

HOUSE RESEARCH

Bill Summary

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Subject: Local government impact notes for rules; legislative approval required for certain rules

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Overview

Requires the commissioner of finance to prepare a local government fiscal impact and fiscal benefit note, if requested by a resolution of the governing body of a political subdivision. Provides that if the initial or yearly net cost of complying with proposed rules is more than \$10,000 for any one person or entity, the rules must not take effect until approved by law. Authorizes the chair and ranking minority member of the House ways and means and Senate finance committees to request a local impact not from the Department of Finance.

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- 1** **Local impact notes.** Expands the number of legislators authorized to request a local impact note from the commissioner of finance by adding the chair and ranking minority member of the House ways and means committee and the senate finance committee. Current law authorizes the tax chair or ranking minority member of the tax committees to request a local impact note to determine the local fiscal impact of proposed legislation.
- 2** **Local government impact.** Provides that the elected governing body of a city, township, county, school district, or sanitary district may request the commissioner of finance to prepare a local fiscal impact and fiscal benefit note on a rule proposed by a state agency. Upon receiving such a request, the commissioner must prepare an estimate of the fiscal impact and fiscal benefit of the rule on each category of political subdivision requesting a local impact note. Authorizes the commissioner to request information from political subdivisions or state agencies, and requires the commissioner to consider information submitted by a political subdivision. Specifies related procedural requirements. Authorizes

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the commissioner to bill the requesting political subdivision up to \$35 per hour for time spent preparing the note.

3 **Legislative approval required.** Requires a state agency to determine if the initial or yearly net cost of complying with proposed rules on any one person or entity will exceed \$10,000. An administrative law judge must review and approve the determination. If it is determined that the cost of the rules exceeds the \$10,000 threshold, the rules do not take effect until approved by a law enacted after the agency determination. Specifies that this section does not apply if the legislature has appropriated money sufficient to fund the expected cost of the rule upon the public proposed to be regulated, or the rule has been proposed pursuant to a specific federal mandate. Defines "net cost".

4 **Effective date.** Sections 1 and 2 are effective the day following final enactment.