

Department of Planning and Budget

2017 Fiscal Impact Statement

1. **Bill Number:** HB1566H1

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. **Patron:** Michael J. Webert

3. **Committee:** House General Laws - Subcommittee #4 Committee

4. **Title:** Professions and occupations; active supervision of regulatory boards.

5. **Summary:** Professions and occupations; active supervision of regulatory boards. Establishes a statewide policy for the regulation of professions and occupations specifying criteria for government regulation with the objective of increasing opportunities, promoting competition, encouraging innovation, protecting consumers, and complying with applicable federal antitrust laws. In addition, the bill establishes a process for the active supervision of state regulatory boards pursuant to the U.S. Supreme Court decision in North Carolina State Board of Dental Examiners v. Federal Trade Commission, in which the Court held that a state regulatory board that includes active market participants among its board membership must be actively supervised by the state in order for such board and its members to be entitled to immunity for federal antitrust violations. The bill also (i) creates the Division of Supervision of Regulatory Boards in the Office of the Attorney General to be responsible for the active supervision of regulatory boards and (ii) establishes the position of professional and occupational regulatory analyst within the Division of Legislative Services to review legislation establishing or modifying an occupational regulation to determine whether the legislation meets the state policy of using the least restrictive regulation necessary to protect or preserve the public health, safety, and welfare.

6. **Budget Amendment Necessary:** Yes.

7. **Fiscal Impact Estimates:** Preliminary.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017			
2018	\$1,140,362	10	GF
2019	\$1,140,362	10	GF
2020	\$1,140,362	10	GF
2021	\$1,140,362	10	GF
2022	\$1,140,362	10	GF
2023	\$1,140,362	10	GF

- 8. Fiscal Implications:** The provisions of the substitute bill are not expected to create a cost to the Department of Professional and Occupational Regulation (DPOR).

The Division of Legislative Services (DLS) indicates that the bill requires a regulatory analyst employed by DLS to review and evaluate all professions and occupations regulated by regulatory boards, with at least three professions and occupations reviewed each year. DLS estimates there are 65 professions and occupations that will need to be evaluated. DLS expects that much input will need to be received from stakeholders including the regulated community, regulatory boards, and impacted consumers in reviewing any profession or occupation. For the reasons enumerated, DLS will need to hire one full-time regulatory analyst to implement the substitute bill, with an estimated general fund cost of \$100,000 per year.

The Attorney General and Department of Law (OAG) indicates that the bill's new Division and the bill's impact on other Divisions would still require: 1) 4-6 attorneys to perform the substantive reviews, gather needed data and information from which to make market impact determinations, and then to write up recommendations; 2) 1-2 paralegals to document and assign to the attorneys the incoming decisions needing review and to provide research and support for reviewing market data, economic studies, and any other relevant information needed to make a determination of whether the proposed rule adversely impacts competition; and 3) 1 administrative assistant.

OAG estimates a general fund cost of \$1,040,362 per year for 9 additional FTEs, including salary and non-salary costs for 6 attorneys, 2 paralegals, and 1 administrative assistant. This would include support for Consumer, Department of Health Professions and DPOR but is only an estimate and could require more staffing.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Professional and Occupational Regulation, Division of Legislative Services, and Attorney General and Department of Law

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:**

Date: 2/2/17

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