



STATE OF WASHINGTON

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To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval, House Bill No. 1430 entitled:

"AN ACT Relating to housing;"

This bill would direct agencies to prepare Housing Impact Statements as part of their Small Business Economic Impact Statements when they are considering rules that would affect the costs of housing, or any component of housing.

While this bill acknowledges a real problem – the availability of affordable housing in Washington – it will not contribute to solving that problem. Rather, this legislation will add redundant and unnecessary paperwork to the already lengthy, costly and complex work of state agencies as they develop rules to carry out legislative mandates, thereby increasing bureaucracy and inefficiency.

Under existing law, agencies are already required to develop Small Business Economic Impact Statements that describe the effects of proposed rules on businesses employing 50 people or less. If their assessments indicate a rule will have a disproportionate impact on small versus large businesses, agencies must find ways to mitigate those impacts by reducing or eliminating requirements, reducing reporting or inspection frequency, reducing fines, or delaying compliance. These impact statements already cover housing providers as a type of small business.

Under this bill, agencies would have had to prepare a specialized assessment of the impact of their rules not just on the cost of housing, but also any component of housing. As a result, agencies would have had to address impacts on the price of nails, lumber, plumbing, lighting, and possibly even building lots. In reality, housing costs are affected by a myriad of factors, from local economic conditions to zoning ordinances, and national economic policies such as import tariffs and interest rates. It would be virtually impossible to isolate the effect of any individual state regulation on such costs. As a

result, this bill is likely to result in increased controversies about the rule-making process, rather than any decrease in the cost of housing.

In addition to generating conflicts over newly proposed rules, this bill also requires agencies, in developing their annual rule review calendar, to assess whether any *existing* rule should be continued or whether it now must be amended or rescinded because of its impact on housing or any component of housing. This is likely to lead to further conflicts about agencies' calculations and conclusions about the effects of rules that may have been in place for many years. As we ask state government to become more efficient, we should not be burdening them with tasks that foster inefficiency.

For these reasons, I have vetoed House Bill No. 1430 in its entirety.

Respectfully submitted,

Gary Locke
Governor