1	State of Arkansas	As Engrossed: H3/21/13 A Bill	
2	89th General Assembly	A DIII	
3	Regular Session, 2013		HOUSE BILL 2021
4	Du: Donragontativas Shanhar	d Alaxandan Ballingan Poll Piniana Praga Clan	mon Cozant Davia
5 6		d, Alexander, Ballinger, Bell, Biviano, Bragg, Clem Fite Harris House Hutchison Lowery Mayherry	
0 7	Scott	Fite, Harris, House, Hutchison, Lowery, Mayberry,	, D. Meeks, S. Meeks,
, 8	<i>By: Senator J. Dismang</i>		
9	by. Senator 5. Dismang		
10		For An Act To Be Entitled	
11	AN ACT TO	AMEND THE LAW REGARDING RULE MAKING B	Y
12	AGENCIES;	TO REQUIRE FINANCIAL IMPACT STATEMENT	'S BE
13	FILED WIT	H ALL RULES; TO REQUIRE WRITTEN FINDIN	IGS
14	FROM THE	AGENCY WHEN A SUBSTANTIAL FINANCIAL IM	IPACT
15	EXISTS; A	ND FOR OTHER PURPOSES.	
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18		Subtitle	
19	TO A	MEND THE LAW REGARDING RULE MAKING BY	
20	AGEN	CIES; TO REQUIRE FINANCIAL IMPACT	
21	STAT	EMENTS BE FILED WITH ALL RULES; AND	
22	TO R	EQUIRE WRITTEN FINDINGS FROM THE	
23	AGEN	CY WHEN A SUBSTANTIAL FINANCIAL	
24	IMPA	CT EXISTS.	
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26			
27	BE IT ENACTED BY THE	GENERAL ASSEMBLY OF THE STATE OF ARKAN	ISAS:
28			
29	SECTION 1. Arka	ansas Code § 6-11-132 is amended to re	ad as follows:
30	6-11-132. Finan	cial impact statements for administrat	ive rules.
31	(a) <del>(l) Except</del>	as provided in subsection (b) of this	section, for each
32	rule promulgated by t	<del>he</del> <u>The</u> State Board of Education <del>or</del> <u>and</u>	the <del>State Board</del>
33	of Workforce Education	n and Career Opportunities under <u>State</u>	Board of Career
34	Education shall promu	lgate their rules as provided under th	ne Arkansas
35	Administrative Proced	ure Act, § 25-15-201 et seq <del>., the boar</del>	d promulgating the
36	<del>rule shall file a fin</del>	ancial impact statement with the Burea	<del>u of Legislative</del>



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1 Research. 2 (2)(b) The scope of the financial impact statement shall be determined by the board promulgating the rule but as provided under the 3 Arkansas Administrative Procedure Act, § 25-15-201 et seq., and shall 4 5 include, at a minimum, without limitation a public school district's 6 estimated cost to comply with and implement the rule. 7 (3) This subsection applies to an emergency rule for 8 permanent adoption. 9 (b) For each emergency rule not for permanent adoption, if the State 10 Board of Education or the State Board of Workforce Education and Career 11 Opportunities has reason to believe that the development of a financial 12 impact statement for the emergency rule promulgated by it will be so 13 speculative as to be cost prohibitive, the board promulgating the rule shall 14 submit to the bureau a statement and explanation to that effect. 15 (c) Neither the State Board of Education nor the State Board of 16 Workforce Education and Career Opportunities shall promulgate a rule with 17 respect to which it has not complied with this section. 18 19 SECTION 2. Arkansas Code § 10-3-309(e), concerning financial impact 20 statements reviewed by the General Assembly, is amended to read as follows: 21 (e)(1)(A) Before any rule or regulation of any state agency may be 22 revised, promulgated, amended, or changed, a copy of the rule or amendment to 23 existing rules and a financial impact statement shall be filed with the 24 bureau at least thirty (30) days before the expiration of the period for 25 public comment on the rule pursuant to the Arkansas Administrative Procedure 26 Act, § 25-15-201 et seq., or other acts pertaining to the rule-making 27 authority of that agency. 28 (B) The scope of the financial impact statement shall be determined by the agency but as provided under the Arkansas Administrative 29 30 Procedure Act, § 25-15-201 et seq., and shall include, at a minimum, without limitation the estimated cost of complying with the rule or regulation and 31 32 the estimated cost for the agency to implement the rule or regulation. 33 (C) Except as provided in § 6-11-132, if the agency has 34 reason to believe that the development of a financial impact statement will 35 be so speculative as to be cost prohibitive, the agency shall submit a 36 statement and explanation to that effect.

1 (D) If the purpose of a state agency rule or regulation is 2 to implement a federal rule or regulation, the financial impact statement shall be limited to any incremental additional cost of the state rule or 3 4 regulation as opposed to the federal rule or regulation. 5 (2) The bureau shall review the proposed revised or amended rule 6 or regulation and, if it is believed that the rule or regulation is contrary 7 to legislative intent, shall file a statement thereof with the Legislative 8 Council. 9 (3) In either event, the proposed rule or regulation Filings 10 under the Arkansas Administrative Procedure Act, § 25-15-201 et seq., and any 11 comment on the proposed rule or regulation prepared by the bureau shall be 12 submitted to the Legislative Council at the next regular meeting following 13 its filing with the Legislative Council. 14 15 SECTION 3. Arkansas Code § 25-15-202 is amended to read as follows: 16 25-15-202. Definitions. 17 As used in this subchapter: 18 (1)(A) "Adjudication" means an agency process for the 19 formulation of an order. 20 (B) "Adjudication" does not include prisoner inmate 21 disciplinary proceedings conducted by the Department of Correction and the 22 Department of Community Correction; 23 (2)(A) "Agency" means each a board, commission, department, 24 officer, or other authority of the government of the State of Arkansas, 25 whether or not within, or subject to review by, another agency, except the General Assembly, the courts, and Governor. 26 27 (B) The word "agency" shall include the Division of Child 28 Care and Early Childhood Education of the Department of Human Services and 29 the Child Care Appeal Review Panel for purposes of administrative appeal. 30 (C) The word "agency" shall not include the Arkansas 31 Public Service Commission, the Arkansas Pollution Control and Ecology 32 Commission, the Workers' Compensation Commission, and the Department of 33 Workforce Services, it being determined by the General Assembly that as the 34 existing laws governing those agencies provide adequate administrative 35 procedures for those agencies. 36 (D) Nothing in this subchapter shall be construed to This

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1 subchapter does not repeal delegations of authority as provided by law; 2 (3) "Financial impact statement" means a realistic statement of 3 a new or increased cost or obligation of complying with a proposed rule to a: 4 (A) Private individual, entity, and business; and 5 (B) State, county, and municipal government; 6 (4) "License" includes any an agency permit, certificate, 7 approval, registration, charter, or similar form of permission required by 8 law; 9 (4)(5) "Licensing" means any an agency process respecting the 10 grant, denial, renewal, revocation, suspension, annulment, withdrawal, 11 limitation, or amendment of a license; 12 (5) (6) "Order" means the final disposition of an agency in any 13 matter other than rule making, including licensing and rate making, in which 14 the agency is required by law to make its determination after notice and 15 hearing; 16 (6) (7) "Party" means any a person or agency named or admitted as 17 a party, or properly seeking and entitled as of right to be admitted as a 18 party, in any an agency proceeding; 19 (7)(8) "Person" means any an individual, partnership, 20 corporation, association, or public or private organization of any character; 21 (8)(A)(9)(A) "Rule" means any an agency statement of general 22 applicability and future effect that implements, interprets, or prescribes 23 law or policy, or describes the organization, procedure, or practice of any 24 an agency and includes, but is not limited to, the amendment or repeal of a 25 prior rule. 26 (B) "Rule" does not mean: 27 Statements concerning the internal management of (i) 28 an agency and that do not affect the private rights or procedures available 29 to the public; 30 Declaratory rulings issued pursuant to § 25-15-(ii) 31 206; or 32 (iii) Intra-agency memoranda; and 33 (9)(10) "Rule making" means <u>an</u> agency process for the formulation, amendment, or repeal of a rule. 34 35 36 SECTION 4. Arkansas Code § 25-15-204 is amended to read as follows:

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1 25-15-204. Rules - Procedure for adoption. 2 (a) Prior to the adoption, amendment, or repeal of any a rule, the 3 agency shall: 4 (1)(A)(i) Give at least thirty (30) days' notice of its 5 intended action. 6 (ii) The thirty-day period shall begin on the first 7 day of the publication of notice. 8 (B) The notice shall include a: 9 (i) A statement of the terms or substance of the 10 intended action or a description of the subjects and issues involved; and the 11 (ii) The time, the place where location, and the 12 manner in which an interested persons person may present their views his or 13 her position on the intended action or the subjects and issues involved of 14 the agency or on the issues related to the intended action of the agency. 15 (C) The notice shall be mailed to any: 16 (i) A person specified by law; and to all persons 17 (ii) A person who have has requested advance notice 18 of rule-making proceedings. 19 (D)(i) Unless otherwise provided by law, the notice shall 20 be published in: 21 (i) In a newspaper of general daily circulation for 22 three (3) consecutive days and, when appropriate, in those trade, industry, 23 or professional publications that the agency may select; and 24 (ii) The notice shall be published by By the 25 Secretary of State on the Internet for thirty (30) days in accordance with 26 <u>under</u> § 25-15-218; 27 (2)(A) Afford all interested persons reasonable opportunity to 28 submit written data, views, or arguments, orally or in writing. 29 (B) Opportunity for oral hearing must be granted The 30 agency shall grant an opportunity for an oral hearing if requested by twentyfive (25) persons, by a governmental subdivision or agency, or by an 31 32 association having no fewer than at least twenty-five (25) members. 33 (C) The agency shall fully consider all written and oral 34 submissions respecting the proposed rule before finalizing the language of 35 the proposed rule and filing the proposed rule as required by subsection 36 (d)(e) of this section.

1	(D) <del>Upon adoption of a rule, the agency, if requested to</del>
2	<del>do so by</del> <u>If</u> an interested person <del>either prior to</del> <u>requests a statement of the</u>
3	reasons for and against the adoption of a rule before adoption or within
4	thirty (30) days <del>thereafter, shall</del> <u>after adoption, the agency shall</u> issue a
5	concise statement of the principal reasons for and against its adoption,
6	incorporating <del>therein</del> its reasons for overruling the considerations urged
7	against its adoption.
8	(E) When rules are required by law to be made on the
9	record after opportunity for an agency hearing, the provisions of that law
10	shall apply in place of this subdivision (a)(2); and
11	(3) Comply with § 25-15-301 et seq. Consider the following
12	<u>factors:</u>
13	(A) Whether the agency is required by statute to adopt the
14	proposed rule, whether by a specific date, and whether the agency has
15	discretion to promulgate rules;
16	(B) Other statutes relevant to the proposed rule and its
17	alternatives;
18	(C) The specific nature and significance of the problem
19	the agency addresses with the proposed rule including without limitation:
20	(i) The nature and degree of the risks the problem
21	poses;
22	(ii) The priority of addressing those risks as
23	opposed to other matters or activities within the agency's jurisdiction;
24	(iii) Whether the problem warrants new agency
25	action; and
26	(iv) The countervailing risks that may be posed by
27	alternative rules for the agency;
28	(D) Whether existing rules have created or contributed to
29	the problem the agency is addressing with the proposed rule, and whether
30	those rules could be amended or repealed to address the problem in whole or
31	<u>in part;</u>
32	(E) Reasonable alternatives to the proposed rule including
33	without limitation:
34	(i) Adopting no rule;
35	(ii) Amending or repealing existing rules; and
36	(iii) Other potential responses that could be taken

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1	instead of agency action;
2	(F) The financial impact of the proposed rule;
3	(G) Any other factor relevant to the need for and
4	alternatives to the proposed rule.
5	(b)(1) An agency shall not adopt, amend, or repeal a rule unless the
6	rule is based on the best reasonably obtainable scientific, technical,
7	economic, or other evidence and information available concerning the need
8	for, consequences of, and alternatives to the rule.
9	(2) An agency shall adopt the least costly rule considered under
10	this section, unless:
11	(A) The additional benefits of the more costly rule
12	justify its additional cost;
13	(B) The agency explains its reason for adoption of the
14	more costly rule in writing;
15	(C) The reason is based on the interests of public health,
16	safety, or welfare; and
17	(D) The reason is within the scope of the agency's
18	statutory authority.
19	(b)(l)(c)(l) If an agency finds that imminent peril to the public
20	health, safety, or welfare or compliance with <u>a</u> federal $\frac{1}{1}$ have $\frac{1}{1}$ or
21	regulations regulation requires adoption of a rule upon less than thirty (30)
22	days' notice and states in writing its reasons for that finding, it may
23	proceed without prior notice or hearing, or upon any abbreviated notice and
24	hearing that it may choose, to adopt an emergency rule.
25	(2) Except as provided in § 5-64-204, the rule may be effective
26	for no longer than one hundred twenty (120) days.
27	(3) If, after the expiration of the effective period of an
28	emergency rule, an agency wishes to adopt a successive emergency rule that is
29	identical or substantially similar to the expired emergency rule, the agency
30	shall not adopt the successive emergency rule earlier than thirty (30) days
31	after the expiration of the emergency rule.
32	<del>(c)(l)<u>(</u>d)(l)</del> <del>Every agency shall accord any</del> <u>A</u> person <del>the right to</del> <u>may</u>
33	petition an agency for the issuance, amendment, or repeal of any $\underline{a}$ rule.
34	(2) Within thirty (30) days after submission of a petition, the
35	agency shall:
36	(A) Deny the petition, stating in writing its reasons for

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1 the denial; or 2 (B) Initiate rule-making proceedings. 3 (d)(1)(A) (e)(1)(A) Every An agency, including those exempted under § 4 25-15-202, shall file with the Secretary of State, the Arkansas State 5 Library, and the Bureau of Legislative Research a copy of each rule adopted 6 proposed by it and a statement of financial impact statement for the proposed 7 rule. 8 (B) Rules A rule shall be filed in compliance with this 9 section and with §§ 25-15-218 and 10-3-309. (2) The Secretary of State shall keep a register of the rules 10 11 open to public inspection, and it shall be a permanent register. 12 (3) (A) The scope of the financial impact statement shall be determined by the agency but at a minimum shall include the estimated cost of 13 14 complying with the rule and the estimated cost for the agency to implement 15 the rule. 16 (B) Except as provided in § 6-11-132, if the agency has 17 reason to believe that the development of a financial impact statement will 18 be so speculative as to be cost prohibitive, the agency shall submit a 19 statement and explanation to that effect. 20 (C) If the purpose of a state agency rule is to implement 21 a federal rule or regulation, the financial impact statement shall be limited 22 to any incremental include: 23 (i) The cost to implement the federal rule or 24 regulation; and 25 (ii) The additional cost of the state rule, as 26 opposed to the federal rule or regulation. 27 (4)(A) If a financial impact statement reveals a new or increased cost or obligation of at least one hundred thousand dollars 28 29 (\$100,000) per year to a private individual, private entity, private 30 business, state government, county government, municipal government, or to two (2) or more of those entities combined, the agency shall file written 31 32 findings at the time of filing the financial impact statement. 33 (B) The written findings shall be filed simultaneously 34 with the financial impact statement and shall include without limitation: 35 (i) A statement of the rule's basis and purpose; 36 (ii) The problem the agency seeks to address with

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1	the proposed rule, including a statement of whether a rule is required by
2	statute;
3	(iii) A description of the factual evidence that:
4	(a) Justifies the agency's need for the
5	proposed rule; and
6	(b) Describes how the benefits of the rule
7	meet the relevant statutory objectives and justify the rule's costs;
8	(iv) A list of less costly alternatives to the
9	proposed rule and the reasons why the alternatives do not adequately address
10	the problem to be solved by the proposed rule;
11	(v) A list of alternatives to the proposed rule that
12	were suggested as a result of public comment and the reasons why the
13	alternatives do not adequately address the problem to be solved by the
14	proposed rule;
15	(vi)(a) A statement of whether existing rules have
16	created or contributed to the problem the agency seeks to address with the
17	proposed rule.
18	(b) If existing rules have created or
19	contributed to the problem, an explanation of why amendment or repeal of the
20	rule creating or contributing to the problem is not a sufficient response;
21	and
22	(vii) An agency plan for review of the rule no less
23	than every ten (10) years to determine whether, based upon the evidence,
24	there remains a need for the rule including without limitation whether:
25	(a) The rule is achieving the statutory
26	<u>objectives;</u>
27	(b) The benefits of the rule continue to
28	justify its costs; and
29	(c) The rule can be amended or repealed to
30	reduce costs while continuing to achieve the statutory objections.
31	<pre>(e)(l)(A)(f)(l)(A) Each rule adopted by an agency is effective thirty</pre>
32	(30) days after filing of the final rule unless a later date is specified by
33	law or in the rule itself.
34	(B) A final rule shall not be filed until the thirty-day
35	public comment period required under subdivision (a)(l)(A) of this section
36	has expired.

1 (C)(i) After the expiration of the thirty-day public 2 comment period and before the effective date of the rule, the agency 3 promulgating the rule shall take appropriate measures to make the final rule 4 known to the persons who may be affected by the rule. 5 (ii) Appropriate measures shall include without 6 limitation posting the following information on the agency's website: 7 (a) The final rule; 8 (b) Copies of all written comments submitted 9 to the agency regarding the rule; 10 (c) A summary of all written and oral comments 11 submitted to the agency regarding the rule and the agency's response to those 12 comments; and (d) A summary of the financial impact of the 13 14 rule; and 15 (e) The proposed effective date of the final 16 rule. 17 (2)(A)(i) However, an emergency rule may become effective 18 immediately upon filing or at a stated time less than thirty (30) days after 19 filing if the agency finds that this effective date is necessary because of 20 imminent peril to the public health, safety, or welfare. 21 The agency's finding and, a brief statement of (ii) 22 the reasons for the finding, and the financial impact statement shall be 23 filed with the rule. 24 (B) The agency shall take appropriate measures to make 25 emergency rules known to the persons who may be affected by the emergency 26 rules. 27 (f) (g) No A rule adopted after June 30, 1967, is not valid unless 28 adopted and filed in substantial compliance with this section. 29 (g)(1)(h)(1) In any a proceeding brought that questions the existence 30 of imminent peril to the public health, safety, or welfare, a written finding 31 by an agency that adoption of any adopting an emergency rule was necessary to avoid the loss of federal funding or certification establishes a prima facie 32 33 case of the existence of imminent peril to the public health, safety, or 34 welfare. 35 (2) The burden of proof shifts to the challenger to rebut the

existence of the condition by a preponderance of the evidence.

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1 2 SECTION 5. Arkansas Code Title 25, Chapter 15, Subchapter 3, is 3 repealed. 4 25-15-301. Definitions. 5 As used in this subchapter: 6 (1) (A) "Agency" means each board, commission, department, 7 office, or other authority of the government of the State of Arkansas whether 8 or not within or subject to review by another agency. 9 (B) "Agency" does not include the General Assembly and the 10 judiciary; 11 (2)(A) "Rule" means any agency statement of general 12 applicability and future effect that implements, interprets, or prescribes 13 law or policy or describes the organization, procedure, or practice of any 14 agency and includes, but is not limited to, the amendment or repeal of a 15 prior rule. (B) "Rule" does not mean: 16 17 (i) Statements concerning the internal management of 18 an agency and statements that do not affect the private rights or procedures available to the public; 19 20 (ii) Declaratory rulings issued pursuant to § 25-15-21 206; or 22 (iii) Intra-agency memoranda; and (3) "Small business" means a for-profit enterprise consisting of 23 no more than one hundred (100) employees regardless of whether the employees 24 are full-time or part-time employees. 25 26 27 25-15-302. Determination of effect of proposed rule on small 28 businesses. 29 (a)(1) Before submitting a proposed rule for adoption, amendment, or 30 repeal, an agency first shall determine whether the proposed rule affects 31 small businesses. 32 (2) However, this section does not apply to a rule: 33 (A) Adopted on an emergency basis; 34 (B) That is federally mandated; or 35 (C) That substantially codifies existing state or federal

36 <del>law.</del>

1	(b) As part of its analysis, the agency shall examine whether a means
2	exists to make the rule less costly for small businesses without compromising
3	the objective of the rule.
4	(c) If the proposed rule affects small businesses, the agency shall
5	prepare an economic impact statement before undertaking the promulgation
6	process.
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8	25-15-303. Economic impact statement.
9	(a) An agency required to prepare an economic impact statement under §
10	25-15-302(c) shall comply with this section.
11	(b) The agency shall prepare an economic impact statement that sets
12	forth the following:
13	(1) The type or types of small businesses that will be directly
14	affected by the proposed rule, bear the cost of the proposed rule, or
15	directly benefit from the proposed rule;
16	(2) A description of how small businesses will be adversely
17	affected;
18	(3) A reasonable determination of the dollar amounts the
19	proposed rule will cost small businesses in terms of fees, administrative
20	penalties, reporting, recordkeeping, equipment, construction, labor,
21	professional services, revenue loss, or other costs associated with
22	compliance;
23	(4) A reasonable determination of the dollar amounts of the
24	costs to the agency of implementing the proposed rule, as well as the
25	financial benefit to the agency of implementing the rule;
26	(5) Whether and to what extent alternative means exist for
27	accomplishing the objectives of the proposed rule that might be less
28	burdensome to small businesses and why such alternatives are not being
29	proposed; and
30	(6) A comparison of the proposed rule with federal and state
31	<del>counterparts.</del>
32	(c) The agency shall submit the economic impact statement and the
33	proposed rule to the Director of the Arkansas Economic Development
34	Commission.
35	(d)(1) Within ten business (10) days of the receipt of the economic
36	impact statement and the proposed rule, the director shall provide detailed

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1	information in writing to the agency regarding whether, in the reasoned
2	opinion of the director, the agency has satisfactorily completed the economic
3	impact statement and whether the agency has taken sufficient measures to
4	balance the objectives of the proposed rule with the interests of the
5	affected small businesses.
6	(2)(A)(i) In performing these duties, the director may elicit
7	views and information from, and shall serve as the point of contact for,
8	small business organizations and associations, state and federal agencies,
9	and other parties who have comments, objections, or opinions concerning the
10	proposed rule.
11	(ii) The director shall send the proposed rules to
12	the members of the Regulatory Review Committee in any manner he or she
13	considers reasonable and may set a deadline for the receipt of responses from
14	members of the committee.
15	(B) If appropriate, the director shall convey these
16	communications to the agency.
17	(3) In addition to commenting upon a proposed rule, the director
18	may review existing rules and make recommendations to agencies to amend rules
19	that may have an unduly negative impact on small businesses.
20	(e)(1) Upon receiving from the director the information described in
21	this section, the agency shall promptly consider the information.
22	$(2)(\Lambda)$ If the agency determines that no action shall be taken in
23	response to the information received from the director, the agency may
24	respond in writing to the director and explain its reasons for this
25	determination.
26	(B) If the agency determines that amendment of a proposed
27	rule or adoption, amendment, or repeal of an existing rule is warranted, the
28	agency shall indicate this in its response.
29	(3) Upon completing the requirements of subdivision (e)(2) of
30	this section, the agency may initiate the process for the adoption of a rule.
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32	/s/Shepherd
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