

# **SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE**

**BILL NO.** Senate Bill 5

**PRINTER NO.** 121

**AMOUNT**

\$280,000

**FUND**

General Fund

**DATE INTRODUCED**

February 1, 2019

**PRIME SPONSOR**

Senator DiSanto

## **DESCRIPTION AND PURPOSE OF BILL**

Senate Bill 5 amends the Regulatory Review Act (Act 181 of 1982) to require concurrent resolutions by the General Assembly for economically significant regulations.

The legislation defines the term “economically significant regulation” as a regulation that, if promulgated and implemented, may reasonably be expected to result in direct or indirect cost to the Commonwealth, to its political subdivisions and to the private sector in excess of \$1,000,000 on an annual basis.

Senate Bill 5 amends the Regulatory Review Act (act) by eliminating the existing provision that a Commonwealth agency may, in lieu of its own statement, submit a fiscal note prepared by the Office of the Budget insofar as the proposed regulation relates to costs of the Commonwealth. Instead, the legislation requires that estimates of the direct and indirect costs to the Commonwealth, to its political subdivisions and to the private sector shall be verified by the Independent Fiscal Office prior to the agency submitting the estimates to the Independent Regulatory Review Commission.

Under current law, the Regulatory Review Act provides that, except for emergency-certified regulations, an agency may not promulgate a regulation until completion of a review mandated by the act. Senate Bill 5 stipulates that if the regulation is an economically significant regulation, a concurrent resolution adopted by the General Assembly is required to approve the regulation.

The Senate and the House of Representatives shall each have 30 calendar days or 10 legislative days, whichever is longer, from the date on which the agency requested the concurrent resolution to adopt the resolution. If the General Assembly does not adopt the concurrent resolution in the time prescribed, the final-form regulation or final-omitted regulation shall be deemed not approved, and such regulation shall not take effect. This provision does not apply to emergency-certified regulations.

The act shall take effect in 60 days.

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## **FISCAL IMPACT:**

Senate Bill 5 will have no fiscal impact for Fiscal Year 2020-21.

For Fiscal Year 2021-22, the Independent Fiscal Office has indicated that it will likely require additional analytical staff to verify the estimates of the direct and indirect costs of proposed regulations to the Commonwealth, its political subdivisions and to the private sector. Salary, benefits and operating costs for two analysts are estimated at approximately \$280,000.

The Governor's Budget Office and agency fiscal offices should not require additional personnel to comply with the act.

To the extent that the legislation will cause more careful consideration before the adoption of an economically significant regulation, Senate Bill 5 could result in savings to the Commonwealth, its political subdivisions, and the private sector over time.