could be applied to other sectors and geographic locations.

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 (Trade & Economic Development): PRO: This bill is part of a streamlining process based on the Auditor's report. The bill seeks to create a program to ascertain what regulations need to be streamlined in order to create a more efficient business environment in Washington State. It is really difficult to be competitive as a state due to our current regulatory nature. This bill will help us determine how to make our state more competitive. Commerce started looking at the regulatory process over a year ago for the restaurant sector. Commerce worked with local governments and state agencies to identify all the steps someone in the restaurant business would have to take in order to successfully start that business. We found a number of duplicative steps and found opportunities for streamlining this process.

Persons Testifying (Trade & Economic Development): PRO: Senator Brown, prime sponsor; Nick Demerice, Commerce.

Staff Summary of Public Testimony (Ways & Means): PRO: Washington State must be competitive with other states for business location. This proposal is timely, following a state Auditor's report on regulatory reform published in September 2012, in which the Auditor recommended regular review of business rules and the adoption of regulatory streamlining. When WEDC solicited input for its most recent biennial report, Washington's regulatory structure was the number one issue raised by stakeholders. We need a comprehensive look at federal, state, and local regulations. The first sector, manufacturing, is important. Innovation is often disconnected from manufacturing. We need to manufacture the ideas we generate.

Persons Testifying (Ways & Means): PRO: Senator Brown, prime sponsor; Egils Milbergs, WEDC.