

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6388

BILL NUMBER: HB 1024

NOTE PREPARED: Dec 13, 2012

BILL AMENDED:

SUBJECT: Private Sector Impacts of Administrative Rules.

FIRST AUTHOR: Rep. Koch

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that for the required cost benefit analysis prepared by the Office of Management and Budget (OMB) for a proposed administrative rule, an analysis prepared after June 30, 2013, must include a private sector employment impact statement that sets forth the OMB's estimate of the economic impact of the proposed rule on private sector employment in Indiana. It specifies the particular impacts that the OMB must identify in the statement. It provides that if the OMB determines that the preparation of a private sector employment impact statement is unnecessary or impractical with respect to a particular proposed rule, the OMB may decline to prepare a statement with respect to the rule.

The bill also provides that for the required cost benefit analysis prepared by the OMB for the three-year period following an adopted rule's effective date, an analysis prepared after June 30, 2013, must include: (1) the private sector employment impact statement, if any, prepared by the OMB before the rule's adoption; and (2) the actual economic impact of the adopted rule on private sector employment during the three-year period covered by the analysis.

Effective Date: July 1, 2013.

Explanation of State Expenditures: Agencies conducting fiscal analyses for proposed rules consider the potential impacts to the regulated community in their analyses. Further, IC 4-22-2.1 requires the submission of Small Business Economic Impact Statements for rules that will impose requirements or costs on small businesses. The bill also provides that the OMB may decline to prepare a statement if they determine that preparing one is unnecessary or impractical. Thus, the bill's requirements could likely be accomplished within existing resources.

Executive Order 2-89 and Financial Management Circular (FMC) 2010-4 require state agencies to complete fiscal analyses of proposed rules' impacts on state and local government. The OMB does not conduct their own fiscal analysis unless an agency's analysis is incomplete. Fiscal analyses for proposed rules are only required when the estimated economic impacts of the rules are greater than \$500,000.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Management and Budget; All.

Local Agencies Affected:

Information Sources: Ann Kaiser, Office of Management and Budget, 317-234-2079.

Fiscal Analyst: Jessica Harmon, 317-232-9854.