

**STATE  
FISCAL IMPACT**

<b>Drafting Number:</b> LLS 14-0118	<b>Date:</b> January 24, 2014
<b>Prime Sponsor(s):</b> Sen. Marble	<b>Bill Status:</b> Senate SVMA
Rep. Saine; Williams	<b>Fiscal Analyst:</b> Bill Zepernick (303-866-4777)

**SHORT TITLE:** MANDATORY REVIEW OF STATE AGENCY RULES

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	Minimal workload increase.	
FTE Position Change		
<b>Appropriation Required:</b> None.		

\* This summary shows changes from current law under the bill for each fiscal year.

**Summary of Legislation**

The bill codifies and expands upon an existing executive order requiring each agency to periodically review its rules. Specifically, the rule reviews are to address whether each rule:

- is necessary;
- overlaps or duplicates other rules of the agency or with other federal, state, or local rules;
- is written in plain language and easy to understand;
- has achieved the desired intent and whether more or less regulation is necessary;
- can be amended to give more flexibility, reduce regulatory burdens, or reduce necessary paperwork while maintaining its benefits;
- is implemented in an efficient and effective manner; and
- has been subject of a cost-benefit analysis or regulatory analysis in the past five years and, if not, whether stakeholders have requested a review and the reason for not conducting a review if requested.

The Department of Regulatory Agencies (DORA) is tasked with setting a schedule for agency rule reviews, which are not to occur in the year of, or the year following, any sunset review for that agency. State agencies are required to report on the results of the rule reviews as part of the annual legislative oversight hearing conducted by committees of reference. Initial agency rule reviews must be conducted by January 1, 2015, and periodically thereafter according to the schedule set by the DORA.

**Background**

Executive Order D2012-002, issued by Governor Hickenlooper on January 19, 2012, currently requires agencies to conduct rule review that is substantively the same as that outlined in the bill. The executive order, as of the writing of this fiscal note, is currently in effect and has not been rescinded or superceded by a subsequent executive order.

## **State Expenditures**

The bill increases workload across state agencies as described below.

***Scheduling of rule reviews - DORA.*** The DORA will have additional workload to schedule agency rule reviews and to coordinate with agency staff. This workload can be accomplished within existing resources and no new appropriation is required.

***Conducting rule reviews - Multiple agencies.*** State agencies that issue rules will have continued workload to periodically review their rules according to the schedule created by the DORA. In addition, slight differences between the executive order and the bill (such as tracking whether or not a cost benefit analysis has been done by the agency or requested by stakeholders) could also increase workload for agencies. The fiscal note assumes that the rule review schedule under the bill created by the DORA will comport with the existing work plan and resources dedicated to rule review under the executive order and that no additional appropriations are required. It should also be noted that codifying the executive order and continuing the associated workload reduces the ability of the Governor to suspend these activities if needed to reduce costs or to pursue different priorities.

To the extent that the DORA schedule accelerates or alters the existing plan for executive branch rule review, additional costs could be incurred, especially in agencies with a large number of rules such as the Department of Public Health and Environment and the Department of Natural Resources. It is assumed that any additional staff or appropriations will be addressed through the annual budget process.

## **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## **State and Local Government Contacts**

All Departments