

March 18, 2024

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 2821 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2821 is respectfully submitted to your committee.

HB 2821 would create a Regulatory Relief Division within the Office of the Attorney General that would administer the General Regulatory Sandbox Program. The Division would 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 2026, 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, 2029, unless the Legislature reviews and reenacts the bill's provisions. The bill also details the requirements of each sandbox participant.

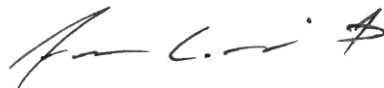
The Office of the Attorney General indicates that it would require 3.00 FTE positions at a total cost of \$232,500 from the State General Fund to support the new Division that would be created in the bill starting in FY 2025. The Office would hire 1.00 First Assistant Attorney General FTE position at a cost of \$135,000, 1.00 Assistant Attorney General FTE position at a cost of \$125,000, and 1.00 Legal Assistant FTE position at a cost of \$85,000. Those positions would be the liaison between the private businesses and applicable agencies to identify state laws or rules or regulations that could be waived or suspended under the new Program.

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 Office of Administrative Hearing reports that it could receive a negligible increase in cases if the bill is enacted. However, any additional workload from cases would be absorbed within existing resources. The Board of Regents indicates that the bill could increase staff time at the Board if private postsecondary institutions participate in the new Program. The Board states that any additional staff time could be absorbed within current resources, and it would not require any additional funding. 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, the Kansas Bureau of Investigation, the Department for Aging and Disability Services, and the Department of Administration all report that the bill would not have a fiscal effect on agency operations. Any fiscal effect associated with HB 2821 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt  
Director of the Budget

cc: William Hendrix, Office of the Attorney General  
Tamara Emery, Department of Administration  
Trisha Morrow, Judiciary  
Matt Spurgin, Office of Administrative Hearings  
Sherry Rentfro, Department of Commerce  
Leigh Keck, Department for Aging & Disability Services  
Amy Penrod, Department of Health & Environment  
Kim Holter, Department for Children & Families  
Sherry Macke, Kansas Highway Patrol  
Becky Pottebaum, Board of Regents  
Paul Weisgerber, Kansas Bureau of Investigation