
SUBSTITUTE SENATE BILL 6408

State of Washington

66th Legislature

2020 Regular Session

By Senate Financial Institutions, Economic Development & Trade (originally sponsored by Senators Wilson, L., Mullet, Short, Becker, Takko, King, Zeiger, Brown, Schoesler, Frockt, Hasegawa, Rolfes, Honeyford, Walsh, Van De Wege, and Braun)

1 AN ACT Relating to agency responsibilities to regulated
2 businesses and professions; adding a new chapter to Title 18 RCW;
3 creating new sections; and providing an expiration date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 NEW SECTION. **Sec. 3.** For the purposes of this chapter,
5 "regulatory" and "regulatory agency" have the same meaning as in RCW
6 19.02.020, but "regulatory agency" does not include any local
7 government entity.

8 NEW SECTION. **Sec. 4.** State regulatory agencies must post a
9 general description about the responsibilities specified in section 2
10 of this act on their web site. The posting does not have to include
11 specifics for each audit, inspection, or examination program, but
12 must indicate that the information will be provided at an audit,
13 inspection, or examination.

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

19 (2) This section expires July 1, 2024.

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

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