



Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

Drafting Number: LLS 11-0728
Prime Sponsor(s): Sen. Scheffel

Date: June 30, 2011
Bill Status: Postponed Indefinitely
Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING AN ADDITIONAL REVIEW OF RULES PROMULGATED PURSUANT TO THE "STATE ADMINISTRATIVE PROCEDURE ACT" BY COMMITTEES OF REFERENCE OF THE GENERAL ASSEMBLY.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
State Expenditures		
General Fund	\$27,076	\$29,326
FTE Position Change	0.4 FTE	0.6 FTE
Effective Date: The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on February 15, 2011.		
Appropriation Summary for FY 2011-2012: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

Under current law, the Office of Legislative Legal Services (OLLS) of the Colorado General Assembly prepares an annual bill to continue the rules adopted by state agencies. Based on legislative direction, OLLS may prepare a bill to specifically disapprove a portion of any rule; other rules remain effective if not specifically disapproved in a bill. This bill amends the General Assembly’s annual rules review procedure to require review of each recently adopted rule, and approval or disapproval of each rule reviewed, by legislative committees of reference.

The bill requires OLLS to identify for review those rules adopted after November 1, 2010, that result from new legislation adopted in each legislative session starting January 1, 2010. The staff of the Legislative Council (LCS) sends rules to house or senate committees of reference based on the origin and content of legislation that prompted the rule. Committees of reference must review each assigned rule in a public meeting by the 45th legislative day, and approve the rule or set it for hearing. The bill sets forth non-binding considerations for committee of reference hearings on rules. The bill directs that if disapproved after review and hearing in a committee of reference, a rule shall not be repromulgated. By the 60th legislative day, each committee of reference must produce a bill containing its recommendations on each rule reviewed by the committee.

For those rules subjected to a cost-benefit analysis at the direction of the rules review process in the Department of Regulatory Agencies (DORA), the bill requires the cost-benefit analysis to be posted on both the promulgating agency web site and the web site of DORA.

State Expenditures

Legislative staff support for rules review by legislative committees of reference will increase General Fund expenditures by \$27,076 in FY 2011-12 and \$29,326 in FY 2012-13. Executive branch departments will incur costs to post cost-benefit analyses, create a record for legislative hearings, and potentially repromulgate rules, but specific costs are unknown until committees of reference determine how many hearings to hold and which rules will be disapproved or modified through legislation.

Executive Branch. The bill potentially affects all executive branch agencies that adopt rules subject to the state Administrative Procedures Act. Departments with rules that have been selected for cost-benefit analysis are required to post the analysis to the department's web site. Those departments with rules selected for hearing before committees of reference must prepare a record that will support the rule, an analysis of economic benefits, analysis of adverse impacts, and other information requested by the committee. This increase in workload for departmental staff currently involved in the legislative and rule-making process will be absorbed within existing appropriations.

It is noted that extensive modification or disapproval of rules in the committee of reference review process could have substantial workload effects on the executive branch. The Department of Law, in its work with client agencies, is especially likely to see an increased workload as the process to create rules becomes more lengthy and complex.

Legislative Branch - State Fiscal Impact. This bill is expected to increase General Fund expenditures by \$27,076 and 0.4 FTE in FY 2011-12 and at least \$29,326 and 0.6 FTE in FY 2012-13. Costs to implement the bill are shown in Table 1. The fiscal note assumes that approximately 100 rules in the 2012 legislative session and 165 rules in each session thereafter bill will require committee of reference review. The LCS will compile rules requiring review, staff public meetings and coordinate production of 18 bills with recommendations on each rule. The OLLS will work with committees to evaluate rules and draft legislation.

Cost Components	FY 2011-12	FY 2012-13
Personal Services	\$18,031	\$27,046
FTE	0.4	0.6
Operating Expenses	1,520	2,280
Capital Outlay	7,525	0
TOTAL	\$27,076	\$29,326

First-year costs include capital outlay for office set up. Due to the compressed timeframe of work during the legislative session, the actual staff necessary to complete work required by the bill is greater than the full-time equivalent (FTE) identified in Table 1. Therefore, capital outlay costs reflect more than one computer and workstation for each FTE. Leased space costs are not included in this fiscal note, but additional office space will likely be required.

The fiscal note assumes that each committee of reference produces 1 bill per session. If the workload exceeds this assumption, additional funding may be required. Any such funding will be addressed through the annual budget process.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under SB11-118*		
Cost Components	FY 2011-12	FY 2012-13
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$2,840	\$4,260
Supplemental Employee Retirement Payments	816	1,442
TOTAL	\$3,656	\$5,702

**More information is available at: <http://colorado.gov/fiscalnotes>*

State Appropriations

For FY 2011-12, the Legislative Council Staff requires a General Fund appropriation of \$27,076 and 0.4 FTE. This final fiscal note does not adjust for the effect of SB 11-076, which decreased state personal services costs for contributions to employee retirement benefits by 2.5 percent.

Departments Contacted

All Departments
Legislative Council Staff
Joint Budget Committee Staff

Office of Legislative Legal Services
State Auditor