CERTIFICATION OF ENROLLMENT

**SECOND SUBSTITUTE HOUSE BILL 1120**

Chapter 53, Laws of 2017

65th Legislature

2017 Regular Session

AGENCY RULE MAKING--SMALL BUSINESSES--REGULATORY FAIRNESS ACT

EFFECTIVE DATE: 7/23/2017

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| Passed by the House March 2, 2017Yeas 98 Nays 0FRANK CHOPP**Speaker of the House of Representatives**Passed by the Senate April 7, 2017Yeas 49 Nays 0CYRUS HABIB**President of the Senate** | CERTIFICATEI, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE HOUSE BILL 1120** as passed by House of Representatives and the Senate on the dates hereon set forth.BERNARD DEAN**Chief Clerk** |
| Approved April 19, 2017 11:14 AM | April 19, 2017 |
| JAY INSLEE**Governor of the State of Washington** | **Secretary of State** **State of Washington** |

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**SECOND SUBSTITUTE HOUSE BILL 1120**

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Passed Legislature - 2017 Regular Session

**State of Washington 65th Legislature 2017 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Smith, Morris, Short, Hayes, Stanford, Koster, Van Werven, McDonald, MacEwen, Muri, Haler, Ryu, Condotta, and Buys)

AN ACT Relating to enhancing the economic development and viability of small businesses; amending RCW 19.85.025, 19.85.030, and 43.42.010; adding a new section to chapter 43.09 RCW; and creating a new section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**Sec.**  RCW 19.85.025 and 1997 c 409 s 212 are each amended to read as follows:

(1) Unless an agency receives a written objection to the expedited repeal of a rule, this chapter does not apply to a rule proposed for expedited repeal pursuant to RCW ((~~34.05.354~~)) 34.05.353. If an agency receives a written objection to expedited repeal of the rule, this chapter applies to the rule-making proceeding.

(2) This chapter does not apply to a rule proposed for expedited adoption under RCW ((~~34.05.230 (1) through (8)~~)) 34.05.353, unless a written objection is timely filed with the agency and the objection is not withdrawn.

(3) This chapter does not apply to the adoption of a rule described in RCW 34.05.310(4).

(4) This chapter does not apply to the adoption of a rule if an agency is able to demonstrate that the proposed rule does not affect small businesses.

(5) An agency is not required to prepare a separate small business economic impact statement under RCW 19.85.040 if it prepared an analysis under RCW 34.05.328 that meets the requirements of a small business economic impact statement, and if the agency reduced the costs imposed by the rule on small business to the extent required by RCW 19.85.030((~~(3)~~)) (2). The portion of the analysis that meets the requirements of RCW 19.85.040 shall be filed with the code reviser and provided to any person requesting it in lieu of a separate small business economic impact statement.

**Sec.**  RCW 19.85.030 and 2011 c 249 s 2 are each amended to read as follows:

(1)(a) In the adoption of a rule under chapter 34.05 RCW, an agency shall prepare a small business economic impact statement: (i) If the proposed rule will impose more than minor costs on businesses in an industry; or (ii) if requested to do so by a majority vote of the joint administrative rules review committee within forty-five days of receiving the notice of proposed rule making under RCW 34.05.320. However, if the agency has completed the pilot rule process as defined by RCW 34.05.313 before filing the notice of a proposed rule, the agency is not required to prepare a small business economic impact statement.

(b) An agency must prepare the small business economic impact statement in accordance with RCW 19.85.040, and file it with the code reviser along with the notice required under RCW 34.05.320. An agency shall file a statement prepared at the request of the joint administrative rules review committee with the code reviser upon its completion before the adoption of the rule. An agency must provide a copy of the small business economic impact statement to any person requesting it.

(2) Based upon the extent of disproportionate impact on small business identified in the statement prepared under RCW 19.85.040, the agency shall, where legal and feasible in meeting the stated objectives of the statutes upon which the rule is based, reduce the costs imposed by the rule on small businesses. The agency must consider, without limitation, each of the following methods of reducing the impact of the proposed rule on small businesses:

(a) Reducing, modifying, or eliminating substantive regulatory requirements;

(b) Simplifying, reducing, or eliminating recordkeeping and reporting requirements;

(c) Reducing the frequency of inspections;

(d) Delaying compliance timetables;

(e) Reducing or modifying fine schedules for noncompliance; or

(f) Any other mitigation techniques including those suggested by small businesses or small business advocates.

(3) If a proposed rule affects only small businesses, the proposing agency must consider all mitigation options defined in this chapter.

(4) In the absence of sufficient data to calculate disproportionate impacts, an agency whose rule imposes more than minor costs must mitigate the costs to small businesses, where legal and feasible, as defined in this chapter.

(5) If the agency determines it cannot reduce the costs imposed by the rule on small businesses, the agency must provide a clear explanation of why it has made that determination and include that statement with its filing of the proposed rule pursuant to RCW 34.05.320.

((~~(4)~~)) (6)(a) All small business economic impact statements are subject to selective review by the joint administrative rules review committee pursuant to RCW 34.05.630.

(b) Any person affected by a proposed rule where there is a small business economic impact statement may petition the joint administrative rules review committee for review pursuant to the procedure in RCW 34.05.655.

**Sec.**  RCW 43.42.010 and 2012 c 196 s 1 are each amended to read as follows:

(1) The office of regulatory assistance is created in the office of financial management and must be administered by the office of the governor to help improve the regulatory system and assist citizens, businesses, and project proponents.

(2) The governor must appoint a director. The director may employ a deputy director and a confidential secretary and such staff as are necessary, or contract with another state agency pursuant to chapter 39.34 RCW for support in carrying out the purposes of this chapter.

(3) The office must offer to:

(a) Act as the central point of contact for the project proponent in communicating about defined issues;

(b) Conduct project scoping as provided in RCW 43.42.050;

(c) Verify that the project proponent has all the information needed to correctly apply for all necessary permits;

(d) Provide general coordination services;

(e) Coordinate the efficient completion among participating agencies of administrative procedures, such as collecting fees or providing public notice;

(f) Maintain contact with the project proponent and the permit agencies to promote adherence to agreed schedules;

(g) Assist in resolving any conflict or inconsistency among permit requirements and conditions;

(h) Coordinate, to the extent practicable, with relevant federal permit agencies and tribal governments;

(i) Facilitate meetings;

(j) Manage a fully coordinated permit process, as provided in RCW 43.42.060; and

(k) Help local jurisdictions comply with the requirements of chapter 36.70B RCW.

(4) The office must also:

(a) Provide information to local jurisdictions about best permitting practices, methods to improve communication with, and solicit early involvement of, state agencies when needed, and effective means of assessing and communicating expected project timelines and costs;

(b) Maintain and furnish information as provided in RCW 43.42.040; ((~~and~~))

(c) Act as the central entity to collaborate with and provide support to state agencies in meeting the requirements of the regulatory fairness act, chapter 19.85 RCW. Support must include, but is not limited to:

(i) Providing online guidance and tools. Online guidance and tools may include templates and resources to assist agency employees with consistent compliance with the regulatory fairness act, chapter 19.85 RCW. In providing online guidance and tools the office must consult the office of the attorney general. The office will make the online guidance and tools available by December 31, 2017;

(ii) Providing access to available data for agencies to complete cost calculations pursuant to chapter 19.85 RCW; and

(iii) Facilitating sharing of information among agencies and between agencies and business associations;

(d) Provide the following by September 1, 2009, and biennially thereafter, to the governor and the appropriate committees of the legislature:

(i) A performance report including:

(A) Information regarding use of the office's voluntary cost-reimbursement services as provided in RCW 43.42.070;

(B) The number and type of projects or initiatives where the office provided services including the key agencies with which the office partnered;

(C) Specific information on any difficulty encountered in providing services or implementing programs, processes, or assistance tools; and

(D) Trend reporting that allows comparisons between statements of goals and performance targets and the achievement of those goals and targets; and

(ii) Recommendations on system improvements including, but not limited to, recommendations on improving environmental permitting by making it more time efficient and cost-effective for all participants in the process.

NEW SECTION. **Sec.**  A new section is added to chapter 43.09 RCW to read as follows:

The state auditor shall conduct a performance review of agency compliance with the regulatory fairness act, pursuant to chapter 19.85 RCW. The performance review must be completed no earlier than June 30, 2020, and subsequent reviews must be completed periodically thereafter. Factors used to determine the frequency of subsequent reviews include the degree to which agencies are found to be in compliance with the act. The auditor must report his or her findings to the legislature, and any recommendations, by June 30, 2021, and after every subsequent review.

NEW SECTION. **Sec.**  If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2017, in the omnibus appropriations act, this act is null and void.

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Passed by the House March 2, 2017.

Passed by the Senate April 7, 2017.

Approved by the Governor April 19, 2017.

Filed in Office of Secretary of State April 19, 2017.