

Small Business Liaison Team Meeting

April 28, 2014

Attendees

(Small Business Liasons)

Linda Alongi, Department of Commerce

Jeff Baughman, Office of the Insurance Commissioner

Peter Beaton, Department of Health

Kim Eastman, Department of Revenue – Business Licensing Services

Scott Hitchcock, Governor's Office for Regulatory Innovation and Assistance

Aaron Hoffman, Department of Labor and Industries

Michael Itti, Commission on Asian Pacific American Affairs

Edmon Lee, Liquor Control Board

Rachael Lindstedt, Governor's Office for Regulatory Innovation and Assistance

Servando Patlan, Department of Enterprise Services

Patrick Reed, Secretary of State – Division of Corporations and Charities

Joseph Ringlond, Governor's Office for Regulatory Innovation and Assistance

Janet Shimabukuro, Department of Revenue – Tax Payer Services

Nancy Skewis, Department of Licensing

Allen Walker, Employment Security Department

Sharon Wong, Governor's Office for Regulatory Innovation and Assistance

(Guests – Small Business Owners)

Andres Matilla, Ceis Bayne East Strategic

Tom Silva, D'Silva Farm Product – Wapato Washington

Hyon Lee, Comfort Suites Airport/Tukwila

Jeanine Lee, Clear Skin

Chami Ro, Korean American Hotel Owners Association

Tien Ha, HACT Construction

Meeting Summary

To better understand the small business community, several owners were invited to share their concerns, questions and provide possible solutions to the difficulties faced by small businesses in Washington State. Below is a summary of that discussion.

Andres Matilla

- Small businesses don't instantly have knowledge they need to navigate regulatory agencies.
- Licensing and certification at all levels of government have a cumulative cost.
- Government should put itself in the shoes of startup with barriers to access in developing processes
- Should work hard at outreach so that businesses can contribute to policy, not "sell" policy

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- Results WA is not specific enough – where are businesses' now, where are they going, who is having the most difficulty/lack of success (minority, women, etc.)

Servando Patlan: What are steps to good community Outreach?

Andres Matilla: Anticipate lack of trust, build outreach around working schedule, language barriers, childcare, etc.

Jeanne Lee: Not always easy to know when an outreach event is happening.

Tom Silva

- Harder for small farms to build cost of compliance into work. Progressive fee structure instead of one size fits all would prevent assimilation by larger firms.
- Agencies regulate without educating on the law.
- Regulations based around larger businesses. The Department of Social and Health Services requires reporting for all employees without understanding that some are very transient (working for 1 day or less).
- Small Business definitions different for regulatory agencies.
- Categories matter as well as size, and family owned businesses face greater challenges.
- Small businesses do not have all the resources required to fully understand and work with all the regulatory requirements

Servando Patlan: Is it better to do outreach online or in person?

Tom Silva: Both necessary since some people have online capacity.

Janet Shimabukuro: Results WA standard of 50 or less for small business.

Andres Matilla: Demonstrates that businesses like stability, which they often don't get from regulatory agencies.

Hyun Lee

- Started business in 1985 and at the time experienced good faith efforts among regulatory agencies to enforce compliance. Since recession, they have led more with fines.
- ADA obligations difficult to comply with, and created liability with the building of a pool lift.
- Increasing minimum wage to \$15 per hour will decrease competitiveness.
- Labor unions are preventing small businesses from making necessary upgrades and changes to hotels – when a change is made the floor is closed and employees are unable to work during that time

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Patrick Reed: ADA obligations sign of how regulatory burden is cumulative and across all levels of government

Jeanne Lee

- When she opened her skin care shop she, wasn't sure where to apply for business license and, spent a day going to different licensing offices to get proper license.
- Didn't have education on proper regulatory agencies when she just started up.
- Surprise inspections are intimidating and some new owners have been deterred from starting business.
- Minimum wage increase would be difficult for family business.
- The costs associated with obtaining the appropriate licenses/certificates is high for someone just starting out

Chami Ro

- Went through issues raised by Korean Hotel Association members.
- Minimum Wage increase could have minimal employee benefits, as employees increase their tax bracket. Business owners have experienced higher fees after recession.
- Customer service lacking with regulatory agencies – focus seems to have shifted from educating and helping owners to penalizing them
- Tax breaks to Boeing and other large companies. Where are the financing and small business support programs from government?
- Financing hard and many small owners bought at bad time before recession.
- Minimum wage movement in Seattle unforeseen, businesses worried.
- Concerned that L&I burden of proof on businesses for Workers comp imbalanced towards workers.
- Need consistent definitions for business and the benefits provided.
- Small businesses need more education on how to benefit from State programs.
- What programs are available for minority owned business?
- What is the state doing to encourage its employees to use minority and/or small business when making purchases or transient accommodation decisions?
- Building permits inconsistent across cities.

Servando: There are goals for contracting, there are opportunities with OMWBE for certification, but sometimes it is hard to verify with receipts

Tien Ha

- Communication from regulatory agencies not good when it comes to special cases like drywall reporting standards vs other construction items.

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- Paid penalties for tax reporting because the time and resource cost to compliance was greater and he needed to bid on contracts.
- Seems to be trouble with state agencies talking to each other.
- No main contact: new owners have to go to several sources to find out each piece of information to become compliant with the rules and regulations
- Chamber of commerce does not have capacity to assist struggling business.
- Small business loans hard to find.

Conclusion

Many of the business owners' concerns were shared throughout the group; specifically: the minimum wage increase, the lack of communication between agencies, the unclear licensing/certification processes and the disproportionate regulatory requirements. Some recommended solutions provided by the group included: a "cheat sheet" for each licensing process, simpler agency websites, and information on financial and educational opportunities offered by the state to small business owners and more outreach to small businesses owners.