

January 25, 2021

The Honorable Robert Olsen, Chairperson
Senate Committee on Commerce
Statehouse, Room 236A-E
Topeka, Kansas 66612

Dear Senator Olsen:

SUBJECT: Fiscal Note for SB 10 by Senators Hilderbrand, Fagg, Steffen, Straub, Thompson and Wilborn

In accordance with KSA 75-3715a, the following fiscal note concerning SB 10 is respectfully submitted to your committee.

SB 10 would require every agency to complete a comprehensive review of all occupational rules, regulations and licenses prior to July 1, 2022. Agencies would be required to identify the public health, safety or welfare objectives of each regulation and indicate the reasons why the regulation is necessary. Additionally, agencies would be required to analyze the effects of each rule and regulation on opportunities for workers, consumer choices and costs, general unemployment, market competition and governmental costs. Agencies would also be required to compare their rules and regulations with other states. If an agency finds that an occupational rule and regulation does not meet the standards under SB 10, the agency would be required to repeal or modify the rule and regulation or recommend to the Legislature the actions necessary to repeal or modify the occupational regulation or license.

Any person may petition any agency to repeal or modify any occupational regulation. Agencies would be required to repeal or modify the occupational regulation within 90 days of the filing of the petition. An action may be filed in court to challenge any occupational regulation. Prior to October 1, 2022 agencies would be required to report to the Legislature on all actions taken to fulfill the requirements of SB 10. The reports would also be provided to the Senate Committee on Commerce and the House Committee on Commerce, Labor and Economic Development on or before February 1, 2023. Agencies would be required to report to the Legislature annually on or before February 1.

The Kansas Insurance Department estimates passage of the bill would require additional expenditures of \$96,448 from special revenue funds in FY 2022. The added costs would include \$91,448 for the salary and wages of 1.00 new attorney FTE position and \$5,000 for a computer

and office equipment. The position would be needed to complete the comprehensive review of all Department regulations and licenses.

The Board of Healing Arts estimates the bill would require additional expenditures of \$40,960 in FY 2021 and \$239,924 in FY 2022 from the Healing Arts Fee Fund. The amount for FY 2021 would be for the three months costs of 1.00 new Associate General Counsel FTE position, 1.00 new Paralegal FTE position and associated office set up costs. The new positions would be hired in FY 2021 to begin the initial work of reviewing regulations. For FY 2022, the total amount includes the full year costs of \$90,000 for the 1.00 new Associate General Counsel FTE position; \$133,524 for 2.00 new Paralegal FTE positions (includes full year cost of Paralegal position hired in FY 2021 plus another Paralegal position hired for ongoing legal work); \$14,000 for computer and office equipment; and \$2,400 for communication costs. The Board indicates it could also incur costs from attorney fees to address any legal actions that may arise. However, the costs from legal actions is unknown. The Board notes it oversees at least 200 regulations related to occupational licenses.

The Board of Nursing estimates it would require additional expenditures of \$30,000 for FY 2021 and \$105,000 from the Board of Nursing Fee Fund for 1.00 new FTE position and other operating expenditures to review and evaluate Board regulations. The Board indicates other expenditures would include costs for additional board meetings and communications.

The Board of Pharmacy estimates passage of SB 10 would require additional expenditures of \$79,885 in FY 2021 and \$319,540 from the State Board of Pharmacy Fee Fund in FY 2022. The amount for FY 2022 includes \$225,420 for 2.00 new attorney FTE positions of which one would need to possess both legal and pharmacy credentials; \$71,500 for 1.00 new legal support FTE position; and \$22,620 for office rent, computers and equipment. The amount for FY 2021 is equal to three months of the FY 2022 annual cost to reflect expenditures that would be incurred at the end of FY 2021 to begin the initial work of implementing the bill. Other costs that the Board may incur but are not included in the figures above include expenditures for publishing regulations and notices in the Kansas Register, holding additional board meetings and addressing any court actions that may be filed.

The Board of Cosmetology estimates the bill would require additional expenditures of \$115,000 from the Cosmetology Fee Fund in FY 2022. The amount would be for the salary and wages for 2.00 new FTE positions for the comprehensive review of regulations.

The Office of the State Bank Commissioner estimates SB 10 would require additional expenditures in the form of staff time. The Office estimates the additional expenditures could be handled within existing staff and resources.

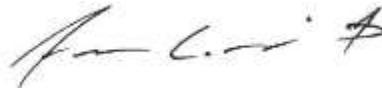
The Kansas Dental Board indicates the comprehensive review of licenses and regulations could be done with existing staff. However, the provisions of the bill that would allow petitions to be filed could require additional Board meetings to review the petitions. The review of petitions would require the use of the Board's contracted legal counsel. The fiscal effect on the Board's legal costs cannot be estimated because the number of petitions that would be filed is unknown.

The Behavioral Sciences Regulatory Board indicates the review of regulations could require increased time from current staff or the use of temporary staff. Also, the agency may need to hold additional Board meetings. The additional staff time and Board meetings would require additional expenditures of from the Behavioral Sciences Regulatory Fee Fund; however, the agency indicates the precise cost is difficult to estimate.

Other agencies, including the Kansas Real Estate Commission, the Board of Mortuary Arts the Board of Barbering, the Board of Technical Professions and the Emergency Medical Services Board, would incur additional costs for staff or legal work from reviewing regulations; making any necessary revisions to regulations through the administrative rulemaking process and publishing the revisions; and addressing any petitions or court actions that are filed. However, the agencies are unable to estimate the fiscal effect from SB 10.

The Office of Judicial Administration indicates the bill could increase the number of cases filed in district courts from the provision that allows individuals to file petitions challenging occupational regulations. Any additional cases would increase the amount of time spent by court personnel processing, researching and hearing cases. The bill could also result in additional revenue from the collection of docket fees. However, the Office is unable to estimate a fiscal effect because the number of cases that would be filed is unknown. Any fiscal effect associated with SB 10 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Bobbi Mariani, Insurance
Susan Gile, Board of Healing Arts
Jill Simons, Board of Nursing
Alexandra Blasi, Board of Pharmacy
Charity Carlat, Dental Board
David Fye, Behavioral Sciences
Joe House, EMS
Larry Karns, Technical Professions
Cassiopeia Capps, Board of Barbering
Aubrie Pryer, Cosmetology
JW Carey, Mortuary Arts
Debbie Thomas, Judiciary
Susan Somers, Board of Accountancy
Erik Wisner, Real Estate Commission
Melissa Wangemann, Office of Banking Commissioner