

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 22, 2003**

**TO:** Honorable David Swinford, Chair, House Committee on Government Reform

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB2390** by Cook, Robby (Relating to state agency rules affecting small businesses.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2390, As Introduced: an impact of \$0 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Revenue Gain/ (Loss) from DEPT INS OPERATING ACCT 36</b>	<b>Probable (Cost) from DEPT INS OPERATING ACCT 36</b>	<b>Change in Number of State Employees from FY 2003</b>
2004	\$2,228,071	(\$2,228,071)	36.3
2005	\$2,053,212	(\$2,053,212)	36.3
2006	\$1,935,517	(\$1,935,517)	34.3
2007	\$1,935,517	(\$1,935,517)	34.3
2008	\$1,744,809	(\$1,744,809)	31.0

**Fiscal Analysis**

The bill would require agencies to analyze the economic impact of a proposed rule on small businesses and require agencies to conduct a regulatory flexibility analysis that includes the agency's consideration of alternative methods of achieving the purpose of the proposed rule, including several proposed methods of reducing the adverse impact of a proposed rule on a small business.

The bill would direct agencies to include the economic impact statement and regulatory flexibility analysis as a part of the notice of the proposed rule for publication and for notice to standing committees that are charged with reviewing the proposed rule.

The bill would entitle small businesses adversely affected by a rule to judicial review of the agency's compliance with the bill with respect to the rule. It would require that a state agency determine whether a rule proposal will have an adverse effect on small business.

The bill would require that the new provisions concerning economic impact statements and regulatory flexibility analysis apply to all rules adopted on or after January 1, 2004. It would require all agencies, by September 1, 2007, to have reviewed all rules adopted before January 1, 2004, to determine whether any rule has an adverse economic impact on small businesses.

The bill would take effect September 1, 2003.

### **Methodology**

The Department of Insurance indicates that implementation of the bill would require an additional \$2,228,071 and 36.25 FTEs in fiscal year 2004, \$2,053,212 and 36.25 FTEs in fiscal year 2005, \$1,935,517 and 34.25 FTEs in fiscal years 2006-07, and \$1,744,809 and 31 FTEs in fiscal year 2008.

It is anticipated that other agencies could have similar or greater costs associated with the bill.

Based on the analysis of the Workforce Commission and the Comptroller, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 303 Building and Procurement Commission, 304 Comptroller of Public Accounts, 320 Texas Workforce Commission, 362 Texas Lottery Commission, 452 Department of Licensing and Regulation, 454 Department of Insurance, 473 Public Utility Commission of Texas, 480 Texas Department of Economic Development, 582 Commission on Environmental Quality, 601 Department of Transportation

**LBB Staff:** JK, JO, GO, RT, DE, RB