

Department of Finance and Administration

Legislative Impact Statement

Bill: HB2021

Bill Subtitle: TO AMEND THE LAW REGARDING RULE MAKING BY AGENCIES; TO REQUIRE FINANCIAL IMPACT STATEMENTS BE FILED WITH ALL RULES; AND TO REQUIRE WRITTEN FINDINGS FROM THE AGENCY WHEN A SUBSTANTIAL FINANCIAL IMPACT EXISTS.

Basic Change :

Rep. Shepard,

HB2021 repeals the requirement that state agencies determine the effect of proposed agency rules on small businesses. The bill also adds statutory provisions to the Administrative Procedure Act requiring state agencies to determine the financial and other impact that proposed rules will have on the private and government sector. The bill does not change the fact that the General Assembly acts only in an advisory capacity concerning the promulgation of rules, and it does not change the basic statutory procedure for rule promulgation.

Most, if not all, rules promulgated by DFA are the result of legislation enacted by the General Assembly and the need to provide guidance for taxpayers concerning how to comply with that new state law. In these instances, any financial impact will be the result of the new law rather than the promulgation of the rule.

Revenue Impact :

None

Taxpayer Impact :

None

Resources Required :

None

Time Required :

None

Procedural Changes :

None

Other Comments :

None

Legal Analysis :

Ark. Code Ann. § 25-15-204(d)(1)(A) requires state agencies to file a copy of each rule adopted, along with a financial impact statement for the rule, to the Secretary of State, the Arkansas State Library, and the Bureau of Legislative Research. This bill defines the term "financial impact statement" as a realistic statement of a new or increased cost or obligation of complying with a proposed rule to a private individual, entity, and business, and a state, county and municipal government.

The bill also requires state agencies to consider a list of factors prior to the adoption, amendment or repeal of a rule, including whether the agency is required or authorized to promulgate the rule; the effect of other state statutes relevant to the rule; the specific problems to be addressed by the rule; the priority of other problems that might need more immediate attention; and whether there are reasonable alternatives to the rule. If the financial impact statement reveals a new or increased cost or obligation of at least \$100,000 per year to private individuals or entities or to state or local government (either to an individual or to more than one individual or entity combined), the agency must provide written findings as to these considerations with the financial impact statement.