

Digest Correction January 19, 2024

## **SENATE BILL No. 297**

DIGEST OF SB 297 (Updated January 22, 2024 5:18 pm - DI 107)

Citations Affected: IC 4-22.

**Synopsis:** Administrative rules. Requires an agency to conduct a regulatory analysis for certain proposed rules including if the implementation and compliance costs are at least \$1,000,000. Requires the office of management and budget to notify the legislative council of certain proposed rules that have a fiscal impact of over \$1,000,000 over the course of two years. Provides that certain proposed rules shall not be effective until the general assembly passes a bill authorizing the rule.

Effective: July 1, 2024.

Garten, Brown L, Koch, Holdman, Freeman, Glick, Gaskill, Buck, Niemeyer, Alexander, Baldwin, Raatz, Charbonneau, Rogers, Bassler, Buchanan, Walker K, Donato, Doriot, Messmer, Zay, Crane, Tomes, Byrne, Johnson T, Deery, Goode, Carrasco, Maxwell

January 16, 2024, read first time and referred to Committee on Judiciary. January 18, 2024, reported favorably — Do Pass.



Second Regular Session of the 123rd General Assembly (2024)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 2023 Regular Session of the General Assembly.

## **SENATE BILL No. 297**

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

Be it enacted by the General Assembly of the State of Indiana:

1	SECTION 1. IC 4-22-2-3, AS AMENDED BY P.L.249-2023,
2	SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3	JULY 1, 2024]: Sec. 3. (a) "Agency" means any officer, board,
4	commission, department, division, bureau, committee, or other
5	governmental entity exercising any of the executive (including the
6	administrative) powers of state government. The term does not include
7	the judicial or legislative departments of state government or a political
8	subdivision as defined in IC 36-1-2-13.
9	(b) "Rule" means the whole or any part of an agency statement of
10	general applicability that:
11	(1) has or is designed to have the effect of law; and
12	(2) implements, interprets, or prescribes:
13	(A) law or policy; or
14	(B) the organization, procedure, or practice requirements of an
15	agency.
16	The term includes a fee, a fine, a civil penalty, a financial benefit
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17 limitation, or another payment amount set by an agency that otherwise



1 qualifies as a rule.

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(c) "Rulemaking action" means the process of formulating or adopting a rule. The term does not include an agency action.

(d) "Agency action" has the meaning set forth in IC 4-21.5-1-4.

(e) "Person" means an individual, corporation, limited liability company, partnership, unincorporated association, or governmental entity.

(f) "Publisher" refers to the publisher of the Indiana Register and Indiana Administrative Code, which is the legislative council, or the legislative services agency operating under the direction of the council.

(g) "Unit" means a county, city, town, township, local health department, or school corporation.

(g) (h) The definitions in this section apply throughout this article. SECTION 2. IC 4-22-2-22.7, AS ADDED BY P.L.249-2023, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 22.7. (a) Before complying with section 22.8, 37.1, or 37.2 of this chapter, an agency shall conduct a regulatory analysis for the proposed rule that complies with the requirements of this section.

20 (b) The office of management and budget shall set standards for the criteria, analytical method, treatment technology, economic, fiscal, and 21 22 other background data to be used by an agency in the regulatory 23 analysis. The regulatory analysis must be submitted in a form that can 24 be easily loaded into commonly used business analysis software and 25 published in the Indiana Register using the format jointly developed by the publisher, the office of management and budget, and the budget 26 27 agency. The office of management and budget may provide more 28 stringent requirements for rules with fiscal impacts and costs above a 29 threshold amount determined by the office of management and budget. 30

(c) At a minimum, the regulatory analysis must include findings and any supporting data, studies, or analyses prepared for a rule that demonstrate compliance with the following:

(1) The cost benefit requirements in IC 4-3-22-13.

(2) Each of the standards in section 19.5 of this chapter.

35 (3) If applicable, the requirements for fees, fines, and civil36 penalties in section 19.6 of this chapter.

37 (4) The annual economic impact on small businesses statement
38 required under IC 4-22-2.1-5.

39 (5) If applicable, the information required under IC 13-14-9-4.

40(6) A determination whether the combined implementation41and compliance costs of a proposed rule are at least one42million dollars (\$1,000,000) for businesses, units, and



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1	individuals over any two (2) year period.
2	(6) (7) Any requirement under any other law to conduct an
3	analysis of the cost, benefits, economic impact, or fiscal impact
4	of a rule, if applicable.
5	(d) The regulatory analysis must include a statement justifying any
6	requirement or cost that is:
7	(1) imposed on a regulated entity under the rule; and
8	(2) not expressly required by:
9	(A) the statute authorizing the agency to adopt the rule; or
10	(B) any other state or federal law.
11	The statement required under this subsection must include a reference
12	to any data, studies, or analyses relied upon by the agency in
13	determining that the imposition of the requirement or cost is necessary.
14	(e) Except as provided in subsection (f), if the implementation
15	and compliance costs of a proposed rule are expected to exceed the
16	threshold set forth in subsection (c)(6), the office of management
17	and budget shall submit the rule to the legislative council, in an
18	electronic format under IC 5-14-6, forty-five (45) days prior to the
19	next regular legislative session. The legislative council shall inform
20	members of the general assembly of a rule submitted under this
21	subsection. A proposed rule described in this subsection shall not
22	take effect until both the house of representatives and the senate
23	have passed a bill authorizing the rule.
24	(f) Subsection (e) does not apply to a proposed rule if:
25	(1) a statute authorizes an agency to adopt the proposed rule
26	despite the rule having a fiscal impact greater than the
27	threshold in subsection (c)(6);
28	(2) the general assembly passed an amended statute
29	authorizing an agency to adopt the rule and the fiscal note for
30	the bill amending the statute included an estimate for the
31	implementation and compliance costs for the rule that did not
32	exceed the estimated implementation and compliance costs for
33	the proposed rule calculated under this section; or
34	(3) the proposed rule is:
35	(A) a provisional rule that was issued as the result of the
36	governor declaring an emergency under IC 10-14-3 and is
37	only valid during the emergency;
38	(B) a provisional or interim rule that complies only with
39	the requirements of a:
40	(i) federal law;
41	(ii) federal regulation; or
42	(iii) federal grant or loan program; or



1	(C) an interim rule that incorporates a new or updated:
2	(i) building;
3	(ii) equipment;
3 4 5	(iii) firefighting;
5	(iv) safety; or
6	(v) professional;
7	code.
8	(c) (g) If an agency has made a good faith effort to comply with this
9	section, a rule is not invalid solely because the regulatory analysis for
10	the proposed rule is insufficient or inaccurate.
11	SECTION 3. IC 4-22-2-37.1, AS AMENDED BY P.L.249-2023,
12	SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13	JULY 1, 2024]: Sec. 37.1. (a) The following do not apply to a rule
14	adopted under this section:
15	(1) Sections 23 through 27 of this chapter or IC 13-14-9 (as
16	applicable).
17	(2) Sections 28 through 36 of this chapter.
18	The amendments to this section made in the 2023 regular session of the
19	general assembly apply to provisional rules that are accepted for filing
20	by the publisher of the Indiana Register after June 30, 2023, regardless
21	of whether the adopting agency initiated official action to adopt the rule
22	by the name of emergency rule or provisional rule before July 1, 2023.
23	An action taken before July 1, 2023, in conformity with this section (as
24	effective after June 30, 2023) is validated to the same extent as if the
25	action was taken after June 30, 2023.
26	(b) An agency may adopt a rule on a subject for which the agency
27	has rulemaking authority using the procedures in this section if the
28	governor finds that the agency proposing to adopt the rule has
29	demonstrated to the satisfaction of the governor that use of provisional
30	rulemaking procedures under this section is necessary to avoid:
31	(1) an imminent and a substantial peril to public health, safety, or
32	welfare;
33	(2) an imminent and a material loss of federal funds for an agency
34	program;
35	(3) an imminent and a material deficit;
36	(4) an imminent and a substantial violation of a state or federal
37	law or the terms of a federal agreement or program;
38	(5) injury to the business or interests of the people or any public
39	utility of Indiana as determined under IC 8-1-2-113;
40	(6) an imminent and a substantial peril to:
41	(A) wildlife; or
42	(B) domestic animal;



1 health, safety, or welfare; or

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(7) the spread of invasive species, pests, or diseases affecting

plants.

4 To obtain a determination from the governor, an agency must submit 5 to the governor the text of the proposed provisional rule, the regulatory analysis required under section 22.7 of this chapter, a 6 7 statement justifying the need for provisional rulemaking procedures, 8 and any additional information required by the governor in the form 9 and in the manner required by the governor. The governor may not approve provisional rulemaking for any part of a proposed provisional 10 11 rule that adds or amends language to increase or expand application of 12 a fee, fine, or civil penalty or a schedule of fees, fines, or civil penalties before submitting the proposal to the budget committee for review. A 13 notice of determination by the governor shall include findings that 14 15 explain the basis for the determination. The notice of determination 16 shall be provided to the agency in an electronic format. Approval of a request shall be treated as a determination that the rule meets the 17 18 criteria in this subsection.

(c) After the governor approves provisional rulemaking procedures
for a rule but before the agency adopts the provisional rule, the agency
shall obtain a document control number from the publisher. The
publisher shall determine the documents and the format of the
documents that must be submitted to the publisher to obtain a
document control number. The agency must submit at least the
following:

(1) The full text of the proposed provisional rule in the form required by section 20 of this chapter.

28 (2) The regulatory analysis submitted to the governor under
29 subsection (b).

30 (2)(3) A statement justifying the need for provisional rulemaking.
 31 (3) (4) The approval of the governor to use provisional rulemaking procedures required by law.

(4) (5) The documents required by section 21 of this chapter.

An agency may not adopt a proposed provisional rule until after the publisher notifies the agency that the publisher has complied with subsection (d). At least ten (10) regular business days must elapse after the publisher has complied with subsection (d) before the department of natural resources, the natural resources commission, the department of environmental management, or a board that has rulemaking authority under IC 13 adopts a provisional rule.

41 (d) Upon receipt of documents described in subsection (c), the 42 publisher shall distribute the full text of the proposed provisional rule



1 to legislators and legislative committees in the manner and the form 2 specified by the legislative council or the personnel subcommittee of 3 the legislative council acting for the legislative council. After 4 distribution has occurred, the publisher shall notify the agency of the 5 date that distribution under this subsection has occurred. 6 (e) After the document control number has been assigned and the 7 agency adopts the provisional rule, the agency shall submit the 8 following to the publisher for filing: 9 (1) The text of the adopted provisional rule. The agency shall submit the provisional rule in the form required by section 20 of 10 this chapter. 11 (2) A signature page that indicates that the agency has adopted the 12 13 provisional rule in conformity with all procedures required by 14 law. 15 (3) If the provisional rule adds or amends language to increase or expand application of a fee, fine, or civil penalty or a schedule of 16 fees, fines, or civil penalties, the agenda of the budget committee 17 meeting at which the rule was scheduled for review. 18 19 (4) The documents required by section 21 of this chapter. 20 The publisher shall determine the format of the provisional rule and 21 other documents to be submitted under this subsection. The substantive 22 text of the adopted provisional rule must be substantially similar to the 23 text of the proposed provisional rule submitted to the governor. A 24 provisional rule may suspend but not repeal a rule approved by the 25 governor under section 34 of this chapter. (f) Subject to subsections (c) and (e) and section 39 of this chapter, 26 27 the publisher shall: 28 (1) accept the provisional rule for filing; 29 (2) electronically record the date and time that the provisional 30 rule is accepted; and 31 (3) publish the text of the: 32 (A) adopted provisional rule; (B) regulatory analysis (excluding appendices containing 33 data, studies, or analysis referenced in the regulatory 34 35 analysis); and the 36 (C) governor's approval in the Indiana Register. 37 (g) A provisional rule adopted by an agency under this section takes 38 effect on the latest of the following dates: 39 (1) The effective date of the statute delegating authority to the 40 agency to adopt the provisional rule. 41 (2) The date and time that the provisional rule is accepted for 42 filing under subsection (f).



1 (3) The effective date stated by the adopting agency in the 2 provisional rule.

(4) The date of compliance with every requirement established by law as a prerequisite to the adoption or effectiveness of the provisional rule.

(5) The statutory effective date for a provisional rule set forth in law.

8 (h) An agency may amend a provisional rule with another 9 provisional rule by following the procedures in this section for the 10 amended provisional rule. However, unless otherwise provided by IC 4-22-2.3, a provisional rule and all amendments of a provisional rule 11 12 by another provisional rule expire not later than one hundred eighty 13 (180) days after the initial provisional rule is accepted for filing under 14 subsection (f). The subject of the provisional rule, including all 15 amendments to the provisional rule, may not be subsequently extended under this section or section 37.2 of this chapter. If the governor 16 17 determines that the circumstance that is the basis for using the 18 procedures under this section ceases to exist, the governor may 19 terminate the provisional rule before the lapse of one hundred eighty 20 (180) days. The termination is effective when filed with the publisher. 21 The publisher shall publish the termination notice in the Indiana 22 Register.

23 (i) Subject to subsection (j), the attorney general or the governor 24 may file an objection to a provisional rule that is adopted under this 25 section not later than forty-five (45) days after the date that a provisional rule or amendment to a provisional rule is accepted for 26 27 filing under subsection (f). The objection must cite the document 28 control number for the affected provisional rule and state the basis for 29 the objection. When filed with the publisher, the objection has the 30 effect of invalidating the provisional rule or amendment to a 31 provisional rule. The publisher shall publish the objection in the 32 Indiana Register.

33 (j) The attorney general may file a written objection to a provisional rule under subsection (i) only if the attorney general determines that the 34 35 provisional rule has been adopted: 36

(1) without statutory authority; or

(2) without complying with this section.

A notice of objection to a provisional rule by the attorney general must 38 39 include findings that explain the basis for the determination. The notice 40 of objection shall be provided to the agency in an electronic format.

- 41 SECTION 4. IC 4-22-2-37.2, AS ADDED BY P.L.249-2023,
- SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE 42

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1 JULY 1, 2024]: Sec. 37.2. (a) The following do not apply to a rule 2 adopted under this section: 3 (1) Sections 23 through 27 of this chapter or IC 13-14-9 (as 4 applicable). 5 (2) Sections 28 through 36 of this chapter. 6 This section as added by the 2023 regular session of the general 7 assembly applies to interim rules that are accepted for filing by the 8 publisher of the Indiana Register after June 30, 2023, regardless of 9 whether the adopting agency initiated official action to adopt the 10 interim rule before July 1, 2023. An action taken before July 1, 2023, 11 in conformity with this section (as effective after June 30, 2023) is 12 validated to the same extent as if the action was taken after June 30, 13 2023. 14 (b) An agency may only adopt a rule on a subject for which the 15 agency has rulemaking authority using the procedures in this section if the governor finds that the agency proposing to adopt the rule has 16 17 demonstrated to the satisfaction of the governor that use of interim rulemaking procedures under this section is necessary to implement: 18 19 (1) a new state or federal law or program, rule of another state 20 agency, federal regulation, or federal grant or loan agreement, or 21 (if used by the agency to carry out the agency's responsibilities) 22 a building, an equipment, a firefighting, a safety, or a professional 23 code adopted by a nationally recognized organization; 24 (2) a change in a state or federal law or program, rule of another 25 state agency, federal regulation, federal grant or loan agreement, or (if used by the agency to carry out the agency's responsibilities) 26 27 a building, an equipment, a firefighting, a safety, or a professional 28 code adopted by a nationally recognized organization; or 29 (3) a category of rule authorized under IC 4-22-2.3 to be adopted 30 as an interim rule; 31 before the time that a final rule approved by the governor under section 32 34 of this chapter could reasonably take effect. 33 (c) To obtain a determination from the governor, an agency must submit to the governor the text of the proposed interim rule, the 34 35 regulatory analysis required under section 22.7 of this chapter, a 36 statement justifying the need for interim rulemaking procedures, and 37 any additional information required by the governor in the form and in 38 the manner required by the governor. The governor may not approve 39 interim rulemaking for any part of a proposed interim rule that adds or 40 amends language to increase or expand application of a fee, fine, or 41 civil penalty or a schedule of fees, fines, or civil penalties before 42 submitting the proposal to the budget committee for review. A notice



1 of determination by the governor shall include findings that explain the 2 basis for the determination. The notice of determination shall be 3 provided to the agency in an electronic format. Approval of a request 4 shall be treated as a determination that the rule meets the criteria in this 5 subsection. 6 (d) To publish a notice of interim rulemaking in the Indiana 7 Register, the agency must submit the following to the publisher: 8 (1) The full text of the agency's proposed interim rule in the form 9 required by section 20 of this chapter. (2) The regulatory analysis submitted to the governor under 10 subsection (c). 11 12 (2) (3) The approval of the governor to use interim rulemaking 13 procedures for the rule. (3) (4) If the interim rule adds or amends language to increase or 14 15 expand application of a fee, fine, or civil penalty or a schedule of fees, fines, or civil penalties, the agenda of the budget committee 16 meeting at which the rule was scheduled for review. 17 18 (4) (5) The documents required by section 21 of this chapter. 19 The publisher shall review materials submitted under this section and 20 determine the date that the publisher intends to include the material in 21 the Indiana Register. After establishing the intended publication date, 22 the publisher shall provide a written or an electronic mail authorization 23 to proceed to the agency. 24 (e) The agency shall include the following in the notice of the public 25 comment period: 26 (1) A general description of the subject matter of the proposed 27 interim rule, including the document control number. 28 (2) The full text of the agency's proposed interim rule in the form 29 required by section 20 of this chapter (excluding the text of a 30 matter incorporated by reference under section 21 of this chapter). 31 (3) The regulatory analysis submitted to the governor under 32 subsection (c) (excluding appendices containing data, studies, 33 or analyses referenced in the regulatory analysis). 34 (3) (4) A statement justifying any requirement or cost that is: (A) imposed on a regulated entity under the interim rule; and 35 (B) not expressly required by the statute authorizing the 36 37 agency to adopt rules or any other state or federal law. 38 The statement required under this subdivision must include a 39 reference to any data, studies, or analyses relied upon by the 40 agency in determining that the imposition of the requirement or 41 cost is necessary. 42 (4) (5) Information concerning where, when, and how a person



1	may inspect and copy any data, studies, or analyses referenced
2	under subdivision <del>(3).</del> (4).
3	(5) (6) Information concerning where, when, and how a person
4	may inspect any documents incorporated by reference into the
5	proposed interim rule under section 21 of this chapter.
6	(6) (7) A date that is thirty (30) days after the notice is published
7	in the Indiana Register by which written comments are due and a
8	statement explaining that any person may submit written
9	comments concerning the proposed interim rule during the public
10	comment period and instructions on when, where, and how the
11	person may submit written comments.
12	However, inadequacy or insufficiency of the subject matter description
13	under subdivision (1) or a statement of justification under subdivision
14	(3) (4) in a notice does not invalidate a rulemaking action. An agency
15	may continue the public comment period by publishing a subsequent
16	notice in the Indiana Register extending the public comment period.
17	(f) Before adopting the interim rule, the agency shall prepare a
18	written response to comments received by the agency, including the
19	reasons for rejecting any recommendations made in the comments.
20	(g) After an agency has completed the public comment period and
21	complied with subsection (f), the agency may:
22	(1) adopt a rule that is identical to a proposed interim rule
23	published in the Indiana Register under this section; or
24	(2) adopt a revised version of a proposed interim rule published
25	under this section and include provisions that did not appear in
26	the initially published proposed version.
27	An agency may not adopt an interim rule that substantially differs from
28	the version of the proposed interim rule published in the Indiana
29	Register under this section, unless it is a logical outgrowth of any
30	proposed interim rule as supported by any written comments submitted
31	during the public comment period.
32	(h) After the agency adopts the interim rule, the agency shall submit
33	the following to the publisher for filing:
34	(1) The text of the adopted interim rule. The agency shall submit
35	the full text of the interim rule in the form required by section 20
36	of this chapter.
37	(2) A summary of the comments received by the agency during
38	the public comment period and the agency's response to the
39	comments.
40	(3) A signature page that indicates that the agency has adopted the
41	interim rule in conformity with all procedures required by law.
42	(4) The documents required by section 21 of this chapter.



1 2 3 4	The publisher shall determine the format of the interim rule and other documents to be submitted under this subsection. An interim rule may suspend but not repeal a rule approved by the governor under section
4 5	<ul><li>34 of this chapter.</li><li>(i) Subject to subsection (h) and section 39 of this chapter, the</li></ul>
6	publisher shall:
7	(1) accept the interim rule for filing;
8	(2) electronically record the date and time that the interim rule is
9	accepted; and
10	(3) publish the text of the:
11	(A) adopted interim rule;
12	(B) regulatory analysis (excluding appendices containing
13	data, studies, or analysis referenced in the regulatory
14	analysis); and <del>the</del>
15 16	<ul><li>(C) governor's approval in the Indiana Register.</li><li>(j) An interim rule adopted by an agency under this section takes</li></ul>
17	effect on the latest of the following dates:
18	(1) The effective date of the statute delegating authority to the
19	agency to adopt the interim rule.
20	(2) The date and time that the interim rule is accepted for filing
21	under subsection (i).
22	(3) The effective date stated by the adopting agency in the interim
23	rule.
24	(4) The date of compliance with every requirement established by
25	law as a prerequisite to the adoption or effectiveness of the
26	interim rule.
27	(5) The statutory effective date for an interim rule set forth in law.
28	(k) An agency may amend an interim rule with another interim rule
29	by following the procedures in this section for adoption of an interim
30	rule. Except as provided in IC 4-22-2.3, an interim rule and all
31	subsequent rules on the same subject adopted under section 37.1 of this
32 33	chapter or this section expire not later than four hundred twenty-five $(425)$ days after the initial interim rule is accorded for filing under
33 34	(425) days after the initial interim rule is accepted for filing under subsection (i).
35	(1) Subject to subsection (m), the attorney general or the governor
36	may file an objection to an interim rule that is adopted under this
37	section not later than forty-five (45) days after the date that an interim
38	rule or amendment to an interim rule is accepted for filing under
39	subsection (i). The objection must cite the document control number
40	for the affected interim rule and state the basis for the objection. When
41	filed with the publisher, the objection has the effect of invalidating the
42	interim rule or amendment to an interim rule. The publisher shall
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- publish the objection in the Indiana Register. 1
- 2 (m) The attorney general may file a written objection to an interim 3 rule under subsection (1) only if the attorney general determines that the interim rule has been adopted: 4
  - (1) without statutory authority; or

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- (2) without complying with this section.
- 6 A notice of objection to an interim rule by the attorney general must 7
- 8 include findings that explain the basis for the determination. The notice
- of objection shall be provided to the agency in an electronic format. 9



## COMMITTEE REPORT

Madam President: The Senate Committee on Judiciary, to which was referred Senate Bill No. 297, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 297 as introduced.)

BROWN L, Chairperson

Committee Vote: Yeas 9, Nays 2

