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S.B. 9
134th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Reported by House Government Oversight

Primary Sponsors: Sens. McColley and Roegner

Local Impact Statement Procedure Required: No

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Highlights

- The bill may increase state agency administrative costs to review rules for potential amendment or rescission and prepare annual progress reports in meeting the bill's target of a 30% reduction in regulatory restrictions before June 30, 2025. Any such costs may vary widely by agency depending on the scale of work and the staff resources state agencies use to accomplish the bill's required tasks.
- Staffing costs for the GRF-funded Joint Committee on Agency Rule Review (JCARR) will increase if JCARR hires an additional staff member to assist state agencies in revising inventories of regulatory restrictions and to report on the progress of agencies in meeting the bill's targets. Actual costs will depend on the employee's classification and hours worked.
- The workload of the Legislative Information Systems (LIS) will increase: (1) to modify the existing Electronic Rule-Filing (ERF) System to house the inventory and reporting system, and (2) to develop and maintain a website that is accessible to the public. LIS expects to absorb the work and related costs by utilizing existing staff and resources.
- The bill modifies provisions related to local option elections for sales of beer by allowing these elections to occur during special elections when there are no candidates on the ballot. This could result in additional election costs to county boards of elections. However, the magnitude of these costs would likely be minimal.

Detailed Analysis

Reduction of regulatory restrictions

The bill requires 27 state agencies to reduce the number of regulatory restrictions in the agency's rules by 30% by amending or rescinding rules that contain regulatory restrictions according to a schedule and criteria set forth in the bill. The bill directs each agency to achieve a 10% reduction in regulatory restrictions before June 30, 2023, a 20% reduction before June 30, 2024, and the 30% reduction before June 30, 2025. As the table shows, over 46,500 regulatory restrictions are targeted for elimination under the bill. A listing of each covered agency's regulatory restrictions and reduction target is provided in the "**Appendix**" at the end of this fiscal note.

The 30% reduction is based on the number of regulatory restrictions identified in a base inventory previously conducted pursuant to the main operation appropriations act, H.B. 166 of the 133rd General Assembly. H.B. 166 requires these agencies to review their existing rules to prepare a base inventory of regulatory restrictions by December 31, 2019. The base inventory contains over 155,000 regulatory restrictions within nearly 10,000 rules.

Current law contains a blanket prohibition through June 30, 2023, against state agencies adopting a new regulatory restriction unless the agency simultaneously removes two or more other existing regulatory restrictions. The bill extends that prohibition through June 30, 2025.

Base Inventory of Regulatory Restrictions and S.B. 9 Reduction Target Summary			
Number of Rules with Restrictions	Number of Regulatory Restrictions	Target Number of Restrictions (S.B. 9)	Restrictions to be Eliminated (S.B. 9)
9,944	155,073	108,553	46,523

If an agency fails to meet a reduction goal within 120 days of the deadline, the bill requires the Joint Committee on Agency Rule Review (JCARR) to give the agency an opportunity to appear to show cause why the agency's required reduction should be lessened. If JCARR determines that the agency has shown cause, JCARR must determine a lessened required reduction for that agency and must submit a written report to the Speaker of the House of Representatives and the President of the Senate, indicating the lessened required reduction in regulatory restrictions for that agency and the reason JCARR determined that lessened reduction.

Any fiscal effects associated with the elimination of regulatory restrictions will depend on the particular rules each agency amends or rescinds to comply with the bill. The administrative workload of the covered state agencies, particularly those with the largest number of restrictions, will increase to review rules for potential amendment or rescission and to prepare required annual progress reports until the required reduction in regulatory restrictions are achieved. Notably, these reports must include an explanation of how the agency applied certain criteria to determine which rules to amend or rescind and a revised inventory. The cost for this work may vary widely depending on the number of rules an agency must review and the staff resources it uses to accomplish the bill's required tasks.

The bill tasks JCARR with assisting state agencies in their efforts to comply with the bill and reporting on the state's progress toward the bill's goals. Each state agency must send JCARR

its revised inventory of regulatory restrictions along with a report of its progress until the agency has met the reduction target. In addition, the Common Sense Initiative (CSI) Office may also review any rule containing a regulatory restriction and may require the state agency to eliminate it, potentially increasing the CSI Office's administrative workload. If the state agency objects to the CSI Office's determination, it may appeal to JCARR.

The additional workload created for JCARR may require the hiring of another staff member, but it is unclear whether that would be a full-time or part-time position. Actual costs will depend on the Committee's workload and the position and work schedule for which the potential new employee is hired. JCARR's current staff of four is supported by the GRF.

Inventory system and website creation and maintenance

The bill requires JCARR, in consultation with Legislative Information Systems (LIS), to create and maintain a system for agencies to use to create inventories, enter regulatory restriction data, and transmit copies of inventories, reports, and other documents to JCARR and to the Speaker of the House of Representatives and the President of the Senate. LIS staff expect to leverage the existing Electronic Rule-Filing (ERF) System in establishing the inventory system, though the ERF System modifications are likely to require significant development time. According to LIS, this work will be completed using current staff resources given the current budget environment. The operations of LIS are supported by the GRF.

Additionally, JCARR and LIS are required to establish, maintain, and improve the "Cut Red Tape System," which must include a website to allow the public to request information from and communicate with JCARR about regulatory restrictions. Developing this website likely increases LIS's workload further. JCARR's administrative responsibilities will increase to respond to the public's information requests, the extent of which will depend on the volume of communication with the public.

Local option elections for beer

The bill makes modifications to the law pertaining to local option elections for the sales of beer. These changes appear to result in potential new or additional costs to political subdivisions. Specifically, the bill specifies that local option elections for the sale of beer are permitted to be held during a special election, regardless of whether or not there are candidates on the ballot for that election. These changes reflect those made in S.B. 102 of the 134th General Assembly pertaining to local option elections for permitting establishments or Sunday sales of alcohol. Previously, local option questions were required to appear on the ballot of a primary or general election where there are candidates for office on the ballot. Therefore, the direct election costs related to prior local option elections were limited to ballot advertising requirements and the marginal costs of adding the local option question to the ballot. During the November 3, 2020 general election, there were a total of 141 local option questions across all ballots.

By modifying when these local option elections can be held, it is possible that a county board of elections may have to conduct a special election for the sole purpose of a local option question for beer sales. Overall, the per-precinct costs of conducting an election varies upon the precinct location and number of voters in that precinct. Typically, these costs vary from between \$800 to \$1,000 per precinct in rural precincts to approximately \$1,600 to \$2,000 for urban precincts. The costs attributable to a local option question would only constitute a small portion of the overall per-precinct costs under current law. Local option questions in most cases only

encompass a single voting precinct. It should be noted, that it would appear as though there would be very few instances in which a county board of elections would be required to hold a special election specifically for the purposes of a beer sales local option question. In such instances, the board would be able to charge a majority of those costs back to the petitioners.

Appendix

Base Inventory of Regulatory Restrictions and S.B. 9 Restriction Reduction Targets by Agency				
Agency	Number of Rules with Restrictions	Number of Regulatory Restrictions	Target Number of Restrictions (S.B. 9)	Restrictions to be Eliminated (S.B. 9)
Environmental Protection	1,226	26,123	18,286	7,837
Public Utilities Commission	632	22,627	15,839	6,788
Health	767	13,637	9,546	4,091
Job and Family Services	870	10,004	7,003	3,001
Public Safety	663	9,602	6,721	2,881
Commerce	725	9,235	6,465	2,771
Natural Resources	890	8,747	6,123	2,624
Workers' Compensation	333	8,290	5,803	2,487
Agriculture	716	7,571	5,300	2,271
Racing Commission	578	6,718	4,703	2,015
Medicaid	327	6,260	4,382	1,878
Education	301	3,652	2,556	1,096
Insurance	114	3,324	2,327	997
Developmental Disabilities	119	2,828	1,980	848
Mental Health and Addiction Services	168	2,792	1,954	838
Rehabilitation and Correction	215	2,644	1,851	793
Aging	143	1,842	1,289	553
Taxation	174	1,538	1,077	461
Administrative Services	274	1,507	1,055	452
Youth Services	93	1,286	900	386

Base Inventory of Regulatory Restrictions and S.B. 9 Restriction Reduction Targets by Agency				
Agency	Number of Rules with Restrictions	Number of Regulatory Restrictions	Target Number of Restrictions (S.B. 9)	Restrictions to be Eliminated (S.B. 9)
Casino Control Commission	223	1,204	843	361
Development Services	136	992	694	298
Higher Education	61	895	627	269
Transportation	91	886	620	266
Lottery Commission	83	531	372	159
Budget and Management	8	283	198	85
Veterans Services	14	55	39	17
Total	9,944	155,073	108,553	46,523