

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6953

BILL NUMBER: SB 4

NOTE PREPARED: Jan 5, 2024

BILL AMENDED:

SUBJECT: Fiscal and Administrative Matters.

FIRST AUTHOR: Sen. Garten

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: *Report on the Administrative Rules Oversight Committee (AROC):* The bill requires the Legislative Services Agency (LSA) to prepare a report on administrative rules oversight during the 2024 interim.

Unused Dedicated Funds: The bill requires the State Budget Agency to biennially prepare a list of dedicated funds that have not been used in the previous two state fiscal years.

Rulemaking Process: The bill makes technical corrections to various statutes concerning rulemaking. It requires agencies to submit a copy of the notice of the first public comment period and regulatory analysis to the small business ombudsman. It provides that the legislative notice required for rule readoptions must be submitted not later than January 1 of the year preceding the year in which the rule expires. It provides that the publisher assigns a document control number when the agency submits the legislative notice during rule readoption instead of when the agency submits the notice of proposed readoption.

Interim Rule for Fee Reduction: The bill provides that an agency may adopt interim rules to implement a reduction, a full or partial waiver, or an elimination of a fee, fine, or civil penalty included in an administrative rule.

Phase Out Trust Fund Transfer: The bill requires the State Budget Agency to transfer money in the Phase Out Trust Fund on or before June 30, 2024, to the Medicaid Contingency and Reserve Account.

Licensure Rules: The bill specifies certain deadlines within the statutes governing an agency's failure to enact required licensure rules.

Drafting Manual Update for Fund Language: The bill requires the LSA to: (1) develop new templates for creating funds and drafting appropriations; and (2) submit the templates to the Code Revision Commission before October 1, 2024. It requires the Code Revision Commission to consider whether to recommend that the Legislative Council approve a revised drafting manual. It provides that if the Legislative Council approves a revised drafting manual, the LSA is required to prepare legislation for introduction in 2026 to conform the Indiana Code to the revised drafting manual's instructions for creating funds and drafting appropriations.

Effective Date: Upon passage; July 1, 2024.

Explanation of State Expenditures: *Reversion of Balances in Unused Dedicated Funds:* The bill requires the State Budget Agency, before October 1 of each even-numbered year, to prepare a list of dedicated funds that have had no expenditures in the previous two state fiscal years. The bill provides that any remaining balance in a dedicated fund identified on this list would revert to the state General Fund. The impact of this provision is unknown, but could result in additional expenditures from currently inactive funds to avoid reversion to the state General Fund.

Workload Increase: The bill would create a one-time workload increase for the LSA, the State Budget Agency, and the State Comptroller. The State Budget Agency would also have a biennial workload increase to prepare and submit the list of inactive dedicated funds and recommendations concerning the funds. The additional workload should be accomplished with existing resources.

The LSA would be required to prepare a report on the AROC that was repealed in 2014. The report is to contain certain information about AROC meetings and actions, information about best practices from other states with part-time legislatures that have similar committees, and estimates of the staff and appropriation needed to implement a new AROC adhering to the best practices. The report must be submitted before October 1, 2024.

The bill requires the LSA, the State Budget Agency, and the State Comptroller to collaborate in developing new template language for the LSA bill drafting manual for fund creation and for the drafting of appropriations, subject to recommendation by the Code Revision Commission and approval by the Legislative Council. The State Budget Agency is to provide a suggested list of statutes for amendment, and the LSA is to prepare legislation for the 2026 session.

Rulemaking Process: The bill should have minimal workload impact to state agencies. State agencies would be required to submit a copy of the notice of the first public comment period and regulatory analysis to the small business ombudsman no later than when notice of the first public comment period is published.

Interim Rule for Fee Reduction: A state agency would be able to streamline rules when needing to lower, waive, or eliminate a fee, fine, or civil penalty by adopting an interim rule rather than an administrative rule. Additionally, if a state agency is able to reduce fees more quickly, it could eliminate some of the administrative workload of returning excess funds to regulated entities, when required by statute. These interim rules would remain valid up to five years, rather than 425 days.

Explanation of State Revenues: *Reversion of Balances in Unused Dedicated Funds:* The bill could increase reversions to the state General Fund as it requires the balance of an unused dedicated fund to be reverted to the state General Fund (funds identified on the list submitted biennially by the State Budget Agency as a dedicated fund having no expenditures in the previous two state fiscal years).

Phase Out Trust Fund Transfer: The \$23 M balance in the Phase Out Trust Fund as of June 30, 2023, will transfer to the Medicaid Contingency and Reserve Account on June 30, 2024. The fund was established to pay the state share of expenses for certain Healthy Indiana Plan 2.0 costs.

Interim Rule for Fee Reduction: The bill makes it easier for an agency to reduce revenue, by adopting an interim rule, rather than an administrative rule, when needing to lower, waive, or eliminate a fee, fine, or civil penalty. This provision would simplify the reduction of revenues, but would likely only be used in situations where the reduction is necessary to avoid the refund of excess funds or to comply with other laws and regulations.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Code Revision Commission; Legislative Council; Legislative Services Agency; State Budget Agency; State Comptroller; any agency reducing, waiving, or eliminating a fee, fine, or civil penalty.

Local Agencies Affected:

Information Sources: Comptroller's Data;
<https://iga.in.gov/2023/committees/interim/government-reform-task-force>.

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