

February 10, 2025

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2291 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2291 is respectfully submitted to your committee.

HB 2291 would create a Regulatory Relief Division within the Office of the Attorney General that would administer the new General Regulatory Sandbox Program. The Division could review state laws and rules and regulations that could unnecessarily inhibit the creation or success of new and existing companies and make recommendations to the Governor and the Legislature on amending or repealing those state laws and rules and regulations. The bill also details other requirements of the Division to administer the new Program, including establishing a General Regulatory Sandbox Program Advisory Committee and the responsibilities of the Committee. The bill details how a business would apply for the Program which could include an application fee up to \$250 for each innovative offering. The application would not be subject to provisions of the Kansas Open Records Act. Applicants could request statutes and rules and regulations to be waived or suspended. In addition, the Advisory Committee would be permitted to have closed or executive meetings to discuss applications. Starting in 2027, the Director of the Division would submit reports to certain legislative committees by the first day of each regular session. The Program would expire on July 1, 2030, unless the Legislature reviews and reenacts the bill's provisions. The bill also details the requirements of each sandbox participant.

The Office of the Attorney General indicates that it would require 6.00 FTE positions at a total cost of \$808,390 from the State General Fund to support the new Division that would be created in the bill starting in FY 2026. The Office would hire 1.00 Deputy Attorney General position at a cost of \$161,924, 1.00 First Assistant Attorney General position at a cost of \$147,119, 1.00 Program Consultant position at a cost of \$62,366, 2.00 Assistant Attorney General positions at a cost of \$267,810, and 1.00 Legal Assistant position at a cost of \$63,755. In addition, the

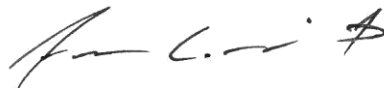
agency would require \$105,416 for operating expenditures to support the new positions. The agency would be allowed to collect a \$250 application fee that could help reduce the amount needed from the State General Fund to finance the new positions.

The Kansas Department of Health and Environment states that it does not have enough information to determine a fiscal effect. The agency reports that it could lose funding from the Environmental Protection Agency, Nuclear Regulatory Commission, Centers for Disease Control and Prevention, and Centers for Medicare and Medicaid Services because the agency could not enforce state regulations required and approved by the federal oversight agencies. The agency is also unsure if the bill's provisions would apply to Medicaid eligibility and provider regulations.

The Division of the Budget did not request a fiscal note from all state agencies. However, the Division does recognize that the bill provisions could increase staff time of any agency that is affected by the new Program. The Division is unsure if there are other federal grants that could be affected as noted by the Department of Health and Environment.

The Department of Commerce, the Office of Judicial Administration, the Kansas Highway Patrol, the Department for Children and Families, Office of Administrative Hearings, the Kansas Bureau of Investigation, the Department for Aging and Disability Services, the Department of Administration, and the Board of Regents all report that the bill would not have a fiscal effect on agency operations. Any fiscal effect associated with HB 2291 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Matt Bingesser, Office of the Attorney General
Amy Penrod, Department of Health & Environment
Loren Snell, Office of Administrative Hearings
Sherry Rentfro, Department of Commerce
Trisha Morrow, Judiciary
Sherry Macke, Kansas Highway Patrol
Kim Holter, Department for Children & Families
Paul Weisgerber, Kansas Bureau of Investigation
Leigh Keck, Department for Aging & Disability Services
Samir Arif, Department of Administration