

## **Department of Planning and Budget 2017 Fiscal Impact Statement**

**1. Bill Number:** HB1821

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

**2. Patron:** Yancey

**3. Committee:** General Laws

**4. Title:** Department of Planning and Budget; establishment of the Division of Regulatory Management; review.

**5. Summary:** Creates the Division of Regulatory Management (the Division) within the Department of Planning and Budget to develop and maintain a state regulatory baseline of all current state regulatory requirements. The bill defines a regulatory requirement as any action required to be taken or information required to be provided in accordance with a statute, regulation, or policy in order to access government services or operate and conduct business. The bill also provides that after the regulatory baseline has been established, any subsequent regulatory requirement proposed by an agency that is not included in the initial state regulatory baseline is considered a new regulatory requirement and requires the approval of the Division before it may be enacted. The bill provides that approval shall only be granted if, among other things, the total number of regulatory requirements for the requesting agency is either kept at the regulatory baseline for the agency or reduced. The bill contains technical amendments.

**6. Budget Amendment Necessary:** Indeterminate – see Item 8.

**7. Fiscal Impact Estimates:** Preliminary – see Item 8.

**8. Fiscal Implications:** The fiscal impact of this bill cannot be determined at this time. The bill requires the Department of Planning and Budget (DPB) to increase its role and oversight significantly with regard to the review and promulgation of regulations and other “regulatory requirements.” While the actual costs associated with this legislation are currently indeterminate, DPB would require additional staff and would need to develop a new information technology system to track regulatory baselines, requirements, and changes.

### **Background**

The bill defines a regulatory requirement as, “any action required to be taken or information required to be provided in accordance with a statute, regulation, or policy in order to access government services or operate and conduct business.” This definition does not specify which statutes and regulations so it appears to include all federal statutes and regulations, as well as state statutes and regulations.

Currently, DPB has a small regulatory review division that administers the requirements of the current law and the Governor's Executive Order requiring the review and economic impact analysis of certain executive branch regulations. This review does not include all state regulations since many are exempted from this review process by state statute. This review also does not include any review of state statutes or policies. Finally, this review does not include any federal statutes, regulations, or policies.

### **Information technology costs**

This bill would require creating and maintaining a searchable database of all regulatory requirements; establishing a baseline of all regulatory requirements; and creating a process for review, replacement, and reduction of regulatory requirements. This potential size of the required database cannot be determined because the scope of "policy" that might be considered a regulatory requirement is not defined and is not known at this time. Further, it appears to encompass both state and federal regulatory requirements (as defined in the bill) so the universe is significantly larger than the current "Town Hall" regulatory database maintained by DPB.

For reference purposes, the current performance budgeting system, which houses all of the state's budget information and data, was developed at a cost of approximately \$15 million and the annual maintenance of the system, software, licenses, etc. is approximately \$1 million. It also took many years to develop. It is expected the database required to support this bill will have to be much larger and just as sophisticated. Consequently, the cost to create and maintain it could exceed the costs of the performance budgeting system. It is not known if a similar system already exists in other states. If so, costs could be reduced if that system could be replicated in Virginia. It would also take time and resources to get this new database to interface with, expand, or replace the Town Hall which currently provides the mandated public notice and comment features of the rulemaking process.

### **Staffing costs**

In addition to the costs associated with creating and maintaining a database of all regulatory requirements, the bill significantly increases the role of DPB and the scope of its regulatory duties. The requirements of this bill could not be accomplished with existing staff. It is not known how many additional staff would be needed at this time but it is expected that the level of effort required by this bill would significantly increase the staffing levels needed by the agency.

**9. Specific Agency or Political Subdivisions Affected:** Department of Planning and Budget and all state agencies that have regulatory authority or agencies that issue statewide policy.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.