



Larry Hogan | Governor  
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## **Summary of Senate Bill 173 and House Bill 157 State Government – Regulations Impacting Small Businesses**

Governor Larry Hogan has introduced legislation (SB 173/HB 157 - State Government – Regulations Impacting Small Businesses) aimed at reforming Maryland’s regulatory process to reduce regulatory burdens on small businesses. The goal of this legislation is to:

- Make it easier for small businesses and their trade associations to have input on the regulations that affect them;
- Make it easier for small businesses to comply with regulations by having State agencies provide a clear explanation on what small businesses need to do to comply with new regulations;
- Improve the quality of the small business economic impact analyses conducted by State agencies for new regulations to better identify regulations that may affect small businesses in order to consider less restrictive and burdensome regulatory alternatives for small businesses; and
- Shifting the emphasis of enforcing regulations from being punitive on small businesses to helping small businesses be in compliance with regulations.

To accomplish this goal, SB 173/HB 157 requires:

- State agencies to post proposed regulations to their websites to solicit input and public comment from small businesses and trade associations at least 15 days prior to their submission to the General Assembly for review. Currently, public comment for new regulations is required as one of the last steps in adopting a new regulation. Allowing small businesses and their trade associations the opportunity to provide input on regulations earlier in the regulatory processes increases the opportunity for having their concerns addressed.
- State agencies to create an electronic registry that allows small businesses and their trade associations to receive a text or email notification when a State agency posts a new regulation to their website. This will make the regulatory process more transparent by making it easier for small businesses to know when regulations that may affect their industry are being proposed.
- State agencies to provide plain language Compliance Guides for regulations determined to impact small businesses. Compliance Guides will make it easier for small businesses to comply with regulations by providing a clear explanation of what a small business needs to do to be in compliance with a new regulation.

- State personnel who draft regulations to receive training on how to conduct a small business economic impact analysis. Regulatory agencies rely on experts of the subject matter they regulate. State personnel may have technical expertise on a subject, such as air quality; however, their expertise may not extend to determining the economic impact of a proposed regulation on small businesses. In 2017, Governor Hogan issued an Executive Order requiring State agencies to follow *Guidelines for Estimating and Minimizing the Economic Impact of Regulations on Small Businesses*. Providing training on these guidelines will enhance the ability of State agencies to identify regulations that may affect small businesses in order to consider less restrictive and burdensome alternatives for small businesses.
- State agencies to have more discretion when assessing regulatory fines and penalties on small businesses by allowing agencies to: waive a fine or penalty if a violation is corrected within 30 days; consider the ability of a small business to pay a fine or penalty when they are assessed; and allowing the cost of correcting a violation to count towards the amount of a fine or penalty. This offers the opportunity to reduce the economic impact of regulatory fines and penalties. Along with Compliance Guides, allowing agencies more discretion when assessing fines will foster a regulatory environment focused on assisting small businesses.