

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 5, 2017

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB210 by Kolkhorst (Relating to the required repeal or amendment of two state agency rules before adoption of a new state agency rule that increases costs to regulated persons.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB210, As Introduced: a negative impact of (\$1,834,000) through the biennium ending August 31, 2019. There may also be an indeterminate amount of savings and agency efficiency as a result of the rule reduction measures required by the legislation.

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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	(\$917,000)
2019	(\$917,000)
2020	(\$917,000)
2021	(\$917,000)
2022	(\$917,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund	Change in Number of State Employees from FY 2017
	1	
2018	(\$917,000)	9.0
2019	(\$917,000)	9.0
2020	(\$917,000)	9.0
2021	(\$917,000)	9.0
2022	(\$917,000)	9.0

Fiscal Analysis

The bill would amend the Government Code to restrict a state agency from adopting a proposed

rule that imposes a cost on any regulated person, including another state agency, a special district and a local government, unless on or before the effective date of the proposed rule the state agency repeals or amends two state agency rules that would decrease total costs on the person in an amount equal to or greater than the cost imposed by the proposed rule, or the agency repeals one rule and amends another rule which would decrease the total costs on the person in an amount equal to or less than the proposed rule. Additionally, the Comptroller would be required to certify in writing that those requirements are met. The bill would apply the restriction to a "state agency" as defined by Section 2001.006 of the Government Code. The restriction would not apply to a rule that relates to state agency procurement or is amended to reduce the burden or responsibilities imposed on a regulated person by the rule or decrease the person's cost for compliance with the rule.

The bill would take effect September 1, 2017.

Methodology

According to the Comptroller, 9,600 rules are filed with the Secretary of State on average each year. The Comptroller assumes that one-quarter of the filed rules or 2,400 rules would impose a cost on a regulated person and that the agency proposing the rule would make the initial determination regarding whether the proposed rule imposes a cost. Accordingly, the Comptroller would need to review the 2,400 rules and an additional two rules to be repealed or amended to determine if the cost of the proposed rule is offset by the repeal or amendment of current rules. This process is estimated to require six hours for review and determination of cost, which would require six economist IIIs. Additionally, for the proposed rules to be certified by the agency, three attorneys would be required which reflect three hours of review for each set of rules.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 307 Secretary of State, 360 State Office of Administrative Hearings, 405 Department of Public Safety, 451 Department of Banking, 452 Department of Licensing and Regulation, 458 Alcoholic Beverage Commission, 503 Texas Medical Board, 537 State Health Services, Department of, 551 Department of Agriculture, 582 Commission on Environmental Quality, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 781 Higher Education Coordinating Board

LBB Staff: UP, CL, NV, LCO, EK, ASa