

April 24, 2017

The Honorable Carolyn McGinn, Chairperson  
Senate Committee on Ways and Means  
Statehouse, Room 545-S  
Topeka, Kansas 66612

Dear Senator McGinn:

**SUBJECT:** Fiscal Note for SB 245 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 245 is respectfully submitted to your committee.

SB 245 would require state agencies to review, prior to July 1, 2018, all rules and regulations adopted by the agency for potential effects on business and economic development within the state. Part of the review would include the cost of compliance placed on businesses as a result of rules and regulations along with the public purpose served by rules and regulations. Prior to October 1, 2018, agencies would be required to submit a report to the Joint Committee on Administrative Rules and Regulations (JCARR) identifying rules and regulations that have a negative effect on business and economic development along with any justification for the rules and regulations based on the public purpose served.

As part of the rule making process, SB 245 would require agencies to describe what businesses would be directly affected by any proposed rule or regulation, the benefits of the rule or regulation and identify any steps that could be taken to minimize any effect on business and economic development. JCARR would be allowed to communicate concerns, suggestions and comments regarding any proposed rule or regulation.

Requests for fiscal effects were sent to several state agencies by the Division of the Budget; the responses received varied widely. Some agencies did not estimate any fiscal effect while other agencies estimated absorbing any costs incurred. Some agencies could not estimate what the fiscal effect would be and other agencies could estimate the fiscal effect. The Office of the State Bank Commissioner, the Department of Health and Environment, the Racing and Gaming Commission and the Department of Credit Unions were able to estimate the fiscal effect of SB 245 on agency operations.

The Office of the State Bank Commissioner estimates the bill would cost the agency \$45,150 in FY 2018 and \$37,750 in FY 2019, all from agency fee funds. The agency also estimates a potential need to hire another part-time employee in order to review rules and regulations. The Racing and Gaming Commission estimates costs totaling \$240,000 in FY 2018 and FY 2019, all from agency fee funds, to comply with the bill; part of the estimated cost would

The Honorable Carolyn McGinn, Chairperson

April 24, 2017

Page 2—SB 245

include hiring three new employees to review rules and regulations. The agency further indicates some costs would be incurred by hiring outside consultants in order to meet the reporting deadlines set forth in the bill.

The Department of Credit Unions estimates total cost of compliance to be \$7,200 in FY 2018, all from agency fee funds. The agency estimates this cost based on time and resources needed to review rules and regulations. The Department of Health and Environment estimates costs totaling \$656,000 in FY 2018 and \$161,000 in FY 2019, all from the State General Fund. The agency estimates this cost based on time and resources needed to review rules and regulations. The agency also estimates that it may be necessary to hire an additional employee to complete the initial review of rules and regulations prior to submitting the first report to the JCARR.

The Department of Health and Environment notes that the bill would require all current rules and regulations to be reviewed. This requirement would place more costs up-front and costs would go down over time as the number of rules being reviewed goes down. Other agencies also indicated higher costs in FY 2018 than in FY 2019. These agencies estimated that initial review of all rules and regulations would be more time and resource consuming than reviewing rules and regulations on an as-needed basis. Any fiscal effect associated with SB 245 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,  
Director of the Budget

cc: Susan Somers, Board of Accountancy  
Justin Law, Agriculture  
Judi Stork, Banking  
Max Foster, Behavioral Sciences  
Charity Carlat, Dental Board  
Karen Clowers, Legislative Services  
Bob North, Commerce  
Glenda Haverkamp, Insurance  
Sonia Sprouse, Barbering  
Ginger Harper, Water Office  
Amy Green, KCC

Jerel Wright, Credit Unions  
Willie Prescott, Office of the Attorney General  
Chris Tymeson, Wildlife, Parks & Tourism  
Ruth Glover, Human Rights Commission  
Cheryl Magathan, Real Estate Appraisal Board  
Brandi White, Racing & Gaming Commission  
Cody Gwaltney, Aging & Disability Services  
Dan Thimmesch, Health & Environment  
Alexandra Blasi, Board of Pharmacy  
Colleen Becker, Department of Administration