

SENATE BILL REPORT

SB 6033

As Reported by Senate Committee On:
Trade & Economic Development, January 20, 2016

Title: An act relating to establishing a task force to examine state and local regulations that affect small businesses.

Brief Description: Establishing a task force to examine state and local regulations that affect small businesses.

Sponsors: Senators Roach, Liias and Benton.

Brief History:

Committee Activity: Trade & Economic Development: 1/13/16, 1/20/16 [DPS].

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6033 be substituted therefor, and the substitute bill do pass.

Signed by Senators Brown, Chair; Braun, Vice Chair; Chase, Ranking Minority Member; Angel, Carlyle, Ericksen and McCoy.

Staff: Jeff Olsen (786-7428)

Background: The Legislature created the Office of Regulatory Assistance (ORA) in 2002 to help improve the regulatory system and assist citizens, businesses and project proponents by providing information and assistance on the regulatory process. ORA duties include providing information on best permitting practices and permit processing times, assisting with fully coordinated permit processes, maintaining a permit handbook, and working to improve environmental and business regulatory processes.

Executive Order 10-05 directed the Department of Commerce, working with the Governor's Office of Regulatory Assistance and key state agencies that regulate business, to consolidate the variety of small business licensing, registration and certification guides into one integrated online resource available across all state agencies by June 30, 2011. Executive Order 12-01, *Regulatory Reform and Assistance to Help Small Businesses Succeed and Grow*, issued on January 5, 2012, directed the ORA and the Department of Commerce, in collaboration with other agencies, to develop a pilot program that streamlines and reduces the

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.

number of duplicative and conflicting requirements, decisions, and inspections that affect small business operations.

The State Auditor's Office (SAO) has recently conducted a series of performance audits on regulatory reform, including:

- a 2011 audit evaluating regulatory information available to businesses and whether regulatory agencies have processes in place to streamline their business rules, which identified 1,377 business permits, licenses, and inspections administered by 26 state regulatory agencies;
- a 2013 audit evaluating permit processing time; and
- a 2015 audit on regulatory agency coordination that evaluated current state regulatory coordination and opportunities for improvement.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): A legislative task force (Task Force) on state and local regulations that affect small businesses with 50 or fewer employees is established. The Task Force must ensure that it receives input from small businesses in a wide variety of industries, statewide organizations representing business and labor interests, state agencies including the ORA, local governments, and the public. The Task Force must identify state and local regulations that affect small businesses and provide recommendations for improving access to rules, improving readability and understanding of rules, and helping reduce compliance costs. Additional duties of the Task Force include analyzing the frequency that regulatory agencies receive input from small businesses, and examining existing regulatory schemes for opportunities to streamline or consolidate processes while maintaining the integrity of the regulations. Task Force recommendations must be made by November 1, 2016, and may include funding recommendations, statutory changes, or administrative action.

The Task Force consists of one member from each of the two largest caucuses of the Senate and the House of Representatives. The Task Force must hold at least two meetings, with at least one meeting each in Eastern and Western Washington. Staff support for the Task Force is provided by Senate Committee Services and the Office of Program Research. The Task Force expires June 30, 2017.

EFFECT OF CHANGES MADE BY TRADE & ECONOMIC DEVELOPMENT COMMITTEE (Recommended Substitute): Local governments were added to the list of stakeholders that must provide input to the Task Force.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: Yes.

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

Staff Summary of Public Testimony: PRO: The Task Force would put legislators together with small businesses to help understand their concerns and find ways to make it easier for small businesses to comply with regulations. Small businesses create jobs, and streamlining regulations would allow them to focus on operating their business. Small businesses are faced with a significant amount of regulations. No person in state government knows all of the regulations and how to comply with them, but a small business owner is expected to know them and comply, or face penalties. Thousands of new regulations are adopted every year that a small business must understand. The Small Business Administration identified that the cost of compliance for small businesses is over \$10,000 per employee, 36% more than a larger business. State agencies use their broad rule-making authority to adopt policies, and the Legislature should consider narrowing rule-making authority for bills that they adopt. Many times businesses are fined for not knowing about a regulation, the regulatory agency may not work with the business, and the small business can't afford an attorney. Small businesses want a fair and level playing field to conduct their business.

OTHER: Cities support the efforts of the Task Force and would encourage the inclusion of local governments in the development of recommendations.

Persons Testifying: PRO: Senator Roach, prime sponsor; Sheri D Nelson, Assoc of WA Business; Gary Smith, Independent Business Association; Mark Johnson, Washington Retail Association.

OTHER: David Williams, Association of Washington Cities.

Persons Signed In To Testify But Not Testifying: No one.