

2023 Kansas Statutes

77-416. Filing rules and regulations; numbering; citation of statutory authority; economic impact statement; review of economic impact statement by director of the budget;

environmental benefit and economic impact statement; audit by legislative post audit. (a) Every state agency shall file with the secretary of state every rule and regulation adopted by it and every amendment and revocation thereof in the manner prescribed by the secretary of state. Each rule and regulation shall include a citation to the statutory section or sections being implemented or interpreted and a citation of the authority pursuant to which it, or any part thereof, was adopted. Every rule and regulation filed in the office of the secretary of state shall be accompanied by a copy of the economic impact statement required by subsection (b) and a copy of the environmental benefit statement if required by subsection (d). A copy of any document adopted by reference in a rule and regulation shall be available from the state agency that adopted the rule and regulation upon request by any person interested therein. The state agency, under the direction of the secretary of state, shall number each section with a distinguishing number and, in making a compilation of the rules and regulations, the sections shall be arranged in numerical order. A decimal system of numbering shall be prohibited.

(b) (1) At the time of drafting a proposed rule and regulation or amendment to an existing rule and regulation, the state agency shall consider the economic impact of the proposed rule and regulation. The state agency shall prepare an economic impact statement that shall include:

(A) An analysis, brief description, and cost and benefit quantification of the proposed rules and regulations and what is intended to be accomplished by their adoption. If the approach chosen by the Kansas agency to address the policy issue is different from that utilized by agencies of contiguous states or of the federal government, the economic impact statement shall include an explanation of why the Kansas agency's rule and regulation differs;

(B) whether the proposed rule and regulation is mandated by federal law as a requirement for participating in or implementing a federally subsidized or assisted program and whether the proposed rules and regulations exceed the requirements of applicable federal law;

(C) an analysis specifically addressing the following factors:

(i) The extent to which the rule and regulation will enhance or restrict business activities and growth;

(ii) the economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, business sectors, public utility ratepayers, individuals and local governmental units that will be affected by the proposed rule and regulation and on the state economy as a whole;

(iii) the businesses that would be directly affected by the proposed rule and regulation;

(iv) the benefits of the proposed rule and regulation compared to the cost;

(v) measures taken by the agency to minimize the cost and impact of the proposed rule and regulation on business and economic development within the state of Kansas, local government and individuals; and

(vi) an estimate of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to businesses, local governmental units or members of the public and a determination of whether those costs will exceed \$1,000,000 over any two-year period from the effective date of this act through June 30, 2024, or exceed \$3,000,000 over any two-year period on and after July 1, 2024.

(2) The state agency shall consult with the league of Kansas municipalities, Kansas association of counties and the Kansas association of school boards, as appropriate, when preparing the economic impact statement of a proposed rule and regulation which increases or decreases revenues of cities, counties or school districts or imposes functions or responsibilities on cities, counties or school districts that will increase their expenditures or fiscal liability. The agency shall consult and solicit information from businesses, business associations, local governmental units, state

agencies or institutions and members of the public that may be affected by the proposed rule and regulation or that may provide relevant information.

(3) As required pursuant to the provisions of K.S.A. 77-420(d), and amendments thereto, the state agency shall reevaluate and, when necessary, update the economic impact statement when directed to do so by the director of the budget and, if approved by the director of the budget, shall submit the revised economic impact statement at the time of filing a rule and regulation with the secretary of state. If a public hearing was held prior to the adoption of the rule and regulation, a state agency at the time of filing a rule and regulation with the secretary of state shall include as a part of the economic impact statement a statement specifying the time and place at which the hearing was held and the attendance at the hearing. A copy of the current economic impact statement shall be available from the state agency upon request by any party interested therein.

(4) The implementation and compliance costs determined under subsection (b)(1)(C)(vi) shall be those additional costs reasonably expected to be incurred and shall be separately identified for the affected businesses, local governmental units and members of the public. In determining total additional costs of such proposed rules and regulations, the state agency shall not account for any actual or estimated cost savings that may be realized by the implementing state agency, local government or by members of the public.

(c) Pursuant to the provisions of K.S.A. 77-420, and amendments thereto, the director of the budget shall review the economic impact statement prepared by any state agency and shall prepare a supplemental or revised statement and an independent analysis by the director of the budget of the cost and the factors as set forth in subsection (b)(1)(A) and (C) and subsection (e). If possible, the supplemental or revised statement shall include a reliable estimate in dollars of the anticipated change in revenues and expenditures of the state. It also shall include a statement, if determinable or reasonably foreseeable, of the immediate and long-range economic impact of the rule and regulation upon persons subject thereto, small employers and the general public. If, after careful investigation, it is determined that no dollar estimate is possible, the statement shall set forth the reasons why no dollar estimate can be given. Every state agency is directed to cooperate with the division of the budget in the preparation of any statement pursuant to this subsection when, and to the extent, requested by the director of the budget. The director of the budget shall follow the procedures set forth in K.S.A. 77-420, and amendments thereto, in evaluating and accepting or rejecting the proposed rule and regulation. No agency shall submit a rule and regulation to the secretary of state for filing before receiving the approval of the director of the budget as provided in this subsection and K.S.A. 77-420, and amendments thereto.

(d) At the time of drafting a proposed environmental rule and regulation or amendment to an existing environmental rule and regulation, the state agency shall consider the environmental benefit of such proposed rule and regulation or amendment. Prior to giving notice of a hearing on a proposed rule and regulation, the state agency shall prepare an environmental benefit statement that shall include a description of the need for and the environmental benefits that will likely accrue as the result of the proposed rule and regulation or amendment. The description shall summarize, when applicable, research indicating the level of risk to the public health or the environment being removed or controlled by the proposed rule and regulation or amendment. When specific contaminants are to be controlled by the proposed rule and regulation or amendment, the description shall indicate the level at which the contaminants are considered harmful according to currently available research. The state agency may consult with other state agencies when preparing the environmental benefit statement. The state agency shall reevaluate and, when necessary, update the statement at the time of filing a rule and regulation with the secretary of state. A copy of the current environmental benefit statement shall be available from the state agency upon request by any party interested therein.

(e) In addition to the requirements of subsection (b), the economic impact statement for all environmental rules and regulations shall include:

(1) A description of the capital and annual costs of compliance with the proposed rules and regulations, and the persons who will bear those costs;

(2) a description of the initial and annual costs of implementing and enforcing the proposed rules and regulations, including the estimated amount of paperwork, and the state agencies, other governmental agencies or other persons or entities who will bear the costs;

(3) a description of the costs that would likely accrue if the proposed rules and regulations are not adopted, the persons who will bear the costs and those who will be affected by the failure to adopt the rules and regulations; and

(4) a detailed statement of the data and methodology used in estimating the costs used in the statement.

(f) In 2026, the legislative post audit committee shall direct the legislative division of post audit to conduct an audit to study:

(1) The accuracy of economic impact statements submitted by state agencies pursuant to this section for the immediately preceding seven years;

(2) the impact the review by the director of the budget has had on the accuracy of economic impact statements submitted by state agencies pursuant to this section; and

(3) whether the \$1,000,000 or \$3,000,000 cost figure is the appropriate amount of economic impact to trigger the hearing procedure required by K.S.A. 77-420(a), and amendments thereto.

History: L. 1965, ch. 506, § 2; L. 1976, ch. 415, § 1; L. 1977, ch. 321, § 2; L. 1979, ch. 304, § 1; L. 1980, ch. 304, § 1; L. 1981, ch. 366, § 1; L. 1982, ch. 386, § 2; L. 1983, ch. 307, § 2; L. 1984, ch. 346, § 1; L. 1988, ch. 366, § 29; L. 1994, ch. 232, § 4; L. 1995, ch. 171, § 2; L. 2001, ch. 11, § 1; L. 2008, ch. 25, § 2; L. 2010, ch. 95, § 4; L. 2018, ch. 117, § 1; L. 2022, ch. 61, § 2; April 28.