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FILED MAR 18 1983

SENATE FILE 475

BY COMMITTEE ON SMALL BUSINESS  
AND ECONOMIC DEVELOPMENT  
*Approved 3/18/83 (p. 2527)*  
(FORMERLY SSB 43)

Passed Senate, Date 3-31-83 (p. 1063) Passed House, Date 2-6-84 (p. 289)  
Vote: Ayes 29 Nays 8 Vote: Ayes 95 Nays 0  
Approved Feb. 21, 1984

### A BILL FOR

1 An Act to provide for a regulatory flexibility analysis  
2 in the promulgation of administrative rules.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
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SENATE FILE 475

S-3296

- 1 Amend Senate File 475 as follows:
- 2 1. Page 2, line 6, by inserting after the word
- 3 "request," the words "who qualify as a small business,".
- 4 2. Page 2, line 6, by striking the word "an" and
- 5 inserting in lieu thereof the words "a registered".

S-3296 FILED  
MARCH 22, 1983  
*Adopted 3/31/83 (p. 1063)*

BY RAY TAYLOR  
ARTHUR SMALL, JR.

S.F. 475

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1 Section 1. Chapter 17A, Code 1983, is amended by adding  
2 the following new section:

3 NEW SECTION. SMALL BUSINESS REGULATORY FLEXIBILITY  
4 ANALYSIS.

5 1. For the purpose of this section, "small business" means  
6 a business entity organized for profit, including but not  
7 limited to an individual, partnership, corporation, joint  
8 venture, association, or cooperative, to which the following  
9 apply:

10 a. It is not an affiliate or subsidiary of a business  
11 dominant in its field of operation.

12 b. It has either twenty or fewer full-time equivalent  
13 positions or not more than the equivalent of one million  
14 dollars in annual gross revenues in the preceding fiscal year.

15 c. It does not involve the operation of a farm and does  
16 not involve the practice of a profession.

17 For purposes of this definition, "dominant in its field  
18 of operation" means having more than twenty full-time equiva-  
19 lent positions and more than one million dollars in annual  
20 gross revenues, and "affiliate or subsidiary of a business  
21 dominant in its field of operation" means a business which  
22 is at least twenty percent owned by a business dominant in  
23 its field of operation, or by partners, officers, directors,  
24 majority stockholders, or their equivalent, of a business  
25 dominant in that field of operation.

26 2. If an agency proposes a rule which may have an impact  
27 on small business, the agency shall comply with the additional  
28 notice provisions of subsection 3 and the analysis require-  
29 ments of subsection 4.

30 3. The agency shall include in its notice in the Iowa  
31 administrative bulletin that the proposed rule-making may  
32 have an impact on small business. The agency shall notify  
33 those small businesses or organizations of small businesses  
34 who have registered with the agency requesting notification.  
35 An agency shall issue a regulatory flexibility analysis of

1 a proposed rule if, within twenty days after the published  
2 notice of proposed rule adoption, a written request for the  
3 analysis is filed with the appropriate agency by the  
4 administrative rules review committee, the governor, a  
5 political subdivision, at least twenty-five persons signing  
6 the request, or an organization representing at least twenty-  
7 five persons.

8 4. The agency shall consider each of the following methods  
9 for reducing the impact of the proposed rule on small business:

10 a. Establishing less stringent compliance or reporting  
11 requirements in the rule for small business.

12 b. Establishing less stringent schedules or deadlines  
13 in the rule for compliance or reporting requirements for small  
14 business.

15 c. Consolidating or simplifying the rule's compliance  
16 or reporting requirements for small business.

17 d. Establishing performance standards to replace design  
18 or operational standards in the rule for small business.

19 e. Exempting small business from any or all requirements  
20 of the rule.

21 f. The nature of any reports and the estimated cost of  
22 their preparation by small businesses which would be required  
23 to comply with the rule.

24 g. The nature and estimated cost of other measures or  
25 investments that would be required by small businesses to  
26 comply with the rule.

27 h. The nature and estimated cost of any professional,  
28 legal, consulting or accounting services which small businesses  
29 would incur to comply with the rule.

30 i. The probable costs to the agency and to any other  
31 agency of the implementation and enforcement of the proposed  
32 rule and any anticipated effect on state revenue.

33 j. A comparison of the probable costs and benefits of  
34 the proposed rule to the probable costs and benefits of  
35 inaction.

1 k. A determination of whether there are less costly methods  
2 or less intrusive methods for achieving the purpose of the  
3 proposed rule.

4 1. A description of any alternative methods for achieving  
5 the purpose of the proposed rule that were seriously considered  
6 by the agency and the reasons they were rejected in favor  
7 of the proposed rule.

8 A concise summary of the regulatory flexibility analysis  
9 must be published in the Iowa administrative bulletin twenty  
10 days prior to the adoption of the proposed rule. The summary  
11 shall contain the place where and the time when interested  
12 persons may make an oral presentation on the analysis; and  
13 where persons may obtain a full text of the analysis for the  
14 cost of reproduction. If the agency has made a good faith  
15 effort to comply with the requirements of subsections 3 and  
16 4, the rule may not be invalidated on the ground that the  
17 contents of the regulatory flexibility analysis are  
18 insufficient or inaccurate.

19 5. The agency shall reduce the impact by using a method  
20 provided or requested under subsection 4 if it finds that  
21 the methods are legal and feasible in meeting the statutory  
22 objectives which are the basis of the proposed rule.

23 Sec. 2. NEW SECTION. A rule of an emergency nature adopted  
24 under section 17A.4, subsection 2, or made effective under  
25 the provisions of section 17A.5, subsection 2, paragraph b,  
26 is not subject to the provisions of this Act until ninety  
27 days have elapsed from the day of the emergency rule's  
28 publication. If subsections 3 and 4 of section 1 of this  
29 Act have not been complied with within this ninety day period,  
30 the rule is void.

31 Sec. 3. NEW SECTION. The administrative rules review  
32 committee shall review existing rules, as time permits, to  
33 determine if there are adverse or beneficial effects from  
34 these rules. The committee shall give a high priority to  
35 rules that are referred to it by small business as defined

1 in this Act. The review of these rules shall be forwarded  
2 to the appropriate standing committees of the house and senate.

3 EXPLANATION

4 This bill requires agencies when promulgating an adminis-  
5 trative rule that might affect small business to include in  
6 the notice of proposed rule making that the rules might have  
7 an impact or small business. The agency shall issue a  
8 regulatory flexibility analysis if requested to do so by the  
9 governor, a political subdivision, the administrative rules  
10 review committee, at least twenty-five persons, or an  
11 organization representing at least twenty-five persons. An  
12 agency is required to reduce the impact on small business  
13 if legal and feasible under the statute. The bill takes  
14 effect July 1 following enactment.

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SENATE FILE 475  
FISCAL NOTE

REQUESTED BY SENATOR HUSAK

In compliance with a written request there is hereby submitted a  
Fiscal Note for Senate File 475 pursuant to Joint Rule 17.  
Senate File 475 requires agencies when promulgating an administrative  
rule that might affect small business to include in the notice of  
proposed rule making that the rules might have an impact on small  
business. An agency is required to reduce the impact on small busi-  
ness if legal and feasible under the statute.

Fiscal Impact: There may be an impact but there is no past experience  
to base an estimate on. The agencies cost would be determined by the  
amount of research required and the number of requests.(0738S, 83-428, KMM)

FILED:  
MARCH 24, 1983

BY LEGISLATIVE FISCAL BUREAU  
DENNIS C. PROUTY, DIRECTOR



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2 the following new section:

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11 dominant in its field of operation.

12 b. It has either twenty or fewer full-time equivalent  
13 positions or not more than the equivalent of one million  
14 dollars in annual gross revenues in the preceding fiscal year.

15 c. It does not involve the operation of a farm and does  
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20 gross revenues, and "affiliate or subsidiary of a business  
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23 its field of operation, or by partners, officers, directors,  
24 majority stockholders, or their equivalent, of a business  
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26 2. If an agency proposes a rule which may have an impact  
27 on small business, the agency shall comply with the additional  
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29 ments of subsection 4.

30 3. The agency shall include in its notice in the Iowa  
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6 the request, who qualify as a small business, or a registered  
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17 d. Establishing performance standards to replace design  
18 or operational standards in the rule for small business.

19 e. Exempting small business from any or all requirements  
20 of the rule.

21 f. The nature of any reports and the estimated cost of  
22 their preparation by small businesses which would be required  
23 to comply with the rule.

24 g. The nature and estimated cost of other measures or  
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26 comply with the rule.

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SF 475  
dsb/slc/26c

SENATE FILE 475

AN ACT

TO PROVIDE FOR A REGULATORY FLEXIBILITY ANALYSIS IN THE  
PROMULGATION OF ADMINISTRATIVE RULES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Chapter 17A, Code 1983, is amended by adding the following new section:

NEW SECTION. SMALL BUSINESS REGULATORY FLEXIBILITY ANALYSIS.

1. For the purpose of this section, "small business" means a business entity organized for profit, including but not limited to an individual, partnership, corporation, joint venture, association, or cooperative, to which the following apply:

- a. It is not an affiliate or subsidiary of a business dominant in its field of operation.
- b. It has either twenty or fewer full-time equivalent positions or not more than the equivalent of one million dollars in annual gross revenues in the preceding fiscal year.
- c. It does not involve the operation of a farm and does not involve the practice of a profession.

For purposes of this definition, "dominant in its field of operation" means having more than twenty full-time equivalent positions and more than one million dollars in annual gross revenues, and "affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least twenty percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation.

2. If an agency proposes a rule which may have an impact on small business, the agency shall comply with the additional notice provisions of subsection 3 and the analysis requirements of subsection 4.

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i. The probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenue.

j. A comparison of the probable costs and benefits of the proposed rule to the probable costs and benefits of inaction.

k. A determination of whether there are less costly methods or less intrusive methods for achieving the purpose of the proposed rule.

l. A description of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons they were rejected in favor of the proposed rule.

A concise summary of the regulatory flexibility analysis must be published in the Iowa administrative bulletin twenty days prior to the adoption of the proposed rule. The summary shall contain the place where and the time when interested persons may make an oral presentation on the analysis; and where persons may obtain a full text of the analysis for the cost of reproduction. If the agency has made a good faith effort to comply with the requirements of subsections 3 and 4, the rule may not be invalidated on the ground that the contents of the regulatory flexibility analysis are insufficient or inaccurate.

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\_\_\_\_\_  
ROBERT T. ANDERSON  
President of the Senate

\_\_\_\_\_  
DONALD D. AVENSON  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 475, Seventieth General Assembly.

\_\_\_\_\_  
K. MARIE THAYER  
Secretary of the Senate

Approved Feb. 21, 1984

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TERRY E. BRANSTAD  
Governor