

# HOUSE BILL REPORT

## HB 1352

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**As Passed House:**  
February 27, 2017

**Title:** An act relating to the licensing and regulatory requirements of small business owners.

**Brief Description:** Concerning licensing and regulatory requirements of small business owners.

**Sponsors:** Representatives Barkis, Chapman, J. Walsh, Shea, Koster, Wilcox, McCabe, Harmsworth, Cody, Tarleton, Kretz, Schmick, Short, Vick, Harris, Manweller, Smith, Stokesbary, MacEwen, Nealey, Condotta, Orcutt, Lytton, Springer, Kirby, Blake, Caldier, Jinkins, Taylor, Pike, Hayes, Muri, Holy, Haler, Steele, Kilduff and Tharinger.

**Brief History:**

**Committee Activity:**

State Government, Elections & Information Technology: 2/10/17, 2/15/17 [DP].

**Floor Activity:**

Passed House: 2/27/17, 96-0.

**Brief Summary of Bill**

- Directs the Attorney General to recommend changes to identify, clarify, and harmonize rights and protections afforded to small-business owners selected for agency enforcement action.
- Directs specified agencies to review policies to identify rights and protections afforded to small businesses selected for agency enforcement action.

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**HOUSE COMMITTEE ON STATE GOVERNMENT, ELECTIONS & INFORMATION TECHNOLOGY**

**Majority Report:** Do pass. Signed by 9 members: Representatives Hudgins, Chair; Dolan, Vice Chair; Koster, Ranking Minority Member; Volz, Assistant Ranking Minority Member; Appleton, Gregerson, Irwin, Kraft and Pellicciotti.

**Staff:** Megan Palchak (786-7105).

**Background:**

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*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.*

Under the state Regulatory Fairness Act, agencies must notify small businesses about proposed rules directly or through publications likely to be obtained by small businesses impacted by the rule under consideration. During rule adoption, agencies must prepare small business economic impact statements (impact statement) if the proposed rule will impose more than minor costs to business in a particular industry, or when requested to do so by a majority vote of the Joint Administrative Rule Review Committee. As part of the impact statement process, agencies must consider reducing the impact of a proposed rule by reducing or eliminating substantive regulatory requirements, simplifying record keeping, reducing frequency of inspections, delaying compliance timeframes, reducing fines for noncompliance, or other techniques. Agencies must provide impact statements to any person who makes a request.

According to the State Auditor's 2013 Inventory of Regulations Report, improvements are needed to provide businesses with complete and usable information regarding current regulations, and also to streamline business rules. Some states, such as Virginia, have established task forces that include the Attorney General (AG) to implement regulatory reform.

In Washington, the duties of the AG include, but are not limited to, representing the state before the Supreme Court or Court of Appeals in all cases in which the state is interested. The AG institutes and prosecutes all actions and proceedings for the state, which may be necessary for state officers to execute their duties. The AG defends actions of state officers, consults with government officials, responds to legal questions, provides written opinions, and enforces actions.

### **Summary of Bill:**

The Attorney General (AG) must review the Administrative Procedures Act, related administrative rules, statutes, and case law to identify rights and protections afforded to small business owners selected for agency enforcement actions, such as audits, inspections, site visits, and record reviews.

For the same reason, the Departments of Agriculture, Ecology, Employment Security, Labor and Industries, and Revenue, and the State Fire Marshall must review respective governing statutes, administrative rules, policy statements, guidance, and directives identified as sources for rights and protections. Each agency must provide the AG with specified materials and copies of statements of rights provided to small businesses for the AG's review no later than August 31, 2017.

The AG must compile findings in a report to relevant legislative committees by November 30, 2017. The report must include information identified by agencies, as well as recommendations by the AG to identify, clarify, and harmonize rights afforded to small-business owners and methods to improve notice of rights. The AG must provide agencies with copies of recommendations by October 30, 2017. Agencies may respond by providing written comments by November 13, 2017.

This act expires December 31, 2017. It does not apply to criminal investigations or prosecutions.

**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 bill will help small business owners understand their rights. The review and reporting timelines are aggressive.

(Opposed) None.

**Persons Testifying:** Representative Barkis, prime sponsor; Representative Chapman; Patrick Connor, National Federation of Independent Business; and Kerry Cox, Integrated Transaction Control Systems.

**Persons Signed In To Testify But Not Testifying:** None.