

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4436H.01P
Bill No.: Perfected HB 2559
Subject: Administrative Rules; General Assembly
Type: Original
Date: March 3, 2026

Bill Summary: This proposal requires the General Assembly to approve proposed administrative rules.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

*Oversight assumes the unknown impact could exceed \$250,000 annually.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Various State Funds*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

*Oversight assumes the unknown impact could exceed \$250,000 annually.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	0 to Unknown FTE	0 to Unknown FTE	0 to Unknown FTE
Total Estimated Net Effect on FTE	0 to Unknown FTE	0 to Unknown FTE	0 to Unknown FTE

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§§536.180 & 536.185 – Proposed Administrative Rules

Officials from the **Department of Mental Health (DMH)** state this proposal adds section 536.180, requiring ratification by concurrent resolution by the general assembly of any state rulemaking with an expenditure of public funds more than \$250,000. The governor also must sign this concurrent resolution before the secretary of state may publish an order of rulemaking. Section 536.185 adds that a state agency must receive written approval by the governor before filing a proposed rule with the Secretary of State.

This proposal prolongs what is currently a lengthy process from promulgation of rules and regulations, including amendments of existing rules. The proposed language would affect DMH's ability to administer existing programs as well as initiate new ones. Failure to ratify could require restarting the process of promulgation, including public comment and response, delaying service delivery. Typically funding for a program has already been appropriated prior to CSR (Code of State Regulations) promulgation, and adding this delay to the CSR process will delay the delivery of services as directed by the general assembly. Because the legislature must pass a concurrent resolution, such rulemaking could only take place during legislative session, or potentially a special session, for which the governor must set the agenda. Additionally, there does not appear to be a process to enact emergency rulemaking should such emergency rule be required. Finally, the department risks the loss of federal funding due to delay in implementation of required programs.

The potential impact for this legislation could be between \$0 and up to \$2.6 billion in FY27, FY28 and FY29. The impact may increase depending on if funding for a program was already appropriated prior to CSR promulgation and adding this timeline to the CSR process will delay the delivery of services to DMH's consumers as directed by the general assembly.

Oversight notes §536.180.5 states except for rules adopted pursuant to section 536.025 or required to be adopted to conform with federal law or for federal funding, any proposed rule shall be null, void, and unenforceable unless made in accordance with the provisions of this section. Therefore, Oversight will not show an impact to federal funds in the fiscal note.

Officials from the **Department of Revenue (DOR)** assume this proposal attempts to modify the existing rule-making process that agencies must follow in order to create an administrative rule (a CSR). This proposal requires approval from the Joint Committee on Administrative Rules for any rule that would require or result in an expenditure of public funds or a reduction in public revenue or increased costs to taxpayers of more than \$250,000. It also says that the rule cannot become effective until approval is received from the General Assembly.

The current rule-making authority in statutes prohibits an agency from promulgating a rule unless they are expressly given authority by the General Assembly. Currently, DOR must be given express direction from the General Assembly in a piece of legislation in order to create a rule on the legislation. The General Assembly gives that authority when creating a bill that requires DOR to implement. If the General Assembly wishes to allow DOR to figure out the details of implementation, they add language to the bill that DOR shall promulgate rules.

Additionally, the General Assembly adds that DOR may promulgate rules when they have given basic instructions on the program but know that more detailed instructions may be needed. The may allows DOR to work out procedures with or without going through the rule-making process.

The current rule-making process is tedious and generally takes more than six months from the first filing of the rule until it becomes law. DOR only implements rules when required or when it believes it is necessary to answer questions arising from taxpayers.

DOR notes that requiring approval of the General Assembly prior to implementing a rule would leave many of its rules in limbo awaiting approval and could put it in jeopardy of not complying with statutes or not implementing legislation that is passed.

DOR just completed its five-year review of its rules and reviewing/updating the approximately 290 of them. DOR is continuing to make updates that could be slowed down by this process.

DOR is unable to predict which rules would not be implemented or which laws in the future will not be implemented awaiting this new approval by the General Assembly.

Additionally, this proposal makes all proposed rules null, void and unenforceable unless refiled and receives this new approval of General Assembly. DOR notes that if all the Department's rules are unenforceable under this provision, this could remove people's ability to claim certain tax credits, take certain tax deductions and make it harder for people to file individual and corporate taxes. Additionally, without many of its rules, taxpayers wishing to register their motor vehicles and receive their driver licenses may have a more difficult time. The fiscal impact to this provision is unknown but could be substantial.

Having to resubmit all rules with new paperwork may require DOR to need an additional FTE to handle the processing, filing and tracking of the rules.

Section 536.185 Approval of the Governor

This section would require state agencies to submit with their rule paperwork a letter of approval of the rule from the Governor's Office with their proposed rulemaking paperwork. DOR notes this is already a requirement to file proposed rulemaking paperwork, so no additional impact is expected from this provision.

Officials from the **Missouri Department of Agriculture (MDA)** state the fiscal impact of this legislation is unknown. With the legislature only available certain times of the year, this process

could hinder state agencies from being able to act quickly enough to protect the public. For example, within MDA this could be in the instance of animal disease outbreak or an unforeseen fuel safety issue.

Officials from **Department of Labor and Industrial Relations (DOLIR)** assume the proposal will have an indeterminable fiscal impact as a whole and may impact multiple funds. The bill adds a requirement for proposed rules to be approved by JCAR prior to filing a final proposed rule with the SOS. It also appears that this would apply to proposed rule changes. As all state agencies are covered by this bill, this could significantly impact the amount of time it takes for a proposed rule to be finalized, especially if JCAR chooses to hold hearings on certain rules. Also, some rules which the agency deems necessary could be outright denied approval by JCAR. In the event that a rule is being proposed to meet a federal program requirement, conformity concerns could be raised by the federal government. Denial or conformity concerns could have unknown impacts dependent upon the bill. This greatly changes the dynamics of finalizing proposed rules.

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Department of Public Safety (Division of Alcohol and Tobacco Control, Capitol Police, Fire Safety, Office of the Director, Missouri Gaming Commission, and Missouri Highway Patrol)** each assume the proposal will have no fiscal impact on their respective organizations. However, each division notes this legislation will delay the rulemaking process, increase administrative burden, and could have significant impacts on the public service responsibilities of their respective divisions.

Oversight assumes there could be costs to state agencies to promulgate rules in a shorter time frame (rulemaking could only take place during legislative session). Therefore, Oversight assumes a \$0 to unknown cost to state agencies for additional staff.

Additionally, **Oversight** assumes there could be an impact to general revenue, various state funds and local political subdivisions if rules are not passed timely due to the shorter timeframe (or as a result of emergency events occurring outside of the legislative session).

Officials from the **Office of the Governor (GOV)** state this bill adds to the Governor's current load of duties. Individually, additional requirements should not fiscally impact the GOV. However, the cumulative impact of additional duties across all enacted legislation may require additional resources for the GOV.

Oversight has no information to the contrary. Therefore, Oversight will present no fiscal impact for the GOV for this proposal.

Officials from the **Missouri House of Representatives (MHR)** state no fiscal impact, assuming any action needed by the General Assembly will take place during the normal session time period.

Oversight has no information to the contrary. Therefore, Oversight will present no fiscal impact for the MHR for this proposal.

Officials from the **Office of the State Courts Administrator, Office of Administration (Commissioner's Office, Budget and Planning, Administrative Hearing Commission), Department of Commerce and Insurance, Department of Economic Development, Department of Elementary and Secondary Education, Department of Higher Education and Workforce Development, Department of Health and Senior Services, Department of Natural Resources, Department of Natural Resources, Department of Corrections, Department of Public Safety (Missouri Veterans Commission and State Emergency Management Agency), Department of Social Services, Missouri Department of Conservation, Missouri Ethics Commission, Missouri Department of Transportation, Missouri National Guard, MoDOT & Patrol Employees' Retirement System, Office of Administration, Petroleum Storage Tank Insurance Fund, Office of the State Public Defender, Office of the State Treasurer, University of Missouri Systems, Oversight Division, Missouri Senate, Missouri Lottery Commission, Missouri Consolidated Health Care Plan, Missouri State Employee's Retirement System, and State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 \$5,000. 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 its 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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost</u> - (\$536.180) Reduced rulemaking timeframe requiring additional FTE p.5	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Revenue Loss</u> - (\$536.180) Loss of funds due to reduced rulemaking timeframe p.5	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
VARIOUS STATE FUNDS			
<u>Revenue Loss</u> - (\$536.180) Loss of funds due to reduced rulemaking timeframe p.5	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Loss</u> - (\$536.180) Loss of funds due to reduced rulemaking timeframe p.5	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT LOCAL POLITICAL SUBDIVISIONS	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL IMPACT – Small Business

This proposal could have an impact on small businesses.

FISCAL DESCRIPTION

This bill creates a new process for proposed administrative rules with a fiscal note that estimates costs to the government, individuals, or businesses exceeding \$250,000. The State agency filing the notice of proposed rulemaking must file notification of the rule with the Joint Committee on Administrative Rules (JCAR). Hearings may be held by JCAR on any proposed rule at any time, and a final order of rulemaking will not be filed with the Secretary of State until at least 30 days after it has been received by JCAR.

Rules that require notification be sent to JCAR under this bill will not become effective unless the requirements of the bill are satisfied, including that the General Assembly passes a concurrent resolution to approve the rule, and either the Governor signs the resolution or the Governor vetoes it and the General Assembly overrides the veto. Rules not made in accordance with the provisions of this bill will be null, void, and unenforceable, except rules required to conform with Federal law or to receive Federal funding or emergency rules.

The Secretary of State will publish approved rules in the Missouri Register as soon as practicable, along with the notice of the proposed rules or portions of the notice of proposed rules that were approved by the General Assembly.

The bill prohibits any State agency from filing any notice of proposed rulemaking unless they receive and include written approval by the Governor.

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

Attorney General's Office
Office of Administration - Administrative Hearing Commission
Department of Commerce and Insurance
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
 Division of Alcohol and Tobacco Control
 Capitol Police
 Fire Safety

Office of the Director
Missouri Gaming Commission
Missouri Highway Patrol
Missouri Veterans Commission
State Emergency Management Agency
Department of Social Services
Office of the Governor
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri Department of Transportation
Missouri National Guard
MoDOT & Patrol Employees' Retirement System
Office of Administration
Petroleum Storage Tank Insurance Fund
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
University of Missouri System
Missouri House of Representatives
Joint Committee on Administrative Rules
Oversight Division
Missouri Senate
Missouri Lottery Commission
Missouri Consolidated Health Care Plan
Missouri State Employee's Retirement System
Office of the State Courts Administrator
State Tax Commission



Julie Morff
Director
March 3, 2026



Jessica Harris
Assistant Director
March 3, 2026