

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 12-0499  
**Prime Sponsor(s):** Sen. Neville  
 Rep. Holbert

**Date:** January 31, 2012  
**Bill Status:** Senate Business, Labor, & Technology  
**Fiscal Analyst:** Alex Schatz (303-866-4375)

**TITLE:** CONCERNING THE CREATION OF EFFICIENCIES IN THE STATE REGULATORY SYSTEM.

<b>Fiscal Impact Summary</b>	<b>FY 2012-2013</b>	<b>FY 2013-2014</b>
<b>State Revenue</b>		
Cash Funds		
Legislative Department Cash Fund*	\$135,778**	\$130,266**
<b>State Expenditures</b>		
Cash Funds		
Legislative Department Cash Fund*	\$120,775	\$114,482
<b>FTE Position Change</b>	1.6 FTE	1.6 FTE
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2012-2013:</b> None required. See State Appropriations section.		
<b>Local Government Impact:</b> None.		

\* Revenue and expenditures from the Legislative Department Cash Fund are conditional upon the receipt of gifts, grants, and donations.

\*\* Revenues exceed expenditures to reflect centrally-appropriated costs covered under SB 12-006. See the Expenditures Not Included section for a discussion of these costs.

**Summary of Legislation**

This bill creates a 14-member task force to study the state's regulatory system. By July 1, 2012, the Committee on Legal Services (COLS) is to select 10 members of the task force. Four additional task force members are appointed by leadership in the Senate and House of Representatives. The bill specifies the composition of the task force by party affiliation and background of appointees.

The task force is charged with reviewing the current Code of Colorado Regulations (CCR) and the process for rule-making under the State Administrative Procedure Act. Additionally, the task force must address whether:

- the current regulatory system favors one segment of an industry over another;
- economic conditions warrant downsizing regulatory requirements to reduce industry compliance costs;

- the regulatory system is duplicative, outmoded, or unnecessary; and
- enforcement of regulation has adverse impacts on consumers or industry, such as punitive fines.

The task force will make recommendations to the COLS, including an estimate of cost-savings to both industry and state regulatory agencies, by August 5, 2014, with progress reports to the COLS by January 1, 2013, and January 1, 2014. The COLS will then recommend legislation as deemed appropriate.

The Committee on Legal Services is required to perform its assigned tasks within existing appropriations and its normal meeting schedule. The COLS Task Force will serve without compensation, but may be reimbursed for actual expenses if gifts, grants, or donations are received in the Legislative Department Cash Fund. The staff of the Legislative Council, State Auditor, or Office of Legislative Legal Services may provide assistance only within existing appropriations or to the extent that funding is provided by gifts, grants, and donations; however, the task force may meet without staff assistance.

### **State Revenue**

A total of \$266,044 in gifts, grants, and donations will be needed in the 2-year period of FY 2012-13 and FY 2013-14 to cover staffing and other costs (including indirect costs) under the bill, based on assumptions detailed in the State Expenditures section regarding an appropriate level of effort to support the task force. As directed by the bill, gifts, grants and donations will be credited to the Legislative Department Cash Fund. Upon receipt, moneys in this fund are continuously appropriated and available for disbursement as directed by the bill. However, at this time, no specific gifts, grants, or donations have been identified.

The fiscal note assumes that the amount of gifts, grants, and donations necessary to support task force staffing in each fiscal year is donated in that fiscal year. However, because the Legislative Department Cash Fund is continuously appropriated, revenue may be collected in advance of the fiscal year in which it is needed.

### **State Expenditures**

**Staff support and expenses for the task force will conditionally increase costs in the Legislative Branch by \$120,775 and 1.6 FTE in FY 2012-13, and \$114,482 and 1.6 FTE in FY 2013-14, but only if sufficient gifts, grants, and donations are received by the state.** Executive branch departments will incur costs to respond to the task force, but these costs are unknown until the task force determines the extent of its inquiry.

***Executive Branch — State Fiscal Impact.*** The task force will require assistance from all 19 principal executive branch departments and agencies organized under the Governor's Office that promulgate administrative rules. Departments routinely respond to requests for information from the General Assembly and other entities, and this fiscal note assumes that the requests of the task

force and legislative staff can be addressed within existing appropriations. Extensive analysis of any one executive department could drive costs for staff or a contractor in such a department. Additional resources, if needed, will be requested through the budget process. The fiscal note assumes that the Independent Ethics Commission and the State Board of Equalization, as constitutional bodies that have adopted rules, are outside the scope of the bill.

**Legislative Branch — Conditional State Fiscal Impact.** For the Legislative Branch, total state expenditures are expected to be \$120,775 and 1.6 FTE in FY 2012-13 and \$114,482 and 1.6 FTE in FY 2013-14. If adequate gifts, grants, and donations are not received for expenditures from the Legislative Department Cash Fund, the task force will operate without legislative staff support and without reimbursement for expenses. Costs are in two legislative service agencies: Legislative Council Staff and the Office of Legislative Legal Services (OLLS). Table 1 and the discussion that follows address these costs.

<b>Table 1. Conditional Expenditures Under SB 12-006</b>		
<b>Cost Components</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
<i>Legislative Council Staff</i>		
Personal Services	\$22,539	\$22,539
<i>FTE</i>	0.5	0.5
Operating Expenses and Capital Outlay	2,827	475
COLS Task Force Member Reimbursement (14 members * \$88 * 25 total meetings)	14,784	16,016
<i>Office of Legislative Legal Services</i>		
Personal Services	74,407	74,407
<i>FTE</i>	1.1	1.1
Operating Expenses and Capital Outlay	6,218	1,045
<b>TOTAL</b>	<b>\$120,775</b>	<b>\$114,482</b>

This analysis assumes that COLS will meet once in FY 2011-12 to select task force members, once in FY 2012-13 and again in FY 2013-14 to review task force progress, and at a final meeting in FY 2014-15 (after August 5, 2014) to review the final report and recommendations of the task force. The task force is assumed to meet an average of once for each principal executive department to review rules and rule-making; accordingly, the task force will meet 12 times in FY 2012-13 and 8 times in FY 2013-14 to review the regulatory system. The task force will then meet 5 additional times in FY 2013-14 to compile its report and recommendations. To support these activities, the legislative service agencies will require staffing. Estimates are based on the support provided for interim committees, rule review, the workload of the legislative agencies, and similarly sized reviews.

- *Legislative Council Staff* — Based on the schedule outlined above, 0.5 FTE is required annually in FY 2012-13 and FY 2013-14 to staff committee hearings and provide research to the task force. Existing staff may also assist with task force duties.

- *Office of Legislative Legal Services* — Based on the assumed schedule, the OLLS requires 1.1 FTE to provide legal counsel, rules interpretation, and bill drafting for the task force and COLS.

**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. The costs noted in Table 2 are conditional upon the receipt of moneys in the Legislative Department Cash Fund.

<b>Table 2. Conditional Expenditures Not Included Under SB 12-006*</b>		
<b>Cost Components</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$9,834	\$9,834
Supplemental Employee Retirement Payments	5,169	5,950
<b>TOTAL</b>	<b>\$15,003</b>	<b>\$15,784</b>

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

**State Appropriations**

No appropriation is required to implement this bill. If sufficient gifts, grants, and donations are received by the Legislative Department Cash Fund, these moneys are continuously appropriated.

**Departments Contacted**

All Departments	Legislative Council Staff	State Auditor
Legislative Legal Services	Joint Budget Committee Staff	