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**HOUSE BILL 2257**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** Representatives Gildon, Eslick, Van Werven, Barkis, and Dent

AN ACT Relating to the establishment of a regulatory reduction pilot program; adding a new chapter to Title 34 RCW; and providing an expiration date.

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

NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Director" means the director of the office of financial management.

(2) "Discretionary rule" means a rule that an agency has adopted based on its discretion, and not a rule that an agency was required to adopt by state or federal law or rule.

(3) "Office" means the office of financial management.

(4) "Pilot agencies" means the department of ecology and the department of labor and industries.

(5) "Rule" has the meaning defined in RCW 34.05.010.

NEW SECTION. **Sec.**  The office, under the direction of the director, shall administer a three-year regulatory reduction pilot program beginning July 1, 2020, and ending July 1, 2023. The program must consist of the following elements:

(1) The program must focus on rules adopted by the pilot agencies. The stated goal of the program must be to reduce the number of discretionary rules by twenty-five percent at each pilot agency by July 1, 2023.

(2) The directors or directors' designees of the pilot agencies shall develop a baseline regulatory catalog by October 1, 2020, that identifies:

(a) The total number and type of rules currently adopted and administered by each pilot agency, including both discretionary rules and rules for which no agency discretion is involved; and

(b) For each rule, any specific federal or state mandates or statutory authority that authorizes or requires the rules.

(3) The pilot agencies shall report the catalog data to the office, in a manner specified by the office. The office shall publish the data on the office's web site.

NEW SECTION. **Sec.**  (1) Each pilot agency shall initiate reforms, through rule making or nonregulatory action, to reduce the number of discretionary rules in its baseline regulatory catalog:

(a) By seven and one-half percent, by July 1, 2021;

(b) By fifteen percent, by July 1, 2022; and

(c) By twenty-five percent, by July 1, 2023.

(2) During the pilot program, the pilot agencies shall, whenever possible, modify their rules to reduce other regulatory burdens.

(3) The pilot agencies shall report to the office, by July 1st of each year the program is in effect, all rules eliminated or modified.

(4) Each pilot agency in its report shall also recommend changes to state law that would permit the reduction of other regulatory burdens, and any recommendations for amending or deleting other nondiscretionary rules that it has adopted.

(5) If a pilot agency is unable to reach a goal stated in subsection (1) of this section, it shall provide a separate report to the director stating its reasons for not meeting the goal.

NEW SECTION. **Sec.**  (1) The director shall report to the speaker of the house of representatives and the president of the senate no later than October 1, 2021, and October 1, 2022, on the progress of the regulatory reduction pilot program established by this act.

(2) If, by July 1, 2022, the regulatory reduction pilot program has achieved less than a fifteen percent total reduction in discretionary rules across both pilot agencies, the director shall include the reasons for not meeting the target reduction in the next available annual report to the speaker of the house of representatives and the president of the senate.

(3) The director shall report the following information to the speaker of the house of representatives and the president of the senate by August 15, 2023:

(a) The progress towards completing the twenty-five percent reduction goal;

(b) Recommendations for expanding the program to other agencies; and

(c) Any additional information the director determines may be helpful to support the legislature's regulatory reduction and reform efforts.

(4) If, by October 1, 2023, the program has achieved less than a twenty-five percent total reduction in discretionary rules across both pilot agencies, then the director shall report on the feasibility and effectiveness of implementing a "two-for-one regulatory budget" providing that for every one new rule, two existing rules of equivalent or greater burden must be streamlined, repealed, or replaced, for a period not to exceed three years. The speaker of the house of representatives or the president of the senate may also direct the house appropriations committee or the senate finance committee, respectively, to initiate a budgetary audit of each pilot agency to assess what obstacles exist to meeting the twenty-five percent reduction goal. Further, if both the speaker of the house of representatives and the president of the senate agree, they may direct the joint legislative audit and review committee to review the regulatory reduction efforts of both agencies as part of the pilot program and report to the legislature any findings and recommendations regarding:

(a) Whether the reduction goals are reasonable and achievable; and

(b) Policies, practices, and methods that may be adopted by agencies to successfully achieve the reduction goals.

NEW SECTION. **Sec.**  This chapter expires December 1, 2023.

NEW SECTION. **Sec.**  Sections 1 through 5 of this act constitute a new chapter in Title 34 RCW.

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