



DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

March 19, 2024

Honorable Steven Meeks
Chairman, House Budget and Fiscal Affairs Oversight
401-H Capitol
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
Senate Bill 429 FA

Dear Chairman Meeks:

This bill would require small business impact analyses of legislation upon request and make a number of changes related to the adoption and review of agency rules and regulations:

- *Small Business Impact Analysis* – Upon request, the Department of Audits and Accounts (DOAA) and the Governor’s Office of Planning and Budget (OPB) would analyze the impact that any legislation may have on a small business (defined as one with fewer than 300 employees). The analysis would include the bill’s impact on the cost of providing goods and services, the availability and cost of workers, industry competition, and other compliance costs.
- *New Rule Adoption* – OPB would create standards that agencies would use to complete an economic analysis on any proposed rules. The analysis would include an estimate of number of individuals and businesses impacted, compliance costs, the probable effect on individuals and businesses, and other provisions deemed necessary. OPB would also provide training to agencies on how to draft the economic analyses. Rules would also go into effect only on January 1 and July 1.
- *Periodic Review of All Rules* – Agencies would be required to review all rules once every seven years. Reviews would include public input and must be completed by September 1 of the review year. Rules would be automatically repealed on December 31 unless the rule is continued or repromulgated. OPB would establish a schedule and develop a uniform process for agencies to analyze their rules and would also review these analyses submitted to it by state agencies.

The bill would be effective upon signature of Governor.

As discussed below, we were unable to provide a precise total cost estimate for each of the cost areas. The number of small business analyses that would be requested is unknown, but we assumed an increased workload that would require an additional analyst for DOAA and OPB. For the changes to rules and regulation processes, we are able to provide a range of potential costs after contacting more than 40 agencies that may be impacted.

Small Business Impact Analysis

Before a legislative session, the Governor and any legislative member may request a small business impact analysis on any drafted legislation and the analysis must be submitted within 30 days. During the session, requests would be limited to the Governor, President of the Senate, Speaker of the House, and chair of the committee to which a bill is assigned. The analysis must be submitted with 10 days.

While a similar process has resulted in 55-100 fiscal notes requested in recent years, the number of analyses that would be requested under this bill cannot be reliability predicted. Assuming a similar level of requests as occur for fiscal notes, we assume the need for additional staff and contract funding. OPB estimates contract costs of \$270,000, based on current analytical service contracts. Coordination and drafting of the final analysis would require an additional DOAA analyst at \$108,000 (salary and benefits) and approximately \$29,000 for a portion of an OPB analyst position that will primarily focus on supporting agency reviews of new regulations (discussed below).

New Rule Economic Analysis and Seven-Year Review Cycle

OPB and state agencies with rule-making authority will have additional costs associated with both the requirement that economic analyses be performed for new rules and the review of all agency rules every seven years. OPB workload and costs can be estimated, but impacts on state agencies are more varied and the cost estimates less certain.

OPB Costs

OPB will require two analysts at a total cost of \$267,000 for salary and benefits. While a small portion of the total will be used to support the small business impact analyses discussed above, most of the analysts' time will be associated with supporting the standards and providing training for the economic analyses of proposed rules and with meeting the scheduling, process development, and review obligations associated with the agencies' periodic, comprehensive reviews of all rules.

State Agency Costs

We obtained cost estimates from nearly 40 agencies subject to the bill's requirements. Collectively, state agencies estimated resources needs of approximately \$11.1 million. These estimates varied significantly and should be considered with caution, given the limited knowledge of the requirements necessary to complete the economic analyses and the periodic reviews. About half of the agencies contacted reported the need for no additional resources, though others reported the need for additional funding ranging from approximately \$100,000 to \$2.7 million for staff or contractors.

- *Greater than \$1 Million* – Five agencies estimated costs of more than \$1 million annually. These agencies generally have a significant number of rules and regulations and relatively frequent updates to them.

Four of these agencies would create new units to fulfill the responsibilities. The Department of Community Health estimated the need for a unit of 20 staff, including attorneys, analysts, and compliance specialists, at a cost of \$2.7 million. The Department of Revenue estimated the need for a team of nine of similar positions at a cost of \$1.3 million. The Public Service Commission would hire a staff a nine, including attorneys, engineers, and analysts, at a cost of \$1.1 million. Finally, the Secretary of State estimated a staff of four at more than \$900,000 but the need for another \$670,000 every seven years to complete the comprehensive review.

The Department of Natural Resources would contract the economic analyses, estimating a cost of more than \$1 million based on the number of rules adopted in 2023, while the Environmental Protection Division would hire a single position at \$187,000 (the 7-year review would require additional funding for the division).

- *Between \$500,000 and \$1 Million* – The Department of Agriculture would need three additional staff at \$690,000, while the State Board of Pardons and Paroles estimated legal staff and other costs of \$540,000.
- *Less than \$500,000* – Seven agencies reported costs of less than \$500,000, including the Departments of Banking and Finance (DBF), Behavioral Health and Development Disabilities, Early Care and Learning (DECAL), Education, Public Health, and Veterans Services, as well as the Office of the Commissioner of Insurance. The costs range from \$96,000 at DECAL to \$480,000 at DBF.
- *No Estimate Available* – Several agencies are likely to have additional costs of compliance but were unable to provide a cost estimate at this time. These include the Departments of Community Affairs, Driver Services, Human Services, and Transportation, as well as the Governor’s Office of Student Achievement, State Board of Workers’ Compensation, and Technical College System of Georgia.
- *No Additional Resources Needed* – Eighteen agencies did not anticipate the need for additional resources to comply with the bill. In these cases, the agencies either had few rules and regulations, have adequate staffing, and/or have a different expectation for the work required to comply with the bill than other agencies. Examples of larger agencies that reported no additional resources include the Departments of Community Supervision, Corrections, Juvenile Justice, Labor, and Public Safety.

Respectfully,



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Richard Dunn, Director
Office of Planning and Budget

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