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BILL ANALYSIS

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Senate Bill 435 (as introduced 4-2-09)  
Sponsor: Senator John Pappageorge  
Committee: Economic Development and Regulatory Reform

Date Completed: 6-2-09

### **CONTENT**

**The bill would amend the Administrative Procedures Act to do all of the following:**

- **Require an agency's annual regulatory plan to identify all existing rules promulgated by the agency and whether those rules should be continued, changed, or rescinded.**
- **Require agencies and legislative committees to review rules periodically to assess their impact on small businesses since the rules took effect.**
- **Specify factors that would have to be included in the periodic review of rules.**

#### Annual Regulatory Review Plan

The Act requires each agency to prepare an annual regulatory plan that reviews the agency's rules. In completing the plan, an agency must identify the rules it reasonably expects to process in the next year, the mandatory statutory rule authority it has not exercised, and the rules it expects to rescind in the next year. The bill would require the plan also to include all existing rules promulgated by the agency and whether those rules should be continued, changed, or rescinded considering their statutory and public policy purpose.

#### Periodic Review for Effect on Small Business

Under the bill, within five years after the effective date of any new rules promulgated by an agency after the bill's effective date, or within four years after the bill's effective date for rules in effect on that date, an agency and the appropriate standing committees of the Senate and the House of Representatives having jurisdiction over the subject matter would have to review each set of rules to determine whether there was any increased impact on small businesses since the effective date of those rules.

After the first review of new or existing rules, the agency and the appropriate Senate and House standing committees would have to review rules on the five-year anniversary of the initial review and every five years after that.

The review would have to include all of the following:

- The continued need for the rules.
- The nature of any complaints or comments received from the public concerning the rules.

- The complexity of complying with the rules.
- The extent to which the rules conflicted with or duplicated similar rules or regulations adopted by the Federal government or local units of government.
- The date of the last evaluation of the rules and the degree, if any, to which technology, economic conditions, or other factors had changed regulatory activity covered by the rules.

MCL 24.253

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill would increase the costs of State government due to the expanded annual review of rules that would be required of each State agency and the proposed review every five years of the impact of the rules on small businesses and other regulatory issues. These reviews would require additional staff effort by State agencies and the State Office of Administrative Hearings and Rules (SOAHR) within the Department of Energy, Labor, and Economic Growth. The amount of additional cost is unknown. The costs of SOAHR are billed back to departments through interdepartmental grants.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.