

SENATE BILL REPORT

HB 1150

As of March 10, 2011

Title: An act relating to extending the time in which a small business may correct a violation without a penalty.

Brief Description: Extending the time in which a small business may correct a violation without a penalty.

Sponsors: Representatives Smith, Probst, Schmick, Warnick, Dahlquist, Hunt, Ross, Pearson, Dammeier, Kenney, Rodne, Kagi, Hargrove, Harris, Nealey, Short, Lias, Orcutt, Finn, Kelley, Takko, Taylor, Maxwell, Bailey, Reykdal, Upthegrove, Billig, Kristiansen, Frockt, Carlyle, Blake, Springer, Angel, Hurst, McCune, Rolfes, Condotta and Klippert.

Brief History: Passed House: 3/03/11, 96-0.

Committee Activity: Government Operations, Tribal Relations & Elections: 3/10/11.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS, TRIBAL RELATIONS & ELECTIONS

Staff: Sharon Swanson (786-7447)

Background: Under legislation enacted in 2010, before an agency may impose a fine, civil penalty, or administrative sanction on a small business for a violation of a law or rule, the agency must provide the small business with a copy of the law or rule being violated. The agency must also allow the small business at least two business days to correct the violation. If no correction is possible or the agency is acting in response to a complaint made by a third party who would be disadvantaged by an opportunity to correct, the opportunity to correct does not apply.

Exceptions to the opportunity to correct may also be made if:

- an agency head determines that the effect of the violation presents a direct danger to the public health, results in a loss of income or benefits to an employee, pose a potentially significant threat to human health or the environment, or causes serious harm to the public interest;
- the violation involves a knowing or willful violation;
- the violation relates to taxes, a regulated entity's financial filings, or an insurance rate or form filing;

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- the opportunity for correction conflicts with federal law or program requirements, conditions for receipt of federal funds, or requirements for eligibility of employers for federal unemployment tax credits; or
- the small business previously violated a substantially similar requirement or the owner or operator of the small business previously violated a substantially similar requirement as owner or operator of a different small business.

A small business is a business with 250 or fewer employees or an annual gross revenue of less than \$7 million.

Summary of Bill: The two business days that an agency must provide to a small business to correct a violation before imposing a fine, civil penalty, or administrative sanction is extended to seven calendar days.

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: PRO: This is a customer service bill. If a business doesn't know what is required, the business should have sufficient opportunity to receive that information and cure the problem. This bill gives small businesses a greater opportunity to receive the information and comply. The bill simply changes the current requirement of two business days to comply and extends the time to seven calendar days. The bill deals with minor infractions only. Education and compliance is the goal.

Persons Testifying: PRO: Carl Gipson, Washington Policy Center; Patrick Connor, National Federation of Independent Businesses; Mark Johnson, Washington Retail Association; Gary Smith, Independent Business Association.