

February 10, 2023

The Honorable Fred Patton, Chairperson
House Committee on Judiciary
300 SW 10th Avenue, Room 582-N
Topeka, Kansas 66612

Dear Representative Patton:

SUBJECT: Fiscal Note for HB 2222 by Representative Jacobs, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2222 is respectfully submitted to your committee.

HB 2222 would subject all federal rules and regulations to legislative review. No state agency would be able to enforce any rules or regulation promulgated by any federal agency unless the enforcement of the regulation is approved by the Legislature. In addition, no rule or regulation could be promulgated by any state agency in conjunction with any federal regulation unless approved by the Legislature.

The Division of the Budget requested fiscal effect information regarding HB 2222 from several state agencies that receive a majority of the state's federal funding, including the Department of Health and Environment, the Department for Children and Families, the Department of Transportation, and the Department of Labor. In addition, the Division requested information from the Office of the Attorney General.

The Department of Health and Environment states that the agency receives multiple federal sources of revenue, including the Centers for Disease Control and Prevention, the Environmental Protection Agency, and the Centers for Medicare and Medicaid Services. Funding from these federal agencies is contingent on the state's compliance with and enforcement of federal regulations. Also, compliance with federal regulations is a requirement of the state's Medicaid managed care contracts. If enacted, the bill would require the Legislature to approve each federal Medicaid regulation. If timely approvals are not made by the Legislature, federal funding would be jeopardized. The agency notes that the fiscal effect of the bill cannot be estimated, as it does not know which federal regulations would not be approved by the Legislature.

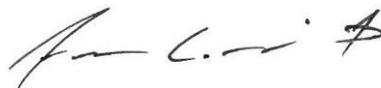
The Department for Children and Families indicates that the agency has budgeted approximately \$413.0 million in federal funds in FY 2024. Without legislative approval, the state would lose federal funding for the various programs of the agency, unless alternative state funding would be made available.

The Department of Transportation estimates that the agency is expected to receive \$505.4 million in federal funds in FY 2024. Failure to abide by federal rules and regulations in the agency's highway and other programs would result in the loss of both existing and future federal highway funds as well as discretionary grant funds on all projects that fail to comply with federal rules and regulations.

The Department of Labor reports that it is required to follow federal regulations as part of grant agreements. The Department indicates that it receives approximately \$22.0 million in federal funding each year. If the Legislature would not approve the various federal regulations associated with the agency, loss of federal funding would occur.

The Office of the Attorney General indicates that the enactment of HB 2222 would likely have one or more legal challenges on constitutional grounds. The agency notes that litigation could be complex and extend over multiple fiscal years; however, any costs for potential litigation could be paid from existing budget resources. Any fiscal effect associated with HB 2222 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Tamara Emery, Department of Administration
John Milburn, Office of the Attorney General
Amy Penrod, Department of Health & Environment
Kim Holter, Department for Children & Families
Brendan Yorkey, Department of Transportation
Dawn Palmberg, Department of Labor