

Subject Rulemaking  
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## Overview

This bill would require state agencies to prepare a cost-benefit analysis when creating or modifying an administrative rule. If projected benefits do not exceed projected costs, the agency cannot adopt the rule.

This requirement would apply to all rules, except for the three categories of expedited or exempt rules that are authorized under current law. However, H.F. 936 would require agencies to notify the chairs and minority leads of relevant legislative committees when they promulgate expedited or exempt rules. For more on the expedited and exempt rules that are not subject to the full rulemaking process, see this [2025 publication](#) from the House Research Department.

## Summary

Section	Description
1	<b>State regulatory policy.</b> Provides that state agencies may only adopt administrative rules for which estimated costs exceed estimated benefits.
2	<b>Benefit.</b> Defines this term for purposes of the new cost-benefit analysis requirement.
3	<b>Best practices.</b> Defines this term for purposes of the new cost-benefit analysis requirement.
4	<b>Cost.</b> Defines this term for purposes of the new cost-benefit analysis requirement.
5	<b>Stakeholder.</b> Defines this term for purposes of the new cost-benefit analysis requirement.

Section	Description
6	<p data-bbox="318 264 721 296"><b>Cost-benefit analysis required.</b></p> <p data-bbox="367 310 1370 573"><b>Subd. 1. Demonstration of net benefits required.</b> Prohibits agencies from adopting or amending administrative rules unless the agency prepares a cost-benefit analysis that clearly demonstrates that total projected benefits for all relevant stakeholders will exceed total projected costs for all relevant stakeholders. Requires agencies to include a preliminary analysis when publishing a notice of proposed rules and a final analysis when publishing a notice of rule adoption.</p> <p data-bbox="367 615 1422 877"><b>Subd. 2. Methods; transparency.</b> Requires agencies to use standardized methods and metrics developed by the Court of Administrative Hearings. Requires agencies to project costs and benefits over five years, or longer if justified by the agency, and report and explain significant uncertainties. Prohibits agencies from expressing unquantifiable, qualitative factors in dollar terms. Requires agencies to publish all documentation, assumptions, methods, and data for each analysis online.</p> <p data-bbox="367 919 1325 989"><b>Subd. 3. Deficient analysis.</b> Defines conditions under which a cost-benefit analysis will be found to be significantly deficient.</p> <p data-bbox="367 1031 1382 1136"><b>Subd. 4. Exemption.</b> Provides that the following existing categories of rules do not require a cost-benefit analysis: exempt rules; good cause rules; and expedited rules.</p>
7	<p data-bbox="318 1178 841 1209"><b>Statement of need and reasonableness.</b></p> <p data-bbox="318 1224 1398 1377">Requires agencies to include the cost-benefit analysis required under this bill in the statement of need and reasonableness (SONAR) that agencies must prepare as part of the standard rulemaking process. Eliminates existing components of the SONAR that would be redundant with the cost-benefit analysis.</p>
8	<p data-bbox="318 1419 984 1451"><b>Establishment of need and reasonableness of rule.</b></p> <p data-bbox="318 1465 1393 1535">Requires agencies to include the cost-benefit analysis required under this bill in the SONAR that agencies must prepare as part of the standard rulemaking process.</p>
9	<p data-bbox="318 1577 751 1608"><b>Finding of substantial difference.</b></p> <p data-bbox="318 1623 1338 1728">Requires administrative law judges to submit a proposed rule to the chief administrative law judge when the administrative law judge concludes that the agency did not comply with the new cost-benefit requirement.</p>

Section	Description
10	<b>Need, reasonableness, or net benefits not established.</b> Requires the agency to submit proposed rules to the legislature for comment when the chief administrative law judge determines that the agency has not adequately established that the proposed rule will have net benefits.
11	<b>Procedure for adopting exempt rules; duration.</b> Requires agencies to notify certain legislators when adopting, amending, or repealing an exempt rule.
12	<b>Notice.</b> Requires agencies to notify certain legislators when adopting, amending, or repealing a good-cause exempt rule.
13	<b>Notice and comment.</b> Requires agencies to notify certain legislators when adopting, amending, or repealing an expedited rule.
14	<b>Determination of validity of rule.</b> Allows private citizens to challenge the validity of a rule in court when it appears that the agency's cost-benefit analysis was significantly deficient, as defined in section 6.
15	<b>Rules declared invalid.</b> Requires courts to declare a rule invalid if it finds that the rule was supported by a significantly deficient cost-benefit analysis.
16	<b>Effective date.</b> Provides that this bill is effective the day following final enactment and applies to all rules adopted or amended on or after that date.



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