

Economic Impact Statement

LSA Document #19-265

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses

Description of the Rule

1. Estimate of the number of small businesses, classified by industry sector, that will be subject to the proposed rule.

Only a minimal number of small businesses, if any, will be subject to this rule. The rule provides procedures for how the State Ethics Commission (Commission) will provide advice on and enforce the code of ethics, which is found in [IC 4-2-6](#) and [42 IAC 1](#). The code of ethics mostly applies to state officers, employees, and special state appointees.

Only one rule in the code of ethics has the potential to apply to small businesses: the donor restriction rule, which is found in [42 IAC 1-5-2](#). The donor restriction rule prohibits a person with a business relationship with a state agency from providing a gift to a state employee or special state appointee of that agency if he or she cannot accept the gift under the gift rule, which is found in [42 IAC 1-5-1](#). The proposed rule does not alter the donor restriction rule; however, it may impact a person who is requesting advice on the code of ethics or has had an ethics complaint filed against him or her for a code of ethics violation.

If a small business is seeking advice from the Commission regarding the donor restriction rule or a complaint is filed by the inspector general against a small business for violating the donor restriction rule, then the proposed rule would apply to the small business. The Commission has provided advice on the donor restriction rule only one time since 2005, and it has never heard a complaint against a small business involving the donor restriction rule during this time period. The likelihood that the proposed rule will impact any small business is very slim.

2. Estimate of the average annual reporting, record keeping, and other administrative costs that small businesses will incur to comply with the proposed rule.

The proposed rule will require no small businesses to incur any annual reporting, record keeping, or other administrative costs to comply with the proposed rule.

3. Estimate of the total annual economic impact that compliance with the proposed rule will have on all small businesses subject to the rule.

Compliance with the proposed rule will have zero annual economic impact on small businesses subject to the rule.

4. Statement justifying any requirement or cost that is imposed on small businesses by the rule; and not expressly required by the statute authorizing the agency to adopt the rule; or any other state or federal law.

The proposed rule will impose little to no requirements or costs on small businesses. The only interactions small businesses might have with the Commission under this proposed rule relate to the donor restriction rule, which is in place to ensure that state employees and special state appointees are not unduly influenced by a gift.

5. Regulatory Flexibility Analysis.

The proposed rule will have little to no impact on small businesses. As a result, the proposed rule cannot contain less stringent compliance or reporting requirements for small businesses, less stringent schedules or deadlines for compliance or reporting requirements for small businesses, consolidation or simplification of compliance or reporting requirements for small businesses, or an exemption of small businesses from part or all of the requirements or costs imposed by the rule. Furthermore, the proposed rule contains little to no design or operational standards on regulated entities.

Conclusion:

The proposed rule provides revised procedures for any person, including a small business, who is requesting advice from the Commission. It also provides updated procedures that the Commission will use to hear complaints involving the code of ethics. Although it is possible that a small business might come before the Commission for either advice or for an enforcement proceeding involving the donor restriction rule, the proposed rule imposes little to no requirements or costs on small businesses under [IC 4-22-2.1-5](#).

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