

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 1012

SHORT TITLE: ECONOMIC IMPACT OF RULES

SPONSOR(S): SENATOR SHERRON, et. al.

FISCAL IMPACT: **Expenditures:** Increase () Decrease ()
 Revenues: Increase () Decrease ()
 No Impact ()
 No Estimate Available (x)

FUND AFFECTED: General Fund (x) Highway Fund (x) Local Govt. (x)
 Other Funds (x)

BILL SUMMARY:

Adds to Administrative Procedure Act a new GS 150B-21.4A to require that when agencies publish in the NC Register a proposed permanent rule change that would have a "substantial impact" on expenditures or revenues of any person doing business in the state, they must make available to the public for view and comment a preliminary assessment of the economic and social costs and benefits of the proposed change. Defines "substantial economic impact" as a financial impact on local gov'ts, agriculture, commercial enterprises, retail businesses, service businesses, industry, consumers, landowners, home buyers, or taxpayers. Review and comment period must last sixty days. Requires that a final economic impact assessment be made available to the public and filed with the Fiscal Research Div'n not less than thirty days before adoption of the rule. Excludes from this requirement the following: mandatory federal rules adopted without revision; wildlife rules; and rules of occupational licensing agencies. Requires that preliminary and final economic impact assessments consider: effect of change on competition, cost of living, employment, housing affordability, and short and long term substantial economic impact. Failure to prepare an economic impact assessment, or an erroneous assessment prepared in bad faith, invalidates the rule. Amends GS 150B-21.9 (Standards and timetable for review) to make clear that the Administrative Rules Review Comm'n must determine whether the impact statement requirements discussed above have been satisfied.

EFFECTIVE DATE: Upon Ratification

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: All State Agencies subject to the Administrative Procedures Act (G.S. 150B), except those whose rules are exempted in the bill (see p. 2, lines 6, 7, 8, 9, and 10 of SB 1012..."Mandatory federal rules adopted...without revision...."; rules governing fishing, hunting, or taking of fish or wildlife...."; and, "Rules adopted by occupational licensing agencies...")

FISCAL IMPACT

FY FY FY FY FY

REVENUES:

- GENERAL FUND
- HIGHWAY FUND
- HIGHWAY TRUST FUND
- LOCAL

EXPENDITURES

POSITIONS:

ASSUMPTIONS AND METHODOLOGY:

The Fiscal Research Division finds that in order to prepare a creditable fiscal note, it would be necessary to conduct a survey of all state agencies and state agencies' programs (about 250,) subject to rule-making requirements of GS 150B, including programs such as Medicaid, etc., in order to determine how agencies would organize and what resources might be required to comply with the provisions of SB 1012.

In addition, it would be necessary to review recent rule filings from agencies to select an adequate sample that would be considered subject to compliance with the provisions of SB 1012, and to request analyses from experts as to the probable impact of those rules, using the economic criteria and conditions set forth in the bill; it would be necessary to examine the potential fiscal impact upon General or Special Funds of excluding occupational licencing boards, certain wildlife rules, and federal funds adopted without revision from compliance with the provisions of the bill.

Based upon these findings it would be necessary to determine whether or not there would be a impact upon staffing and other requirements of the Administrative Rules Review Commission, since the Commission is charged with determining if..."The agency satisfied the requirements of GS 150B-21.4A regarding the productions of economic impact assessments...." (SB 1012, p. 3, lines 3 and 4.)

SOURCES OF DATA: Office of State Budget and Management, Mr. Jim Davies

FISCAL RESEARCH DIVISION: 733-4910

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APPROVED BY:

DATE: May 11, 1993

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