

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1466-02
Bill No.: HCS for HB 864
Subject: Administrative Rules; General Assembly
Type: Original
Date: March 8, 2017

Bill Summary: This proposal specifies that any rule promulgated by a state agency that will have a major impact on any persons or entities in the state shall be approved by the General Assembly and the Governor.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** affirmed many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Missouri Department of Conservation** assume there will be an unknown fiscal impact from this proposal.

Officials from the **State Emergency Management Agency, Lottery, Department of Public Safety - Division of Alcohol and Tobacco Control, Office of the State Public Defender, Department of Public Safety - Division of Fire Safety, Joint Committee on Public Employee Retirement, Office of the State Courts Administrator, State Tax Commission, Administrative Hearing Commission, Department of Agriculture, Office of Administration - Budget and Planning, Capitol Police, Department of Revenue, Missouri Lieutenant Governor, Missouri Gaming Commission, Department of Public Safety, Office of Administration, Office of the State Treasurer, Missouri Veterans Commission, Department of Higher Education, Office of the Governor and Missouri Consolidated Health Care Plan** each assume the proposal will have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

In response to a previous version, officials from the **Department of Economic Development** assumed this proposal requires that any new state rule with a fiscal impact of \$1 million or more, within 12 months, for the entities affected, first be approved by the General Assembly after the Joint Committee on Administrative Rules review.

While this proposal does not impact any of the Missouri Housing Development Commission's (MHDC) current programs, which is to say MHDC does not currently have any state rules that meet or exceed the \$1 million/12 month threshold laid out in this proposal, the approval process required under this proposal raises questions that should be noted.

MHDC administers a variety of state and federal housing programs. For those funded with federal money, the oversight of MHDC's administration is the responsibility of multiple federal agencies. Regulations governing federal housing programs currently provide guidance to MHDC, our partners and our grantees. Predicating some state rules on approval from the Missouri General Assembly could extend the time it takes to implement new programs, jeopardizing the loss of federal funds. Estimating what fiscal impact this process would have requires anticipating the future actions of prospective General Assemblies.

In response to a previous version, officials from the **Office of the State Auditor** assumed any fiscal impact from this proposal may be absorbed through current appropriations.

In response to a previous version, officials from the **Attorney General's Office** assumed that any potential costs arising from this proposal can be absorbed with existing resources.

In response to a previous version, officials from the **Department of Transportation** assumed there would be a negative unknown fiscal impact from this proposal.

In response to a previous version, officials from the **Department of Insurance, Financial Institutions and Professional Registration** assumed the provisions of this proposal could be handled within current appropriations; however, should the cost be more than anticipated, the department would request an increase in appropriations through the budget process.

ASSUMPTION (continued)

In response to a previous version, officials from the **Department of Natural Resources, Department of Mental Health, Department of Health and Senior Services, Department of Public Safety - Missouri Highway Patrol, Missouri Senate, Office of Prosecution Services, Missouri Ethics Commission, Department of Corrections, Missouri House of Representatives, Department of Social Services and Department of Labor and Industrial Relations** each assumed the proposal would have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill establishes the "Regulatory Accountability Act," which requires that a state agency that has filed a fiscal note following notice of proposed rule-making must submit the proposed regulation to the joint committee on administrative rules if the cost of the regulation will tend to have a major impact, as defined in the bill, on persons or entities in the state.

A proposed regulation received by the Joint Committee on Administrative Rules must be sent to the General Assembly, which must consider a concurrent resolution to approve the regulation within 30 days.

If the General Assembly is not in session, the new regulation will be held in abeyance and referred to the General Assembly for approval upon convening.

FISCAL DESCRIPTION (continued)

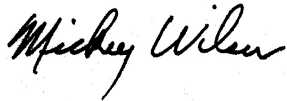
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Department of Agriculture
State Auditor's Office
Attorney General's Office
Department of Natural Resources
Department of Higher Education
Department of Public Safety - Fire Safety Division
Capitol Police
Department of Mental Health
Department of Public Safety - Alcohol and Tobacco Control
Department of Health and Senior Services
Office of Administration - Budget and Planning
Department of Public Safety - Missouri Highway Patrol
Office of the State Courts Administrator
Missouri Senate
Office of Administration
Joint Committee on Public Employee Retirement
Office of the Governor
Missouri Consolidated Health Care Plan
Missouri Lieutenant Governor
Office of Prosecution Services
State Emergency Management Agency
Lottery
Missouri Veterans Commission
Missouri Gaming Commission
Administrative Hearing Commission
Missouri Ethics Commission
State Tax Commission
Department of Labor and Industrial Relations
Office of the State Public Defender
Office of the State Treasurer
Department of Corrections
Department of Revenue

SOURCES OF INFORMATION (continued)

Missouri House of Representatives
Department of Social Services
Department of Transportation
Department of Insurance, Financial Institutions and Professional Registration
Missouri Department of Conservation
Department of Economic Development



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March 8, 2017

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Assistant Director
March 8, 2017