



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 4335 Amended by House Regulations and Administrative Procedures on April 9, 2019
Author: Bradley
Subject: Regulatory Freedom Act
Requestor: House Regulations and Administration Procedures Committee
RFA Analyst(s): Miller, Gallagher, Griffith, A. Martin, and Wren
Impact Date: April 19, 2019

Fiscal Impact Summary

This bill will increase General Fund expenditures by \$167,845 beginning in FY 2020-21, for additional FTEs to process the newly proposed regulations. This will cover 1 FTE for the House Regulations and Administrative Process Committee, totaling \$85,500, and 1 FTE for Legislative Council, totaling \$82,345. Additionally, this bill will increase General Fund expenditures by \$19,531 beginning in FY 2025-26, to cover the cost of updating the Code of Regulations every 5 years.

This bill is not expected to have a fiscal impact on the Senate, the Department of Labor, Licensing and Regulation (LLR), the Commission on Higher Education (CHE), or the Department of Education (SDE) as the agencies anticipate being able to manage any additional work within existing appropriations.

This bill is pending, contingent upon a response from the Department of Health and Environmental Control and the Department of Natural Resources (DNR).

Explanation of Fiscal Impact

Amended by House Regulations and Administrations Procedures on April 9, 2019 **State Expenditure**

This bill establishes that any regulation promulgated or amended after July 1, 2020, or the effective date of this bill, whichever is later, will expire 5 years after the date the regulation takes effect. Currently, each state agency which promulgates or administers regulations must conduct a formal review of all regulations under their authority every 5 years. Additionally, all new regulations must be reviewed by legislative committees in both the House and Senate. The Legislative Council incorporates the authorized regulations into the Code of Regulations, prints, and distributes the Code of Regulations, among other responsibilities.

The following five agencies have the vast majority of regulations currently published: DHEC, LLR, CHE, SDE, and DNR.

House of Representatives. Since every regulation that takes effect after July 1, 2020, will expire 5 years after they become effective, the work load for the House is expected to increase significantly. This additional work load will increase expenditures by at least \$85,500 annually for 1 FTE, to include salary and fringe, for drafting regulations submitted to the House

Regulations and Administrative Process Committee and assisting with administrative duties incurred by this bill. However, the onset of this expenditure is dependent on when the bulk of the regulations expire. Therefore, this bill will increase General Fund expenditures by at least \$85,500 annually, between FY 2020-21 and FY 2023-24.

Senate. This bill will require additional review of regulations. However, the Senate anticipates any increase in expenditures can be managed within existing appropriations. Therefore, this bill will have no expenditure impact on the Senate.

Legislative Council. This bill will increase the responsibilities of Legislative Council as it will have to review all newly submitted regulation proposals as agencies seek to replace those regulations expiring. Legislative Council anticipates an additional FTE will be needed to manage the additional workload, costing \$82,345 annually. Additionally, it may be necessary to print and distribute a new Code of Regulations hardbound book every 5 years. The cost of new copies of the Code of Regulations is \$0.012327976 per page with approximately 8,000 pages and 937 copies, resulting in a total cost of approximately \$97,655 every 5 years, or \$19,531 annually. Therefore, assuming Legislative Council hires the new staff member in FY 2020-21, this bill will increase General Fund expenditures by \$82,345, beginning in FY 2020-21, and an additional \$19,531 annually, beginning in FY 2025-26.

Department of Health and Environmental Control (DHEC). This bill is pending, contingent upon a response from DHEC.

Department of Labor, Licensing and Regulation (LLR). This bill will increase the number of regulations that need to be proposed by LLR as the old regulations will expire every 5 years. LLR anticipates being able to manage any additional proposals within existing appropriations and with existing staff. Therefore, this bill will have no fiscal impact on LLR.

Commission on Higher Education (CHE). This bill will increase the number of regulations that need to be proposed by CHE as the old regulations will expire every 5 years. CHE anticipates being able to manage any additional proposals within existing appropriations and with existing staff. However, if there is a significant increase in the number of regulations that CHE must submit then CHE will need to hire an additional program manager I. If the program manager is hired, this will increase General Fund expenditures for CHE by \$78,600. Therefore, based on the current level of regulations likely to be implemented or amended after July 1, 2020, this bill will have no fiscal impact on CHE.

Department of Education (SDE). This bill will increase the number of regulations that need to be proposed by SDE as the old regulations will expire every 5 years. SDE indicates that the State Board of Education will promulgate regulations when required by the General Assembly. This is a core responsibility of the agency, regardless of whether regulations have aged out. Therefore, the amended bill will have no expenditure impact on SDE.

Department of Natural Resources (DNR). This bill is pending, contingent upon a response from DNR.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director