

SENATE FILE 2268  
BY COMMITTEE ON ECONOMIC GROWTH

(SUCCESSOR TO SSB 3096)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the request for a regulatory analysis.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 2268  
ECONOMIC GROWTH

1 Section 1. Section 17A.4A, subsection 1, Code 2003, is  
2 amended to read as follows:

3 1. An agency shall issue a regulatory analysis of a  
4 proposed rule that complies with subsection 2, paragraph "a",  
5 if, within ~~thirty-two~~ seventy days after the published notice  
6 of proposed rule adoption, a written request for the analysis  
7 is submitted to the agency by the administrative rules review  
8 committee, or the administrative rules coordinator, at least  
9 twenty-five persons who are directly and adversely affected by  
10 the rule signing the request, or by an organization  
11 representing at least twenty-five such persons. An agency  
12 shall issue a regulatory analysis of a proposed rule that  
13 complies with subsection 2, paragraph "b", if the rule would  
14 have a substantial impact on small business and if, within  
15 ~~thirty-two~~ seventy days after the published notice of proposed  
16 rule adoption, a written request for analysis is submitted to  
17 the agency by the administrative rules review committee, the  
18 administrative rules coordinator, at least twenty-five persons  
19 signing that request who each qualify as a small business, or  
20 by an organization representing at least twenty-five such  
21 persons. If a rule has been adopted without prior notice and  
22 an opportunity for public participation in reliance upon  
23 section 17A.4, subsection 2, the written request for an  
24 analysis that complies with subsection 2, paragraph "a" or  
25 "b", may be made within seventy days of publication of the  
26 rule.

27 Sec. 2. Section 17A.4A, subsection 4, unnumbered paragraph  
28 1, Code 2003, is amended to read as follows:

29 Upon receipt by an agency of a timely request for a  
30 regulatory analysis, which is received prior to the adoption  
31 of the rule, the agency shall extend the period specified in  
32 this chapter for each of the following until at least twenty  
33 days after publication in the administrative bulletin of a  
34 concise summary of the regulatory analysis:

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EXPLANATION

1 This bill expands the period for requesting a regulatory  
2 analysis statement for new administrative rules. The current  
3 period is 32 days from the publication of a notice of intended  
4 action; the bill expands this period to 70 days. The bill  
5 also expands the eligible requesters of these analyses by  
6 allowing 25 persons who are directly and adversely impacted by  
7 the rule or an organization representing 25 such persons to  
8 make the demand.

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# Fiscal Services Division Legislative Services Agency Fiscal Note

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SF 2268 - Regulatory Analysis for Administrative Rules (LSB 6445 SV)  
Analyst: Jennifer Vermeer (Phone: (515) 281-4611) (jennifer.vermeer@legis.state.ia.us)  
Fiscal Note Version - New

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## **Description**

Senate File 2268 extends the time in which a regulatory analysis can be requested on an administrative rule from 32 to 70 days. In addition, the Bill expands who may request a regulatory analysis to include 25 persons who are directly and adversely affected by the rule, or an organization representing at least 25 such persons.

## **Assumptions**

1. Under current law, a regulatory analysis may be requested by the Administrative Rules Review Committee or the Administrative Rules Coordinator. Regulatory analyses are defined in Section 17A.4a, Code of Iowa. The regulatory analysis is an in-depth analysis of the cost or benefit of a proposed rule, including:
  - Qualitative, quantitative, and economic costs to persons affected by the rule.
  - The impact to the agency and State revenues.
  - A comparison of the costs and benefits of the rule versus the cost and benefit of no action.
  - Descriptions of alternatives considered by the agency and whether less costly or intrusive methods exist for achieving the same purpose.
  - If the rule would have a substantial impact on small business, the analysis must contain a discussion of whether it would be feasible to take various actions specified in the Code to reduce the impact on small business.
2. Historically, regulatory analyses have been requested infrequently. In the past two years, the Committee has requested one formal analysis and two informal, limited analyses. The full analysis was requested from the Alcoholic Beverage Division of the Department of Commerce; the informal analyses were requested from the Utilities Division of the Department of Commerce and the Dental Examiners Board within the Department of Public Health.
3. The agencies reported that they expended between 15 and 200 hours of direct staff time on the analyses. This estimate does not include time their boards expended, or time other staff or information sources outside the agencies may have expended. The agencies noted that the analyses needed to be completed within a one to two month time frame. Staff was reallocated to the project full time until the analysis was finished. This resulted in other work being delayed or shifted to other parties. The time or costs associated with delays or shifting of work are not included in the estimate.
4. Senate File 2268 allows 25 persons directly and adversely affected by the rule, or an organization representing such 25 persons to request a regulatory analysis. This will likely result in an increase in the number of regulatory analyses requested on administrative rules. However, the Bill requires those requesting the analysis to be directly and adversely affected by the rule, which narrows the group of potential requestors.

5. It is not possible to determine how many additional analyses will be requested, or which agencies will be required to do them. The amount of time an agency will be required to expend will vary with the complexity of the rule and the level of expertise within agency staff. It is possible that a small agency may not have the expertise to complete the analysis if the rule has a very complex economic impact on a regulated industry, and may be required to contract with an outside organization for assistance. This would increase the cost.

### **Fiscal Impact**

The fiscal impact of SF 2268 cannot be determined due to insufficient information. The Bill will likely result in an increase in the number of regulatory analyses requested on administrative rules; however, the number of additional requests and which agencies will be affected cannot be determined. The amount of direct staff time may range from 15 to 200 hours per analysis; however, this does not include all costs the agency may incur. Outside consulting services may be required if the agency does not have the expertise to perform the analysis.

### **Sources**

Alcoholic Beverages Division, Department of Commerce  
Dental Examiners Board, Department of Public Health  
Utilities Division, Department of Commerce  
Legislative Services Agency

Dennis C Prouty

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March 8, 2004

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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(SF) HF 2268

SSB# 3096

Economic Growth

SENATE FILE \_\_\_\_\_

BY (COMMITTEE ON ECONOMIC  
GROWTH BILL BY  
CHAIRPERSON REHBERG)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to economic impact analyses of rules by requiring  
2 an analysis of adverse impacts on small businesses and by  
3 expanding the availability of regulatory analysis statements.

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

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1 Section 1. Section 17A.4, Code Supplement 2003, is amended  
2 by adding the following new subsection:

3 NEW SUBSECTION. 1A. A proposed rule or rule filed without  
4 notice which may have an adverse impact on small businesses  
5 must be accompanied by an economic impact statement. The  
6 statement shall be published in the Iowa administrative  
7 bulletin along with the rule. The statement shall include all  
8 of the following:

9 (1) An identification and estimate of the number of small  
10 businesses subject to the rule.

11 (2) The projected reporting, recordkeeping, and other  
12 administrative costs required for compliance with the rule,  
13 including the type of professional skills necessary for  
14 preparation of the report or record.

15 (3) A statement of the probable effect of the rule on  
16 impacted small businesses.

17 (4) A description of any less intrusive or less costly  
18 alternative methods of achieving the purpose of the rule.

19 Sec. 2. Section 17A.4A, subsection 1, Code 2003, is  
20 amended to read as follows:

21 1. An agency shall issue a regulatory analysis of a  
22 proposed rule that complies with subsection 2, paragraph "a",  
23 if, within ~~thirty-two~~ seventy days after the published notice  
24 of proposed rule adoption, a written request for the analysis  
25 is submitted to the agency by the administrative rules review  
26 committee, or the administrative rules coordinator, at least  
27 twenty-five persons signing the request, or by an organization  
28 representing at least twenty-five such persons. An agency  
29 shall issue a regulatory analysis of a proposed rule that  
30 complies with subsection 2, paragraph "b", if the rule would  
31 have a substantial impact on small business and if, within  
32 ~~thirty-two~~ seventy days after the published notice of proposed  
33 rule adoption, a written request for analysis is submitted to  
34 the agency by the administrative rules review committee, the  
35 administrative rules coordinator, at least twenty-five persons

1 signing that request who each qualify as a small business, or  
 2 by an organization representing at least twenty-five such  
 3 persons. If a rule has been adopted without prior notice and  
 4 an opportunity for public participation in reliance upon  
 5 section 17A.4, subsection 2, the written request for an  
 6 analysis that complies with subsection 2, paragraph "a" or  
 7 "b", may be made within seventy days of publication of the  
 8 rule.

9 Sec. 3. Section 17A.4A, subsection 4, unnumbered paragraph  
 10 1, Code 2003, is amended to read as follows:

11 Upon receipt by an agency of a timely request for a  
 12 regulatory analysis, which is received prior to the adoption  
 13 of the rule, the agency shall extend the period specified in  
 14 this chapter for each of the following until at least twenty  
 15 days after publication in the administrative bulletin of a  
 16 concise summary of the regulatory analysis:

17 EXPLANATION

18 This bill requires that every proposed rule or rule filed  
 19 without notice that has an adverse impact on small business be  
 20 accompanied by an economic impact statement outlining the  
 21 nature of that impact. The bill also expands the time frame  
 22 for requesting a regulatory analysis from 32 to 70 days and  
 23 allows 25 interested persons, or a group representing 25  
 24 interested persons, to request the analysis.

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