



STATE FISCAL IMPACT

Drafting Number: LLS 13-0092**Date:** February 5, 2013**Prime Sponsor(s):** Rep. Coram**Bill Status:** House SVMA**Fiscal Analyst:** Jonathan Senft (303-866-3523)

TITLE: CONCERNING THE LEGISLATIVE REVIEW OF CERTAIN RULES PROMULGATED BY EXECUTIVE AGENCIES THROUGH THE "STATE ADMINISTRATIVE PROCEDURES ACT".

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures		
Various Funds	\$235,174	\$219,184
FTE Position Change	3.4 FTE	3.4 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2013-2014: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill establishes the Legislative Rule Review committee to review rules adopted by an agency on or after November 1, 2013. A rule must be reviewed when:

- an agency has been notified in writing – or when a legislator submits – that a rule has adverse economic effects;
- a cost benefit analysis (CBA) is required by Department of Regulatory Agencies; or
- the rule was adopted as a result of legislation.

The committee will meet at least twice during the legislative session to review contested rules and draft a bill related to the expiration or postponement of the rules. The committee may disapprove a rule for any reason.

The bill also requires agencies to perform CBAs on contested rules, when directed by the Department of Regulatory Agencies (DORA) and the Secretary of State. DORA must then perform a review of any CBA submitted by an agency.

State Expenditures

For FY 2013-14, this bill is expected to increase state expenditures by \$235,174, and 3.4 FTE, and for FY 2014-15, \$219,184, and 3.4 FTE.

Department of Regulatory Agencies. The workload increase for DORA is expected to cost \$83,499 and 1.1 FTE annually. This bill requires the director of DORA to review contested rules and CBAs submitted by an agency to determine negative impact on competitiveness and small businesses in Colorado. With discretion to perform reviews under current law, DORA receives an average of 460 requests from the Secretary of State (SOS), of which seven are reviewed. This bill eliminates DORA's current discretion on the SOS request, and requires mandatory review of all agency-submitted CBAs. This requires all 460 current submissions to be reviewed.

Legislative Council Staff and Office of Legislative Legal Services. The workload for Legislative Council staff is expected to cost \$61,926 and 1.0 FTE annually. The bill requires that Legislative Council staff provide staffing and clerical assistance to the Legislative Rule Review committee. In addition, the Office of Legislative Legal Services is required to assist the committee and draft any new legislation arising from the committee. It should be noted that the timing of these staffing needs takes place between the 48th and 60th day of the legislative session when the workload of staff is already maximized. As a result, the new duties may require the hiring of an additional employee. The Office of Legislative Legal Services is expected to absorb these costs within existing resources.

All Agencies. Workload across all agencies is expected to cost approximately \$89,749 and 1.3 FTE annually. The bill requires agencies to conduct additional CBAs of contested rules, under the direction of DORA. A CBA requires fiscal and economic staff, as well as administrative resources. Agencies that have more rulemaking responsibilities will be affected disproportionately. As it is unknown how many analyses will be required, the amount of time and staff required at each agency cannot be estimated. However, based on historical data, approximately 300 rulemaking bills per session are contested. In addition, rules reviewed under this bill are not limited to those adopted each year, and may include those expiring, which adds an additional approximately 200 CBAs to be performed. Assuming an average of at least 5.0 hours per CBA, at least 2,500 hours of staff time would be required to perform CBAs, divided among all affected agencies.

Costs are displayed in below in Table 1.

Table 1. Expenditures Under HB13-1075		
Cost Components	FY 2013-14	FY 2014-15
Personal Services - All Agencies	\$215,954	\$215,954
FTE	3.4	3.4
Operating Expenses and Capital Outlay	19,220	3,230
TOTAL	\$235,174	\$219,184

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 HB13-1075*		
Cost Components	FY 2013-14	FY 2014-15
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$22,890	\$22,216
Supplemental Employee Retirement Payments	13,255	14,557
TOTAL	\$36,145	\$36,773

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

State Appropriations

For FY 2013-14, this bill requires a general fund appropriations as follows:

- \$83,499 and 1.1 FTE to the Department of Regulatory Agencies;
- \$61,926 and 1.0 FTE to the Legislative Council; and
- \$89,749 and 1.3 FTE to various agencies. Further details on individual agency appropriations are available in the fiscal notes office.

Departments Contacted

All Departments