

HOUSE RESEARCH

Bill Summary

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Overview

This bill prohibits a proposed administrative rule from taking effect until approved by law if the annual the cost of complying with the rule for any person or entity will exceed \$10,000 in any year after the rule takes effect.

Section

1 **Rulemaking; Legislative approval required.** Provides that a proposed administrative rule for which the costs of complying is more than \$10,000 for any person or entity in any year after the rule takes effect does not take effect until the rule has been approved by law.

Subd. 1. Cost thresholds. Requires the responsible agency to determine whether compliance with a proposed rule will cost a person or entity more than \$10,000 in any year after the rule takes effect.

Subd. 2. Agency determination. Provides a deadline for making the cost determination on a proposed rule and requires the assigned administrative law judge reviewing the proposed rules to approve or disapprove the agency's determination.

Subd. 3. Legislative approval required. Prohibits an administrative rule from taking effect until the legislature approves the rule by law if the cost of compliance exceeds the \$10,000 threshold as determined by the agency or administrative law judge.

Subd. 4. Exceptions. Provides a number of exceptions to the legislative approval requirement, including when the legislature has appropriated funds to cover the cost of compliance, when the rule is required by a federal law or regulation, or when the rule is adopted under section 14.388 (a process providing for exemption from most requirements of the administrative procedures act).

Subd. 5. Severability. Permits the administrative law judge to allow portions of a proposed rule that do not exceed the \$10,000 threshold to take effect, even if other parts of the proposed rule exceed the threshold and require legislative approval.

Effective date. Provides that the requirements of this section are effective the day following final enactment and apply to rules for which the administrative hearing record is still open, or where the agency has not submitted the record to an administrative law judge prior to the effective date of this bill.

- 2 **Deadline.** Updates a cross-reference to reflect the new section of statute enacted by this bill.
- 3 **Repealer.** Repeals an existing section of statute requiring legislative approval of rules in certain circumstances.

The existing law is similar to that enacted in this bill, except that it includes a cost-of-compliance threshold of \$25,000, the threshold only applies to costs incurred by small businesses or small cities, and the law permits that small business or city to claim an exemption from the rule until it is enacted into law. The current law also permits the governor to waive application of the legislative approval requirement.