

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 64

DATE: January 22, 2003

Version: First engrossment

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Subject: Administrative rulemaking

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Overview

Makes several changes in the laws governing state agency rulemaking:

- ▶ Specifies additional information that an agency must include in a Statement of Need and Reasonableness (SONAR);
- ▶ Requires the commissioner of finance to prepare a local government fiscal impact note, if requested by a resolution of the governing body of a political subdivision
- ▶ Provides that if the cost of complying with proposed rules is more than \$100 million over 10 years, the rules must not take effect until approved by law.

Section

- 1** **Local government impact.** Provides that the elected governing body of a city, county, school district, township, or sanitary district may request the commissioner of finance to prepare a local impact note on a rule proposed by a state agency. Upon receiving such a request, the commissioner must prepare an estimate of the fiscal impact of the rule on each category of political subdivision requesting a local impact note. Specifies related procedural requirements.
- 2** **Legislative approval required.** Requires an agency to determine if the aggregate cost of complying with proposed rules on all affected persons or entities will exceed \$100 million in the first 10 years that the rules are effective. An administrative law judge must review and approve the determination. If it is determined that the cost of the rules exceeds the \$100 million threshold, the rules do not take effect until approved by a law enacted after the agency determination.
- 3** **SONAR.** Current law requires an agency that is proposing a rule to prepare a Statement of

Need and Reasonableness (SONAR). Under current law, the SONAR must describe the probable costs of complying with the proposed rule, and the classes of person who will bear the costs. This bill provides that the cost information must specify the portion of the total costs that will be borne by identifiable categories of affected parties, such as separate classes of governmental units, businesses, or individuals. Under current law, information is required in a SONAR "to the extent the agency, through reasonable effort, can ascertain this information."

4 **Effective date.** Section 3 is effective July 1, 2003 and applies to a rulemaking proceeding for which notice of intent to adopt rules is published in the State Register on or after that date.