

January 30, 2021

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

Dear Representative Barker:

SUBJECT: Fiscal Note for HB 2087 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2087 is respectfully submitted to your committee.

HB 2087 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 members as a result of a proposed rule, expressed as a single dollar figure. The implementation and compliance costs would be separately identified for the affected businesses, local governments, and members of the public.

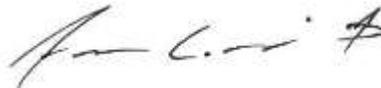
The bill would omit the requirement for state agencies to first obtain the Budget Director's approval of proposed rules and regulations and the corresponding economic impact statements under either of the following conditions: (1) the agency determines that the rules and regulations will not result in 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 these conditions, 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.

Also, the bill would add the requirement that the implementation and compliance cost would be calculated from the effective date of the rule and regulation. Finally, the bill would require that state agencies meet the above mentioned 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. If the rules and regulations are required to be approved by the Budget Director, this approval would occur after approval by the Secretary of Administration and then the Attorney General. The bill would take effect after publication in the *Kansas Register*.

The Secretary of State and the Department of Administration state that enactment of HB 2087 would have no fiscal effect and could be implemented within current budgetary resources. The Director of the Budget indicates the changes in the bill would allow for a more efficient process for the state's rules and regulations process. The bill would reduce the Division of the Budget's staff time for the current requirement of processing and stamping each page of every rules and regulation change proposal, regardless of the rules and regulation's fiscal effect. The Office of the Attorney General indicates that the bill would not change the agency's review process and would have no fiscal effect.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Jeff Scannell, Department of Administration
Willie Prescott, Office of the Attorney General