

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 13-0135  
**Prime Sponsor(s):** Sen. Balmer  
 Rep. Ryden

**Date:** February 22, 2013  
**Bill Status:** Senate Business, Labor, & Technology  
**Fiscal Analyst:** Jonathan Senft (303-866-3523)

**TITLE:** CONCERNING THE CONTINUATION OF THE PREPARATION OF COST-BENEFIT ANALYSIS OF PROPOSED RULES OF EXECUTIVE BRANCH AGENCIES, AND, IN CONNECTION THEREWITH, IMPLEMENTING THE RECOMMENDATIONS OF THE 2012 SUNSET REPORT OF THE DEPARTMENT OF REGULATORY AGENCIES.

<b>Fiscal Impact Summary</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
<b>State Revenue</b>		
<b>State Expenditures</b>	See State Revenue and Expenditures section.	
<b>FTE Position Change</b>		
<b>Effective Date:</b> July 1, 2013.		
<b>Appropriation Summary for FY 2013-2014:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This bill continues the cost benefit provisions of the State Administrative Procedures Act and implements the recommendations of the sunset review on the preparation of a cost benefit analysis of proposed rules at state agencies. Under current law, agencies must conduct cost benefit analyses (CBAs) of rule changes at the direction of the Department of Regulatory Agencies (DORA). This bill requires the agency implementing the rule to conduct a CBA if it determines that the rule may have a significant impact on state economic conditions. The implementing agency must review each rule to determine those that require CBAs. After a CBA has been conducted, the implementing agency must submit the results of the CBA with the Secretary of State.

This bill does not apply to rules required by state legislation or federal mandates.

**Background**

Current law requires all state agencies to file a copy of proposed rules or amendments to rules with DORA. DORA reviews the proposed rules to determine if they could have a negative impact on economic competitiveness or on small business in Colorado. If DORA determines that a proposed rule could have a negative impact on small business, it may direct the submitting agency to perform a CBA of the rule or amendment. The CBA must, among other things, identify the reason

for the rule or amendment; its anticipated economic benefits or costs; any adverse effects the rule may cause on the economy, consumers, private markets, small business, job creation, and economic competitiveness; and at least two alternatives to the proposed rule. Upon receiving the CBA, DORA notifies the public that it is available for review.

### **State Revenue and Expenditures**

This bill is not expected to change state revenue or expenditures. This fiscal note assumes that rules or amendments with the largest negative impact will be evident, and thus selected by the agencies for CBAs, at approximately the same rate as under current law. Any additional workload created by reviewing rules for potential impact is expected to be accomplished within the existing resources at each state agency.

*Department of Regulatory Agencies.* Under current law, DORA is required to review each rule change, determine whether it has a detrimental effect on the state economy, and assign the implementing agency to conduct a CBA. This bill removes this responsibility at DORA and instead requires that the implementing agency determine whether to conduct a CBA, thus reducing the existing workload within DORA. However, since DORA was not appropriated funds for this task under Senate Bill 03-121, which required DORA to perform these duties, no adjustment in existing appropriations is required.

### **Departments Contacted**

All Departments