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**Neutral Testimony on HB 2648
House Committee on House Committee on Commerce,
Labor and Economic Development**

February 13, 2024

Mr. Chairman and Members of the Committee,

Thank you for the opportunity to provide neutral testimony on HB 2648. This legislation is a step in the right direction when it comes to oversight over the creation of burdensome regulations. We are generally supportive of this proposal, but we do believe there are improvements that can be made that will enhance the overall effectiveness of the bill.

This legislation relates to rules and regulations promulgated by state agencies in Kansas, particularly focusing on economic impact considerations. If an economic impact statement indicates that \$1,000,000 or more in costs will be incurred by businesses, local governments, and individuals over a five-year period due to a proposed rule, the agency cannot adopt the rule without legislative ratification. A bill authorizing such a rule can be introduced by any legislator, and upon enactment, the agency can proceed with adoption.

If an agency is prohibited from adopting a rule due to excessive costs, it may modify the rule to reduce costs, provided the modification is relevant to the rule's subject. The agency must then prepare a revised economic impact statement. If the revised statement indicates costs are below \$1,000,000, the modified rule can be adopted.

The proposal as written will provide additional protections for businesses, local governments, and individuals from undue financial burdens by preventing the adoption of rules that would impose excessive costs without sufficient justification. This legislation would also increase transparency and promote accountability in the rule-making process by ensuring the potential financial burdens on businesses, local governments, and individuals are more thoroughly evaluated.

An area of improvement in this legislation concerns the \$1,000,000 threshold for triggering legislative oversight. The \$1,000,000 threshold could be both under and over inclusive for several reasons. Some regulations may have a relatively minor individual economic impact but still surpass the \$1,000,000 threshold due to broad applicability. For example, a

regulation affecting numerous small businesses could cumulatively exceed the threshold even if the per-entity impact is minimal. On the flipside, some regulations may have substantial, burdensome economic impacts on specific industries, communities, or individuals, but fall below the \$1,000,000 threshold due to limited scope or applicability. In such cases, the regulations may still impose substantial financial burdens despite not triggering the legislative review requirement.

The \$1,000,000 threshold also would not capture other policy concerns, such as privacy impacts, which the legislature may rightly be apprehensive about but which may not be reducible to dollars-and-cents accounting.

Thus, we are worried that relying on a dollar threshold alone will not always accurately capture the full range of economic impacts associated with regulations, leading to situations where regulations with significant effects may not be subject to legislative scrutiny, or conversely, where relatively minor regulations trigger an unnecessary review process.

Adding an oversight and review component by the Joint Committee on Administrative Rules and Regulations would enhance this bill and provide additional oversight over the situations outlined above. Allowing the Joint Committee on Administrative Rules and Regulations to review proposed rules and regulations that are both under and above the proposed \$1,000,000 threshold for additional scrutiny would more precisely and effectively protect businesses, local governments, and individuals from the burdens of additional bureaucratic hurdles that slow down growth.

Thank you again for the opportunity to provide feedback on this proposal.

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