

# Planning Questions for the SBEIS and CBA

## Small Business Economic Impact Statements (SBEIS)

- Will your rule changes impose new costs, increase existing costs, or decrease revenues on small businesses?
- Are changes in this rule exempt from the requirement to do a SBEIS? ([See p. 3.](#))
- What small businesses are likely to be impacted?
- Have you notified small businesses about the proposed rules?

According to the Regulatory Fairness Act ([Chapter 19.85 RCW](#)) small businesses:

- ♦ Are owned and operated independently from all other businesses; and
- ♦ Employ 50 or fewer people.

Small businesses may include any business entity, including a sole proprietorship, corporation, partnership, or other legal entity.

Changes in rules should not create a disproportionate cost to small businesses.

- What changes in your rule may impose a “more than minor” cost on small businesses? (Minor Cost means a cost per business that is less than three-tenths of one percent of annual revenue or income, or one hundred dollars, whichever is greater, or one percent of annual payroll. Use the worksheet at the end of this document to help you “flag” areas that may have “more than minor” costs.)
- Do the proposed changes have a disproportionate impact on small businesses? (Compare the cost of compliance for small businesses with the cost of compliance for the 10% of businesses that are the largest business required to comply with the proposed rule. For comparison purposes you must use a) cost per employee; b) cost per hour of labor; or c) cost per one hundred dollars of sales.)
- If the rule changes impact small business in a disproportionate way, what will lessen the impact? (A few examples of lessening impact include: modifying requirements, changing record keeping and reporting requirements, reducing the frequency of inspections, and delaying compliance timelines.)
- What is the estimated number of jobs created or lost due to small businesses complying with your rules?

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\* If you have fee changes in your rules, see [RCW 43.135.055](#) and check with your AAG or Rules Coordinator. See [RCW 34.05.110](#) if your rules impose costs on small businesses for first-time errors in paperwork, or if your rules impose a cost for small businesses not complying with state rules or laws.

## Cost-Benefit Analysis (CBA)

- Is this considered a significant rule? 
- Are changes in this rule exempt from the requirement to do a CBA? ([See p. 3.](#))
- Who outside the department is impacted by changes in the rule?
- What are probable new costs, or new increases or decreases in current costs?  
(Don't forget to consider the time and money that may be spent rewriting policies and procedures, redoing forms, or modifying procedures due to rule changes.)

According to [RCW 34.05.328 \(5\)\(c\)\(iii\)](#), significant rules:

- ◆ Adopt essential parts of the law under legislative authority;
- ◆ Subject a noncompliant person or entity to a penalty or a sanction;
- ◆ Establish, alter, or revoke a qualification or standard for issuing, suspending, or revoking a license or permit;
- ◆ Adopt a new policy or regulatory program;
- ◆ Significantly amend a policy or regulatory program;
- ◆ Are not considered a procedural or interpretive rule ([see page 3](#)).

Note: You may also wish to do a CBA on a rule that is controversial or has a financial impact on the public regulated.

- What are the qualitative costs (such as a decrease in the pool of foster parents to provide services)?  
(Use the worksheet at the end of this document to help you “flag” areas that may have costs.)
- What are probable benefits, both qualitative and quantitative?  
(A few examples of qualitative benefits include writing rules clearly so that the public impacted more clearly understands requirements; reorganizing rule sections so that users can more easily access information; expanding participant choice and control; and streamlining processes for delivering services. Quantitative benefits could be cost savings with a rule change, such as streamlining a process or eliminating a duplication that has been costly to stakeholders in staff time or material cost.)
- Do the benefits exceed the costs? (If not, you must reconsider your proposed rules.)

## Rules Exempt from SBEIS and Cost-Benefit Analyses

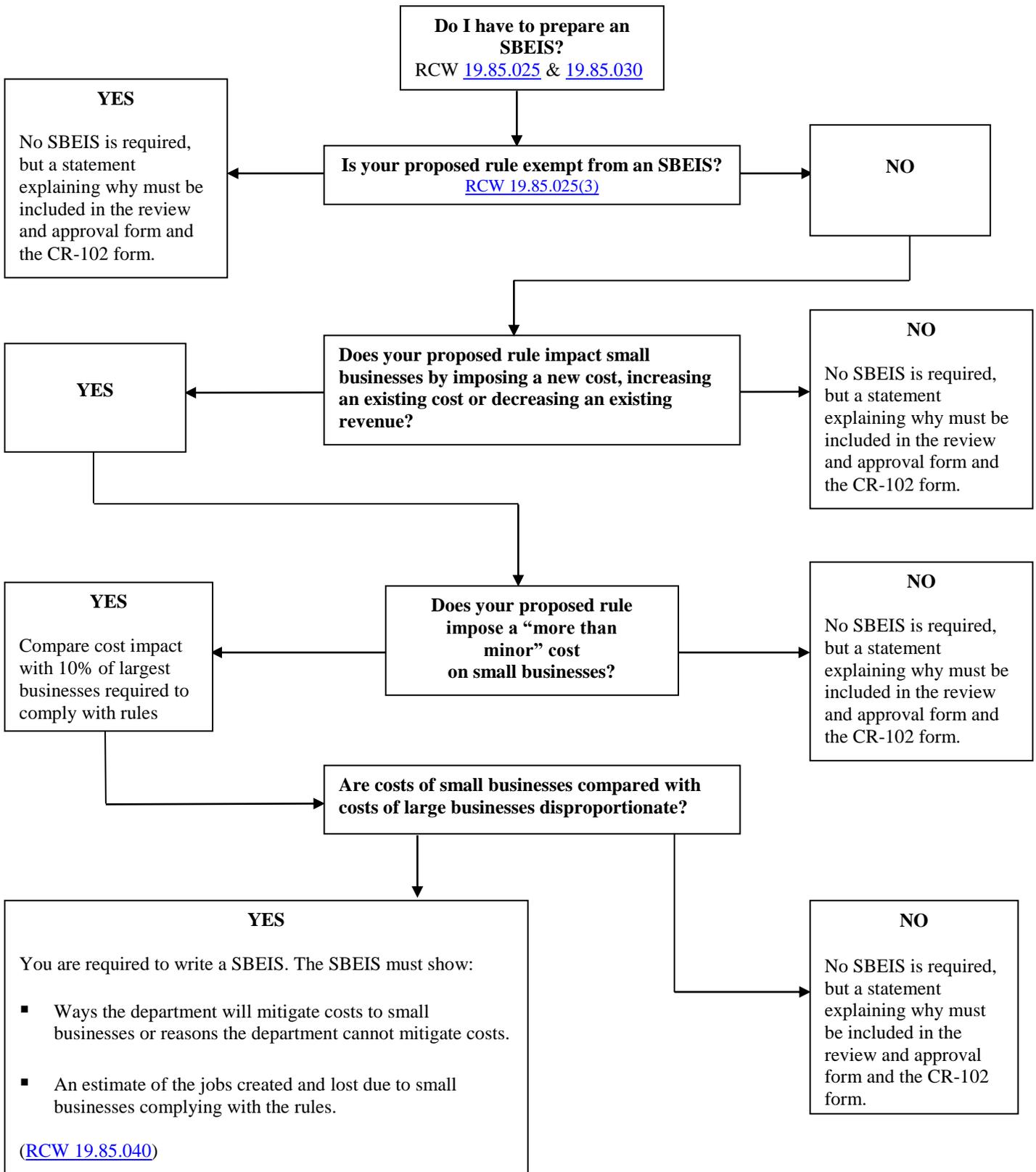
RCW [19.85.025\(3\)](#) and [34.05.328\(5\)\(b\) and \(c\)](#)

- Emergency rules ([RCW 34.05.350](#)).
- Internal governmental rules.
- Rules adopting or incorporating, by reference without material change, any of the following:
  - ♦ Federal statutes or regulations;
  - ♦ Washington State statutes;
  - ♦ Rules of other Washington State agencies;
  - ♦ Shoreline master programs unless they govern shorelines of state-wide significance or are referenced by state law; or
  - ♦ National consensus codes that establish generally accepted industry standards.
- Rules with only housekeeping changes (typographical errors, address or name changes, or clarifying existing rule language).
- Rules with content dictated by statute.
- Rules setting or adjusting fees or rates according to legislative standards.
- Procedural rules (rules adopting, amending or repealing procedures and requirements related to agency hearings; rules related to internal government operations; or applications for licenses or permits).
- Pilot rules ([RCW 34.05.313](#)).
- Expedited repeals and expedited adoptions ([RCW 34.05.353](#)).

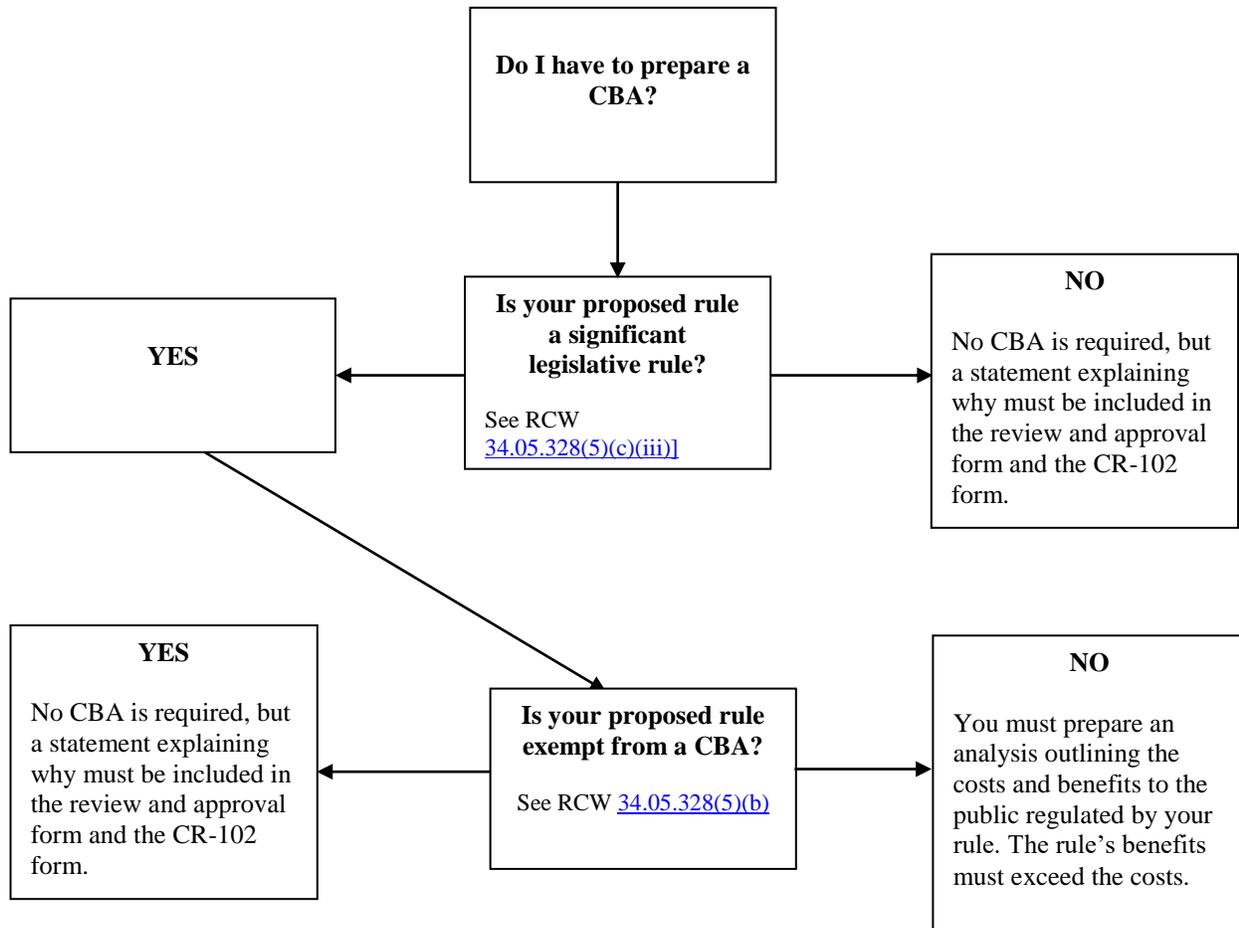
### Additional exemptions for CBAs

- Interpretative rules (an agency's interpretation of a statutory law; when violated, these do not impose a penalty or sanction on a person or entity);
- Rules relating only to client medical or financial eligibility; or
- Rules concerning liability for the care of dependents, according to RCW [34.05.328\(5\)\(b\)\(vii\)](#).

# Small Business Economic Impact Statement Process



# Cost-Benefit Analysis Process



# SBEIS/CBA WORKSHEET

Changes in your rule		Impact small business?	Impact others (outside department)? Who?	SBEIS Required?		CBA Required? (significant legislative rule)		What costs do changes cause?	More than minor cost?	What benefits do changes cause?
WAC #	Proposed Change			Yes	No → Why not?	Yes	No → Why not?			

**Remember to include questions about estimated jobs created or lost as a result of small businesses complying with rules. This requirement took effect 7/22/07.**