

April 8, 2019

The Honorable John Barker, Chairperson
House Committee on Federal and State Affairs
Statehouse, Room 285-N
Topeka, Kansas 66612

Dear Representative Barker:

SUBJECT: Fiscal Note for HB 2411 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2411 is respectfully submitted to your committee.

HB 2411 would amend the process by which administrative rules and regulations are adopted by state agencies. The bill would omit the requirement that economic impact statements prepared by state agencies contain an estimate of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to businesses, local governmental units and individuals as a result of a proposed rule, expressed as a single dollar figure.

The bill would omit the requirement for state agencies to first obtain the Budget Director's approval of proposed rules and regulations and the corresponding economic impact statements under either of the following conditions: (1) the agency determines that the rules and regulations will not result in implementation or compliance costs of more than \$3.0 million for businesses, local government or individuals in any two-year period; or (2) the agency is proposing the rules and regulations because of a federal mandate. Under either condition, the agency would be required only to provide the economic impact statement to the Budget Director, who would not be required to review or approve the proposed rules and regulations.

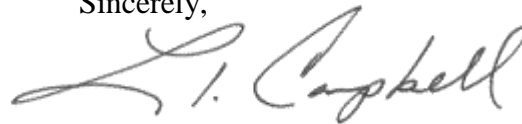
The bill would require the Budget Director to review and approve proposed rules and regulations that the agency determines will result in implementation and compliance costs of more than \$3.0 million for businesses, local government or individuals in any two-year period only if both of the following conditions are met: (1) the agency, prior to the submission of the rules and regulations to the Budget Director, holds a public hearing and finds that the costs of the proposed rules and regulations have been accurately determined and are necessary for achieving legislative intent; and (2) the Budget Director, after an independent analysis, concurs with the agency's findings and analysis and approves the economic impact statement.

The bill would add the requirement that the implementation and compliance cost shall be calculated from the effective date of the rule and regulation by subtracting the estimated cost savings from the total implementation and compliance cost, resulting in the net implementation and compliance cost.

Finally, the bill would require that state agencies meet the abovementioned submission and approval requirements regarding the Budget Director before the agency may perform any of the following: submit its proposed rules and regulations to the Secretary of Administration and then to the Attorney General for review and approval, adopt the proposed rules and regulations, or file the proposed rules and regulations with the Secretary of State.

The Secretary of State and the Department of Administration state that enactment of HB 2411 would not increase or decrease agency expenditures or revenues and the requirements of the bill would be met within current resources. The Director of the Budget states that the changes in the bill will allow the agency to maintain its current resource budget. If the bill is not enacted the Division of the Budget will have to request supplemental funding for FY 2020 and beyond for additional staff to meet the requirements of the current rules and regulations process. The Office of the Attorney General (OAG) states that the bill would have a negligible effect on the legality review conducted by the Office of the Attorney General pursuant to the Rules and Regulation Filing Act. Therefore, it is unlikely that the bill would cause the OAG any additional expenditures. Any fiscal effect associated with HB 2411 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Campbell", written in a cursive style.

Larry L. Campbell
Division of the Budget

cc: John Yeary, Department of Administration
Bryan Caskey, Office of the Secretary of State
Willie Prescott, Office of the Attorney General