

Department of Planning and Budget 2017 Fiscal Impact Statement

1. Bill Number: HB1564-H1

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Webert

3. Committee: Appropriations

4. Title: Department of Planning and Budget; establishment of the Division of
Regulatory Management and Red Tape Reduction Commission

5. Summary: Creates the Red Tape Reduction Commission, as an advisory commission in the executive branch of state government, to establish and monitor the baseline regulatory requirement of the Commonwealth and to identify and provide advice and comments to the Governor and General Assembly on measures to reduce the baseline regulatory requirement of the Commonwealth. The Commission shall submit to the Governor and General Assembly no later than November 1, 2017, a report containing (i) the organizational structure of the Commission, (ii) duties of staff, and (iii) guidelines for determining what constitutes a regulatory requirement. The Commission shall submit an annual report to the Governor and General Assembly on or before November 1 of each year which shall include a description of the activities of the Commission and contain (i) a list of all regulatory requirements, (ii) a description of the purpose of each regulatory requirement and the responsible agency, (iii) the law or regulation authorizing each regulatory requirement, and (iv) a list of any changes to the regulatory baseline in the current year. The report shall be submitted as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

6. Budget Amendment Necessary: Yes – Item 476.

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

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017	\$0	0.00	-
2018	\$715,917	5.00	GF
2019	\$709,100	5.00	GF
2020	\$709,100	5.00	GF
2021	\$709,100	5.00	GF
2022	\$709,100	5.00	GF
2023	\$709,100	5.00	GF

- 8. Fiscal Implications:** The proposed legislation creates the Red Tape Reduction Commission (Commission) as an advisory commission in the executive branch of state government to establish and monitor the baseline regulatory requirements of the Commonwealth and to identify and provide advice and comments to the Governor and General Assembly on measures to reduce the baseline regulatory requirements of the Commonwealth. Based on the Commission's duties and minimum number of meetings; state support is needed to fund the Commission's operating expenses. The fiscal impact in fiscal year 2018 is based on 10 months of expenditures and annualized beginning in fiscal year 2019.

Staff

The fiscal impact supports the cost of one staff director, two staff attorneys, and two policy analysts. The staff expenses are estimated to be \$520,000 in fiscal year 2018, which is based on 10 months of operation, and \$624,000 beginning in fiscal year 2019. The estimated annual cost for the staff director is \$156,000, \$138,000 each for the staff attorney, and \$96,000 each for the policy analyst. The Commission's nonpersonal expenses include rent (\$26,667 in fiscal year 2018 and \$32,000 beginning in fiscal year 2019), and insurance (\$1,250 in fiscal year 2018 and \$1,500 beginning in fiscal year 2019).

Information technology

The proposed legislation requires the Commission to establish and maintain a searchable database of all regulatory requirements; establishing a baseline of all regulatory requirements; and create a process for review, replacement, and reduction of regulatory requirements. The estimated cost for the searchable database is \$150,000 in fiscal year 2018 for one-time development expenses and \$30,000 beginning in fiscal year 2019 for annual maintenance. The Commission's information technology expenses also include Virginia Information Technology Agencies charges of \$18,000 in fiscal year 2018 and \$21,600 beginning in fiscal year 2019.

- 9. Specific Agency or Political Subdivisions Affected:** All state agencies that have regulatory authority.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** The substitute of House Bill 1564 is a companion to the substitute of Senate Bill 1449 (Chase).