

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 12-0518  
**Prime Sponsor(s):** Sen. Scheffel

**Date:** January 24, 2012  
**Bill Status:** Senate Judiciary  
**Fiscal Analyst:** Kelli Kelty (303-866-3518)

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

<b>Fiscal Impact Summary</b>	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>	<b>FY 2013-2014</b>
<b>State Revenue</b>			
<b>State Expenditures</b> General Fund	Potential Increase	\$21,681	\$32,520
<b>FTE Position Change</b>		0.4 FTE	0.6 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> See State Appropriations Section.			
<b>Local Government Impact:</b> None.			

**Summary of Legislation**

The bill creates an additional review process for rules adopted as a result of legislation. Under the bill, each rule adopted on or after November 1, 2011, as a result of legislation enacted on or after January 1, 2011, will be sent to the applicable house or senate committee of reference (committee) for review. Each committee must:

- review each assigned rule in at least one public meeting by the 45th legislative day, and approve the rule or set it for hearing; and
- produce a bill containing its recommendations on each review rule by the 60th legislative day.

Under the bill, rules that are not approved by the committee may not be promulgated.

The bill also requires that cost-benefit analyses of rules be posted online.

**Background**

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. State agencies are currently required to hold at least one public meeting before adopting a new set of rules.

**State Expenditures**

This bill increases state General Fund expenditures by \$21,681 and 0.4 FTE in FY 2012-13 and at least \$32,520 and 0.6 FTE per year thereafter. These costs are shown in Table 1 and discussed below. Please note that if the bill becomes law early in the session, there could be a potential increase in General Fund expenditures in the current budget year, FY 2011-12.

<b>Table 1. Expenditures Under SB 12-027</b>		
<b>Cost Components</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
Personal Services	\$18,031	\$27,046
FTE	0.4	0.6
Operating Expenses	2,261	3,391
Capital Outlay	1,389	2,083
<b>TOTAL</b>	<b>\$21,681</b>	<b>\$32,520</b>

**Legislative Council.** The fiscal note assumes that approximately 100 rules in the 2013 legislative session and 150 rules in each session thereafter will require committee of reference review. The Legislative Council Staff (LCS) will compile rules requiring review, staff public meetings and coordinate production of 18 bills (one for each committee of reference) with recommendations on each rule. The OLLS will work with committees to evaluate rules and draft legislation. 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 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.

Please note that if the bill becomes law early in the session, there could be a potential increase in General Fund expenditures for LCS to compile rules, staff public meetings, and coordinate production of the bills with recommendations on each rule.

**State Agencies.** State agency workload is anticipated to increase under the bill in order to prepare for any briefings requested by committees and respond to any changes in rules resulting from committee action. These impacts are anticipated to be minimal and are not expected to require an increase in appropriations for any state agency.

***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 website. 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 can be absorbed within existing appropriations.

**Departments Contacted**

All Departments