

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5223-02
Bill No.: HB 1620
Subject: Federal - State Relations
Type: Original
Date: February 11, 2014

Bill Summary: This proposal specifies that this state shall not recognize any federal regulations promulgated as a result of an Executive Order issued by the President of the United States.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration's Division of Budget and Planning (BAP)** assume this proposal would not fiscally impact BAP. However, the proposal could have impact statewide, as Presidential Orders are used in state/local disaster situations and in state review processes, such as the Federal Clearinghouse used by local and regional governments. Other departments may have more specific information.

Officials at the **Office of Administration's Commissioner's Office (OA)** assume OA serves as the official designated point of contact for Executive Order 83-6, issued 3/15/1983 (Governor Bond), which put in place a state review process for federal assistance. The order provides a process for local governments to comment on federal assistance and direct federal development. This Executive Order established Missouri's formal review process to implement Presidential Executive Order 12372, issued 7/14/1982 (President Reagan). This federal clearinghouse review process is active today. The proposed legislation appears to nullify this process and would put Missouri out of compliance with the federal Executive Order. This could negatively impact local governments and regional planning commissions.

OA, as with other state agencies, receives federal funds and it is unknown what the potential impact on those funds could be under the mandate proposed by this legislation. State agencies have to follow federal regulations when receiving federal funding, and nullifying a Presidential Executive Order (PEO) could unknowingly jeopardize current and future State programs and services. It is possible that federal assistance and aid could also be in jeopardy should Missouri experience another natural disaster and a PEO is issued toward providing relief to our State.

The language in this proposal is quite broad in nature and OA is unsure what would be considered repugnant to the Missouri Constitution or U.S. Constitution as it relates to this proposed legislation. OA currently has to follow federally mandated purchasing regulations and OMB directives, and it is unknown if regulations and directives such as these could be impacted by a PEO thereby affecting the State's compliance.

Due to the uncertainty of the content of future Presidential Executive Orders, it is unknown what the fiscal impact could be to OA and the State.

Officials at the **Department of Social Services (DOS)** assume they are made up of several divisions that have their own set of regulations and rules that are based upon federal statutes and federal regulations. It is unknown the number of federal regulations would be deemed null and void and therefore it is unknown how this would impact the department.

JH:LR:OD

ASSUMPTION (continued)

Officials at the **Department of Insurance, Financial Institutions and Professional Registration** and the **Missouri Veterans Commission** each assume the impact is unknown.

Officials at the **Department of Natural Resources** assume this proposal could have an unknown fiscal impact. We cannot determine the impact of Executive Orders that could possibly be issued by the President of the U.S. in the future nor the General Assembly's response. In addition, if either situation is utilized to impact terms and conditions of federal grants, the department assumes there could be some impact on our federal funds.

Officials at the **Department of Labor and Industrial Relations (DOL)** assume they have no way of knowing what rules or regulations may be promulgated by executive order of the President of the United States and what effect those rules or regulations could have on federal funding. Therefore, DOL does not know how this would affect the Department.

Officials at the **Department of Elementary and Secondary Education** assume the language is not clear. The proposal appears to use the terms regulations and executive orders interchangeably. There is a significant difference between executive order and regulation. We cannot determine which regulations might be impacted by executive order. Depending upon how this proposal is interpreted, we could risk the loss of federal funds if the executive order places requirements on these funds and we do not comply. This proposal could have significant implications, especially at the local level due to waiver requirements. We cannot predict the ultimate interpretation of this language; however, the potential impact exceeds millions of dollars.

Officials at the **Department of Health and Senior Services** assume due to the unknown nature of what any executive orders might address, what federal regulations or rules would be promulgated based on such executive orders, or whether any such promulgated federal regulations or rules would be considered repugnant, it is not possible to determine whether there would be any impact on the Department.

Officials at the **Department of Agriculture**, the **Department of Conservation**, the **Department of Corrections**, the **Department of Economic Development**, the **Department of Mental Health**, the **Department of Public Safety**, the **Department of Public Safety's Capitol Police**, the **Department of Public Safety's Division of Alcohol and Tobacco Control**, the **Department of Revenue**, the **Joint Committee on Administrative Rules**, the **Missouri Gaming Commission**, the **Missouri Highway Patrol**, the **Missouri House of Representatives**, the **Missouri Senate**, the **Office of the State Auditor**, the **Office of State Courts**

ASSUMPTION (continued)

Administrator, the **Office of the State Public Defender**, the **Office of State Treasurer** and the **State Emergency Management Agency** each assume there is no fiscal impact to their agencies from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Oversight assumes this proposal as written would not directly fiscally impact the State or its agencies. However, since this proposal has the potential to declare agencies' regulations and rules null and void, it could indirectly cause the loss of the agencies' federal funding.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

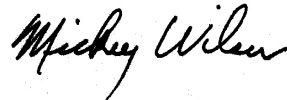
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Agriculture
Department of Conservation
Department of Corrections
Department of Economic Development
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Labor and Industrial Relations
Department of Mental Health
Department of Natural Resources
Department of Public Safety
Capitol Police
Division of Alcohol and Tobacco Control
Department of Revenue
Department of Social Services
Joint Committee on Administrative Rules
Missouri Gaming Commission
Missouri Highway Patrol
Missouri House of Representatives
Missouri Senate
Missouri Veterans Commission

SOURCES OF INFORMATION (continued)

Office of Administration
Division of Budget and Planning
Commissioner's Office
Office of the Secretary of State
Office of the State Auditor
Office of State Courts Administrator
Office of the State Public Defender
Office of State Treasurer
State Emergency Management Agency



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Director
February 11, 2014

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Assistant Director
February 11, 2014