



## **SMALL BUSINESS ECONOMIC IMPACT STATEMENT FOR PROPOSED RULES TO CHAPTER 16-228 WAC**

### **SUMMARY OF PROPOSED RULES**

The Washington State Department of Agriculture Certification & Training program is proposing to amend chapter 16-228 WAC.

The purpose of this chapter is to regulate the registration, sale and use of pesticides.

The proposed amendment to this chapter involves implementing a \$25 fee to take pesticide and Structural Pest Inspector (SPI) exams.

### **SMALL BUSINESS ECONOMIC IMPACT STATEMENT**

Chapter 19.85 RCW, the Regulatory Fairness Act, requires an analysis of the economic impact proposed rules will have on regulated businesses. Preparation of a Small Business Economic Impact Statement is required when proposed rules will impose more than minor costs on businesses.

“Minor cost” means a cost that is less than 1% of annual payroll or the greater of either .3% of annual revenue or \$100.

“Small business” means any business entity that is owned and operated independently from all other businesses and has 50 or fewer employees.

### **INDUSTRY ANALYSIS**

The proposed rule impacts businesses that commercially apply pesticides (Commercial Applicators), perform wood destroying organism inspections (Structural Pest Inspectors) and/or distribute pesticides (Pesticide Dealers). The department has analyzed the proposed rule amendment and has determined that costs are not more than minor on regulated businesses.

### **INVOLVEMENT OF SMALL BUSINESSES**

Small businesses have been involved in writing the proposed rules and in providing the department with the expected costs associated with the changes. The fee proposal was presented to the Pesticide Advisory Board and other groups on multiple occasions. The 2012 Legislature gave approval for the fee proposal to move forward. An electronic survey on the economic impact of the proposed fee was issued

to all Commercial Applicators and Structural Pest Inspectors for which WSDA had an email address. In addition, Pesticide Dealers were sent a letter requesting that they complete the online survey.

## **COST OF COMPLIANCE**

Under this proposed rule, individuals who take pesticide or SPI license exams will pay \$25/testing session regardless of the number of exams taken. While it is possible to pass all exams in just one testing sessions, many individuals must retake failed exams. Some businesses responded that they will pay this fee for their employees while others will require the employee to pay the fee. A majority of survey respondents (65%) said they will only pay the fee one time.

There were 146 responses to the online survey with 90% identifying as a small business (less than 50 employees) and 10% as a large business (50 or greater employees). There was a distinct difference in the responses by small vs. large businesses. Those identifying as a large business responded that they would be more affected by the change than those identifying as a small business. The low number of large business responders (14) may be somewhat of a factor.

A majority of survey respondents (76%) said they would not lose sales, revenue or have a decrease in profit as a result of this new fee (79% of small businesses and 36% of large businesses).

Almost 55% responded that they would not incur additional costs to comply with this fee (59% of small businesses and 15% of large businesses).

## **JOBS CREATED OR LOST**

Under RCW 19.85.040, agencies must provide an estimate of the number of jobs that will be created or lost as the result of compliance with the proposed rules. In collecting information from representative small businesses through an online survey, 76% estimated no gain and 88% estimated no loss of employees. Of those that estimate a loss of employees (8), the average loss was 2.75 employees. Of the few large business that responded, 88% estimated no gain and 50% estimated no loss.

## **DISPROPORTIONATE IMPACT TO SMALL BUSINESSES**

A majority of survey respondents (76%) said they would not lose sales, revenue or have a decrease in profit as a result of this new fee (79% of small businesses and 36% of large businesses). Of the 21 small businesses that responded to the question of their cost per one hundred dollars of sales, the results were as follows:

Unknown or did not calculate	12
Less than \$1	5
\$1	1
\$5	1
\$10	2

The costs small businesses will incur to comply with the proposed rule are not disproportionate to those incurred by large businesses.

## **CONCLUSION**

To comply with chapter 19.85 RCW, the Regulatory Fairness Act, the Certification & Training program has analyzed the economic impact of the proposed rules on small businesses and determined that there is no more than a minor impact. In addition, the program determined that there is not a disproportionate on small vs. large businesses.

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