

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4190-05
Bill No.: HCS for HB 1576
Subject: Administrative Law; Courts; State Departments; General Assembly; Boards,
Commissions, Committees and Councils
Type: Original
Date: February 21, 2018

Bill Summary: This proposal modifies provisions relating to administrative proceedings.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Various State Funds	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Various State Funds	0 or (Unknown)	0 or (Unknown)	0 or (Unknown)
Total Estimated Net Effect on FTE	0 or (Unknown)	0 or (Unknown)	0 or (Unknown)

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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration (OA)** assume section 536.013's requirements could generate additional state regulations causing workload increases for several Executive Branch departments. Section 536.205 could impact several departments, as over the past three years over 75 rules were identified with an estimated cost, in aggregate, over \$500,000. At this point, exact figures cannot be determined without additional analysis; however, our best estimate is that the potential impact will be less than \$400,000 annually, with a maximum of 4 additional FTE. Additional duties can be absorbed by some, but not all departments as their administrative rule workload varies. Note - federal and other funds could be impacted, but those cannot be estimated at this time.

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Missouri Department of Conservation** assume this proposal would have a negative fiscal impact, less than \$100,000 annually, due to cost to prepare additional fiscal note information.

Officials from the **Office of Administration - Budget and Planning (B&P)** assume this proposal requires the General Assembly to approve certain regulations through concurrent resolution. B&P assume the proposal will have no fiscal impact on their organization.

Officials from the **Office of the Secretary of State (SOS)** assume 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 Secretary of State's Office 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, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

ASSUMPTION (continued)

Officials from the **Office of the State Auditor** assume this proposal will have no fiscal impact on their organization. Any impacts may be absorbed through current appropriations.

Officials from the **State Tax Commission, the Missouri State Employee's Retirement System, the Department of Public Safety - State Emergency Management Agency, Missouri Highway Patrol, Division of Alcohol and Tobacco Control, Missouri Veterans Commission, Missouri Gaming Commission, Capitol Police, Division of Fire Safety, the Missouri Senate, the Missouri Lottery Commission, the Office of the State Treasurer, the MoDOT & Patrol Employees' Retirement System, the Office of the Governor, the Office of Prosecution Services, the Missouri Consolidated Health Care Plan, the Missouri House of Representatives, the Office of the State Courts Administrator, the Department of Corrections, the Department of Economic Development, the Department of Labor and Industrial Relations, the Office of the State Public Defender, the Department of Agriculture, the Missouri Senate, and Office of the Lieutenant Governor** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Department of Public Safety - Missouri National Guard, the Missouri Ethics Commission and the Office of Administration - Administrative Hearing Commission** each assumed the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Health and Senior Services, Department of Revenue, Department of Transportation, Department of Higher Education, Department of Public Safety (Directors Office), Department of Social Services, Department of Elementary and Secondary Education, Department of Natural Resources, Department of Mental Health and Department of Insurance, Financial Institutions and Professional Registration** each defer to the Office of Administration to estimate the fiscal impact of the proposed legislation on their respective organizations.

In response to a previous version, officials from the **Department of Economic Development** deferred to the Office of Administration to estimate the fiscal impact of the proposed legislation on their respective organization.

Officials from the **Attorney General's Office** did not respond to Oversight's request for fiscal impact.

ASSUMPTION (continued)

Oversight notes that most of the state agencies indicated the bill would not impact their agency, while some deferred to OA. Therefore, there appears to be a discrepancy between OA’s response and most other agencies. Therefore, based on that, Oversight will assume an unknown cost to various state agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Cost</u> - Various State Departments Increase in administrative rule workload	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
VARIOUS STATE FUNDS			
<u>Cost</u> - Various State Departments Increase in administrative rule workload	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<u>FISCAL IMPACT - Small Business</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

FISCAL DESCRIPTION

This bill requires all regulations of any type to be explicitly permitted or required by statute prior to being promulgated under Chapter 536, RSMo.

If a fiscal note estimate for a proposed rule under Chapter 536 is greater than \$500,000 in the aggregate with regard to either regulatory expenditures or estimated reductions in income, then the fiscal note and proposed rule shall be submitted in a report to the General Assembly. The agency shall also send a notice of the proposed rulemaking to affected entities.

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

Department of Agriculture
Department of Economic Development
 Public Service Commission
 Office of the Public Council
 Division of Energy
Department of Elementary and Secondary Education
Department of Higher Education
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Natural Resources
Department of Health and Senior Services
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
 Office of the Director
 Division of Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
 Missouri Gaming Commission
 Missouri Highway Patrol
 Missouri National Guard
 State Emergency Management Agency
 Veterans Commission

SOURCES OF INFORMATION (continued)

Department of Social Services
Office of the Governor
Joint Committee on Administrative Rules
Missouri Lottery Commission
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Office of the Lieutenant Governor
Department of Transportation
Office of Prosecution Services
Missouri State Employee's Retirement System
Office of Administration
 Administrative Hearing Commission
 Budget and Planning
Office of the State Courts Administrator
Office of the State Auditor
Missouri Senate
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
State Tax Commission

Ross Strobe



Acting Director
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