SB 6408 - S AMD

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** The legislature reaffirms its findings that the licensing and regulation of businesses and professions requires periodic inspections, audits, interviews, site visits, or other oversight measures to verify that licensing, permit, and other regulatory requirements are met, and that unnecessary costs and delays may occur when business owners, particularly small business owners, must seek outside counsel or other professional assistance to prepare for and participate in review and enforcement actions such as audits, inspections, or examinations of their records, facilities, or job sites.

The legislature finds that agencies have a responsibility to provide a clear description of their audit, inspection, or examination processes to businesses and professions they regulate. This information must be clear, concise, and sufficient to provide regulated businesses and professions with an understanding of what they may expect before, during, and after an audit, inspection, or examination.

NEW SECTION. **Sec. 2.** (1) By December 31, 2020, each state regulatory agency that conducts audits, inspections, or examinations within its regulatory authority over businesses and professions must provide, or provide references to, the following information at each audit, inspection, or examination:

(a) The purpose and legal authority for conducting the audit, inspection, or examination;

(b) If advance notice for an audit, inspection, or examination will not be provided, the basis for not providing advance notice;

(c) The auditor, inspector, or examiner must present identification at the start of an audit, inspection, or examination;

(d) The auditor, inspector, or examiner must provide contact information for a staff person who is available to answer questions regarding the audit, inspection, or examination;

(e) Whether the business may cure or correct a potential or actual violation during or after an audit, inspection, or examination to avoid or mitigate an administrative sanction, if any;

(f) How the business may provide past agency advice or interpretations it relied upon for consideration in agency decisions;

(g) Whether the business may designate one or more individuals as official company representatives and have legal, accounting, safety, or other technical professionals participate in any audit, inspection, or examination; and

(h) How the business may respond to the outcome of an audit, inspection, or examination, what the next steps are in the process, and a good faith estimate for future communication. Outcomes could include agency reports, findings, orders, or other documentation about the audit, inspection, or examination.

(2) The requirements specified in subsection (1) of this section do not apply:

(a) In emergency situations where environmental quality or worker or public safety, health, or welfare are in imminent danger;

(b) In any criminal investigations or proceedings, including when a criminal justice agency as defined in RCW 10.97.030 exercises its law enforcement authority, or to an agency's undercover, surveillance, or seizure activities;

(c) To site visits conducted by employees, vendors, or contractors of a state regulatory agency if the purpose of the site visit is not related to verifying compliance with licensing or other regulatory requirements; or

(d) If they would create a conflict with federal or state law or unreasonably limit, delay, or prevent an agency from performing its statutorily authorized duties.

NEW SECTION. **Sec. 3.** For the purposes of this chapter, "regulatory" and "regulatory agency" have the same meaning as in RCW 19.02.020, but "regulatory agency" does not include any local government entity.

NEW SECTION. **Sec. 4.** State regulatory agencies must post a general description about the responsibilities specified in section 2

of this act on their web site. The posting does not have to include specifics for each audit, inspection, or examination program, but must indicate that the information will be provided at an audit, inspection, or examination.

NEW SECTION. **Sec. 5.** (1) The joint legislative audit and review committee shall review agencies' performance and compliance with this chapter by December 31, 2023. The review must include surveying regulated businesses to obtain their views on agency implementation and identifying how views compare for small and large businesses.

(2) This section expires July 1, 2024.

NEW SECTION. **Sec. 6.** Sections 2 through 4 of this act constitute a new chapter in Title 18 RCW."

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By Senator

On page 1, line 2 of the title, after "professions;" strike the remainder of the title and insert "adding a new chapter to Title 18 RCW; creating new sections; and providing an expiration date."

Correct the title.

EFFECT: Clarifies how auditors, inspectors, or examiners must present identification and contact information at the beginning of a visit. Clarifies the statute under which a criminal justice agency exercises its law enforcement authority. Adds site visits that are not related to verifying compliance with regulatory compliance as exempt from the requirements that state regulatory agencies must follow in section 1(1) of this act.

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