

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. Bill Number: HB722

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

2. Patron: Webert

3. Committee: General Laws

4. Title: Department of Planning and Budget; Regulatory Budget Program established; report.

5. Summary: Directs the Department of Planning and Budget (DPB), to establish a Regulatory Budget Program under which each executive branch agency subject to the Administrative Process Act (APA) shall reduce overall regulatory requirements by 30 percent by January 1, 2027. The bill requires DPB to report to the Speaker of the House of Delegates and the Chairman of the Senate Committee on Rules on the status of the Program no later than October 1 of each year, beginning October 1, 2025. Finally, the bill provides that DPB, in consultation with the Office of the Governor shall issue guidance for agencies regarding the Program and how an agency can comply with the requirements of the Program. The bill has an expiration date of January 1, 2027.

6. Budget Amendment Necessary: Potentially; Item 256.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

8. Fiscal Implications: It should be noted that Executive Directive One (ED 1) requires all executive branch agencies to reduce regulatory requirements by 25 percent, so this bill would add an additional five percent to that reduction target and also codify the reduction effort. The fiscal impact is based upon the assumption that the starting point for calculating the 30 percent reduction is the same as used for ED 1.

The fiscal impact is indeterminate because it is unclear at present what resources, if any, agencies might need to address the additional workload resulting from this legislation. It is possible that agencies with a large number of regulations could require additional staff resources, which will not be known until this program is implemented. For DPB, if additional personnel resources are required to assist agencies and review regulatory changes, each additional entry level position is expected to cost approximately \$94,000 general fund per year.

- 9. Specific Agency or Political Subdivisions Affected:** The bill affects all executive branch agencies that promulgate regulations and are subject to the APA but excludes regulatory agencies that are not subject to the APA.

The bill would not affect the executive branch agencies who promulgate regulations but are exempt from the APA, or the non-executive agencies with regulations. This is more narrow than Executive Directive One, which requires reductions to be made by all executive branch agencies.

- 10. Technical Amendment Necessary:** Yes. The bill requires a 30 percent reduction in regulatory requirements but does not indicate a starting point or date for determining the reduction. Consideration might be given to calculating the 30 percent reduction against existing regulations in effect on January 15, 2022, to be consistent with the present requirements of ED 1.

Another area could be clarified to aid implementation. Because the bill's definition of "regulation" excludes regulations that are necessary to conform to Virginia statutory law, the legislative recommendation process would not be needed. Accordingly, lines 58 through 65, and the text, "or through the legislative recommendation process to the General Assembly" (which appears in lines 67 through 68, lines 74 through 75, and lines 82 through 83) can be eliminated.

- 11. Other Comments:** None.