



**House Committee on Federal and State Affairs
Neutral Testimony on HB 2411
Presented by Eric Stafford, Vice President of Government Affairs**

Thursday, January 23, 2020

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber represents small, medium and large businesses of all industry segments across the state. We appreciate the opportunity to testify as neutral with concerns to House Bill 2411.

In 2018, the Kansas Chamber along with other industry associations supported the passage of House Bill 2280 that was ultimately signed into law by Governor Colyer. The Chamber first testified on HB 2526, offering a substantial amendment based on Wisconsin's REINS (Regulations from the Executive in Need of Scrutiny) Act. That led the committee to look further into this subject and ultimately draft a bill that placed stronger requirements on state agencies to weigh the impact of the regulations they were seeking to implement on business and industry.

HB 2280 had strong bipartisan support, as both parties agree that excessive regulation from the executive branch risks the balance of power between the Executive and Legislative branches of government. Specifically, HB 2280 added stronger requirements on the economic impact statements from state agencies on impacted industries as Kansas agencies were loosely following prior to the passage of HB 2280.

HB 2280 required that state agencies reach out to trade associations, businesses, local government units, etc., who would be impacted by these regulations. Agencies were also required to review whether the proposed rule is mandated by the federal government, and if this approach taken by Kansas is different from that utilized by agencies in our surrounding states or federal government and if so, why the Kansas agency rule differs, and whether costs incurred by impacted parties would exceed \$3,000,000 over any two-year period.

Since then we've been informed that these new requirements are placing additional work on the Budget Director's office. HB 2280 required the budget office to review the economic impact statements from state agencies.

Our specific concerns with changes included in HB 2411 are as follows:

On page 4, lines 38-43, the independent determination of the amount of implementation and compliance costs by the budget director is being eliminated. One possible change to this section would be to clarify a requirement for an independent analysis of those regulations which exceed the \$3,000,000 over two-year period.

Ideally, our recommendation would be for the Legislature to approve of any regulation which exceed this financial impact threshold. Just last year, the business community was facing a fee increase from a state agency that could have been an increase of \$4 million annually. Through discussions with that agency, a solution was reached that resulted in a significant reduction in those fees (although still an increase), but had the agency ignored concerns from the industries impacted, there is very little that could be done to stop such a significant increase. Therefore, having an independent approval process through the legislature serves as a balancing act between equal branches of government.

We do not have as much concern over the budget director eliminating his approval for regulations which do not exceed the \$3,000,000 over two-year period threshold. However, page 5, line 29 of the bill dealing with federal mandates, we would object to this change. Whether it comes from the state or federal government, a blanket exemption from independent review and accountability by state agencies on regulations that meet that threshold is not acceptable in our view.

Ultimately, we are willing to sit down and work with the office of the Budget Director over their concerns. But the intent of the law passed in 2018 was to hold agencies more accountable for their regulations that have a significant economic impact on businesses and industries in our state.

At that time, it was determined that the budget director would serve as the independent reviewer to ensure agencies were in fact following the law and publishing accurate and thorough economic impact statements and that there would be accountability for costly regulations on individuals and businesses in Kansa. That was and continues to be our goal. Our goal is not to burden and slow down government's operation through unnecessary paperwork. Surely we can find a reasonable solution that protects the integrity of HB 2280 from 2018.

We appreciate the opportunity to testify neutral on HB 2411, and I am happy to answer any questions at the appropriate time.