

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

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**FISCAL IMPACT STATEMENT**

**LS 6953**  
**BILL NUMBER: SB 4**

**NOTE PREPARED: Feb 26, 2024**  
**BILL AMENDED: Feb 22, 2024**

**SUBJECT:** Fiscal and Administrative Matters.

**FIRST AUTHOR:** Sen. Garten  
**FIRST SPONSOR:** Rep. Thompson

**BILL STATUS:** 2<sup>nd</sup> Reading - 2<sup>nd</sup> House

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** *Workforce Related Programs Reviews:* The bill specifies that certain workforce related programs must be reviewed by the Legislative Services Agency (LSA) at least once rather than every five years.

*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. It expires the Phase out Trust Fund on July 1, 2024, and makes corresponding changes.

*Licensure Rules:* The bill specifies certain deadlines within the statutes governing an agency's failure to enact

required licensure rules.

**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.

*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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