

# Department of Planning and Budget

## 2018 Fiscal Impact Statement

**1. Bill Number:** HB883

**House of Origin**     Introduced     Substitute     Engrossed  
**Second House**     In Committee     Substitute     Enrolled

**2. Patron:** Del. Webert

**3. Committee:** General Laws

**4. Title:** Regulatory budget program; established, administered by Department of Planning and Budget, report

**5. Summary:** Establishes a three-year regulatory reduction pilot program to be administered by the Department of Planning and Budget (Department). The bill provides for two pilot agencies (the Department of Professional and Occupational Regulation, and the Department of Criminal Justice Services) to establish and submit to the Department a baseline regulatory catalog consisting of the total number of regulations and regulatory requirements enforced by the pilot agencies, and any specific federal or state mandates or statutory authority that requires the regulations and associated requirements. Between July 1, 2018, and July 1, 2021, the pilot agencies are to reduce the number of regulations and regulatory requirements by 25 percent (compared to the baseline) through regulatory action or other efficiency actions such as streamlining. The bill also requires the Secretary of Finance to submit annual reports to the General Assembly on the status of the pilot. Additionally, by July 1, 2020, all executive branch agencies subject to the Administrative Process Act must develop a baseline regulatory catalog and report their catalog data, and any specific federal or state mandates or statutory authority, to the Department. Finally, the Department must track and report on the extent to which agencies comply with existing requirements to periodically review all regulations every four years. Agencies must provide to the Department a schedule listing each regulation to be reviewed in each of the four years, to be published on the Regulatory Town Hall.

**6. Budget Amendment Necessary:** Yes – see Item 7.

**7. Fiscal Impact Estimates:** Indeterminate – see Item 8. A partial fiscal impact of \$333,000 in the first year, and \$381,600 ongoing, has been identified in the Department to develop and administer the pilot. The overall fiscal impact is indeterminate, however, because of unknown costs that the bill may have on affected agencies.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	-	-	-
2019	\$333,000	3.0	GF
2020	\$381,600	3.0	GF
2021	\$381,600	3.0	GF
2022	\$381,600	3.0	GF

2023	\$381,600	3.0	GF
2024	\$381,600	3.0	GF

- 8. Fiscal Implications:** The complete fiscal impact of this bill cannot be determined at this time, largely because the costs that could be incurred in affected agencies other than the Department are not known. However, known costs include a requirement for the Department to hire additional staff and develop a new information technology system to track regulations, requirements, and changes. Estimates are provided below.

**Information Technology Costs: approximately \$168,000 in first year, and \$51,600 ongoing**

To meet the requirements of the proposed legislation, the Department would need to establish and maintain a searchable database to analyze regulatory requirements and track changes relative to the regulatory baseline. The estimated direct cost to the Department for the searchable database is \$150,000 in fiscal year 2019 for one-time development expenses, and \$30,000 beginning in fiscal year 2020 for annual maintenance. Additionally, there would be Virginia Information Technology Agency charges of approximately \$18,000 in fiscal year 2019 and \$21,600 beginning in fiscal year 2020.

Indirect costs also may be incurred by state agencies that provide regulatory requirement data to the Department to create and update the catalog. These costs could result from additional reimbursements to members of regulatory or advisory boards, contractor costs to review and assess regulatory requirements, and legal fees resulting from consultations with the Office of the Attorney General.

**Staffing Costs: approximately \$330,000 ongoing**

A similar effort in British Columbia has seven dedicated staff that perform duties comparable to the responsibilities contained in this bill. Although it is not clear how the scope of this bill compares to the British Columbia model, implementation of the pilot will require a similar level of effort. In addition, to the extent that the pilot results in an increase in the number of regulations that need to be reviewed it would also increase the Department's existing regulatory review responsibilities. For the pilot phase, the estimated fiscal impact includes the cost of three new staff in the Department: one staff attorney, and two policy analysts. The staff expenses are estimated to be \$165,000 in fiscal year 2019, which is based on six months of operation, and \$330,000 beginning in fiscal year 2020. The estimated annual cost, including salaries, benefits, and support costs are \$138,000 for the staff attorney, and \$96,000 each for the policy analysts.

- 9. Specific Agency or Political Subdivisions Affected:** The Department; the Department of Professional and Occupational Regulation; the Department of Criminal Justice Services; and all other executive branch agencies that have regulatory authority.

- 10. Technical Amendment Necessary:** No

- 11. Other Comments:** This bill is a companion to SB20 (Chase).