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Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Agency Regulations - Economic Impact on Small Businesses**

3 FOR the purpose of requiring the Department of Fiscal Services to prepare an economic
4 impact analysis rating and an economic impact analysis concerning the effect of
5 certain regulations on small businesses under certain circumstances; requiring
6 certain agencies of the executive branch of State government to prepare an
7 economic impact analysis rating and an economic impact analysis under certain
8 circumstances; specifying the circumstances and procedures applicable to the
9 preparation and transmittal of economic impact analysis ratings and economic
10 impact analyses; specifying the legal effect of an economic impact analysis rating
11 and an economic impact analysis; requiring the Department of Fiscal Services to
12 keep copies of economic impact analysis ratings and economic impact analyses for a
13 certain period of time; providing that copies of economic impact analysis ratings and
14 economic impact analyses be reasonably available for public inspection; providing
15 that economic impact analysis ratings and economic impact analyses must be
16 published in the Maryland Register at a certain time; defining certain terms;
17 requiring a unit of the State or local government to provide certain information
18 upon a certain request; providing for a certain effective date; and generally relating
19 to the establishment of certain requirements to assess the economic impact of
20 certain regulations on small businesses.

21 BY adding to

22 Article - State Government
23 Section 2-1505.2
24 Annotated Code of Maryland
25 (1995 Replacement Volume)

26 Preamble

27 WHEREAS, Small business has always been an important component of the
28 Maryland economy; and

29 WHEREAS, The importance of small business as a generator of jobs is even greater
30 in today's highly competitive and entrepreneurial driven global economy; and

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1 WHEREAS, Regulations often impose a disproportionate financial burden on small
2 business; and

3 WHEREAS, There is a need for a more systematic and consistent means for
4 evaluating the impact of regulations promulgated by executive agencies on the operation
5 and growth of small business; now, therefore,

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
7 MARYLAND, That the Laws of Maryland read as follows:

8 **Article - State Government**

9 2-1505.2.

10 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
11 INDICATED.

12 (2) "COMMITTEE" MEANS THE JOINT COMMITTEE ON ADMINISTRATIVE,
13 EXECUTIVE, AND LEGISLATIVE REVIEW.

14 (3) "ECONOMIC IMPACT ANALYSIS" MEANS AN ESTIMATE OF THE COST
15 OR THE ECONOMIC BENEFIT TO SMALL BUSINESSES THAT MAY BE AFFECTED BY A
16 REGULATION PROPOSED BY AN AGENCY PURSUANT TO TITLE 10, SUBTITLE 1 OF
17 THIS ARTICLE.

18 (4) "ECONOMIC IMPACT ANALYSIS RATING" MEANS AN ESTIMATE THAT
19 A PROPOSED BILL WILL HAVE:

20 (I) MINIMAL OR NO ECONOMIC IMPACT ON SMALL BUSINESSES;
21 OR

22 (II) MEANINGFUL ECONOMIC IMPACT ON SMALL BUSINESSES.

23 (5) "SMALL BUSINESS" MEANS A CORPORATION, PARTNERSHIP, SOLE
24 PROPRIETORSHIP, OR OTHER BUSINESS ENTITY, INCLUDING ITS AFFILIATES, THAT:

25 (I) IS INDEPENDENTLY OWNED AND OPERATED;

26 (II) IS NOT DOMINANT IN ITS FIELD; AND

27 (III) EMPLOYS 50 OR FEWER FULL-TIME EMPLOYEES.

28 (B) (1) ON AND AFTER OCTOBER 1, 1996, AN ECONOMIC IMPACT ANALYSIS
29 RATING AND AN ECONOMIC IMPACT ANALYSIS, AS APPROPRIATE, SHALL BE
30 PREPARED BY THE APPROPRIATE EXECUTIVE BRANCH AGENCY FOR EACH
31 REGULATION THAT THE AGENCY PROPOSES FOR ADOPTION PURSUANT TO TITLE 10,
32 SUBTITLE 1 OF THIS ARTICLE.

33 (2) A COPY OF THE ECONOMIC IMPACT ANALYSIS RATING AND THE
34 ECONOMIC IMPACT ANALYSIS REQUIRED UNDER THIS SUBSECTION SHALL BE
35 SUBMITTED BY THE APPROPRIATE AGENCY:

36 (I) TO THE DEPARTMENT OF FISCAL SERVICES NO LATER THAN
37 THE TIME THE AGENCY SUBMITS THE REGULATION TO THE COMMITTEE TO ALLOW

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1 THE DEPARTMENT OF FISCAL SERVICES TO COMMENT ON THE ECONOMIC IMPACT
2 ANALYSIS RATING AND THE ECONOMIC IMPACT ANALYSIS; AND

3 (II) TO THE COMMITTEE AT THE TIME THE AGENCY SUBMITS THE
4 REGULATION TO THE COMMITTEE.

5 (C) (1) IF THE APPROPRIATE EXECUTIVE BRANCH AGENCY OR THE
6 DEPARTMENT OF FISCAL SERVICES DETERMINES THAT A REGULATION WILL HAVE
7 MINIMAL OR NO ECONOMIC IMPACT ON SMALL BUSINESSES, THE AGENCY OR
8 DEPARTMENT OF FISCAL SERVICES SHALL INDICATE THAT DETERMINATION BY A
9 BRIEF WRITTEN STATEMENT.

10 (2) IF THE APPROPRIATE EXECUTIVE BRANCH AGENCY OR THE
11 DEPARTMENT OF FISCAL SERVICES DETERMINES THAT A REGULATION WILL HAVE
12 A MEANINGFUL ECONOMIC IMPACT ON SMALL BUSINESSES, THE AGENCY OR
13 DEPARTMENT OF FISCAL SERVICES SHALL DEVELOP A COMPLETE WRITTEN
14 ECONOMIC IMPACT ANALYSIS.

15 (3) (I) IF THE APPROPRIATE EXECUTIVE BRANCH AGENCY OR THE
16 DEPARTMENT OF FISCAL SERVICES DETERMINES THAT A REGULATION WILL HAVE
17 A MEANINGFUL ECONOMIC IMPACT ON SMALL BUSINESSES AND IS UNABLE TO
18 PROVIDE A COMPLETE WRITTEN ECONOMIC IMPACT ANALYSIS, THE AGENCY OR
19 DEPARTMENT OF FISCAL SERVICES SHALL PROVIDE A WRITTEN EXPLANATION OF
20 WHY THE AGENCY DETERMINED THAT THE REGULATION WILL HAVE A
21 MEANINGFUL ECONOMIC IMPACT.

22 (II) THE EXPLANATION MAY IDENTIFY THE IMPACT IN GENERAL
23 TERMS AND NEED NOT QUANTIFY THE SPECIFIC ECONOMIC IMPACT.

24 (D) THE ECONOMIC IMPACT ANALYSIS RATING AND THE ECONOMIC IMPACT
25 ANALYSIS REQUIRED UNDER THIS SECTION SHALL INCLUDE ESTIMATES DIRECTLY
26 RELATING TO THE FOLLOWING FACTORS, AS APPROPRIATE:

27 (1) COST OF PROVIDING GOODS AND SERVICES;

28 (2) EFFECT ON THE WORKFORCE;

29 (3) EFFECT ON THE COST OF HOUSING;

30 (4) EFFICIENCY IN PRODUCTION AND MARKETING;

31 (5) CAPITAL INVESTMENT, TAXATION, COMPETITION, AND ECONOMIC
32 DEVELOPMENT; AND

33 (6) CONSUMER CHOICE.

34 (E) (1) THE EXECUTIVE BRANCH AGENCY OR THE DEPARTMENT OF FISCAL
35 SERVICES PREPARING THE ECONOMIC IMPACT ANALYSIS RATING AND THE
36 ECONOMIC IMPACT ANALYSIS REQUIRED UNDER THIS SECTION SHALL CONSULT
37 WITH, AS APPROPRIATE:

38 (I) OTHER UNITS OF STATE GOVERNMENT;

39 (II) UNITS OF LOCAL GOVERNMENT; AND

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1 (III) BUSINESS, TRADE, CONSUMER, LABOR, AND OTHER GROUPS
2 IMPACTED BY OR HAVING AN INTEREST IN THE REGULATION.

3 (2) ON REQUEST OF THE DIRECTOR OF THE DEPARTMENT OF FISCAL
4 SERVICES, A UNIT OF THE STATE OR A LOCAL GOVERNMENT SHALL PROVIDE THE
5 DEPARTMENT OF FISCAL SERVICES WITH ASSISTANCE OR INFORMATION IN THE
6 PREPARATION OF AN ECONOMIC IMPACT ANALYSIS RATING AND ECONOMIC
7 IMPACT ANALYSIS.

8 (F) THE DEPARTMENT OF FISCAL SERVICES SHALL:

9 (1) COMMENT ON THE ECONOMIC IMPACT ANALYSIS RATING AND
10 ECONOMIC IMPACT ANALYSIS PREPARED BY THE APPROPRIATE EXECUTIVE
11 BRANCH AGENCY; AND

12 (2) TRANSMIT ITS COMMENT TO THE COMMITTEE.

13 (G) THE DEPARTMENT OF FISCAL SERVICES SHALL REVISE THE ECONOMIC
14 IMPACT ANALYSIS RATING AND ECONOMIC IMPACT ANALYSIS CONSISTENT WITH AN
15 AMENDED VERSION OF A REGULATION.

16 (H) (1) THE DEPARTMENT OF FISCAL SERVICES SHALL KEEP A COPY OF
17 EACH ECONOMIC IMPACT ANALYSIS RATING AND ECONOMIC IMPACT ANALYSIS FOR
18 3 YEARS AFTER PREPARATION OF THE RATING OR THE ANALYSIS.

19 (2) THE COPIES SHALL BE REASONABLY AVAILABLE FOR PUBLIC
20 INSPECTION.

21 (I) ECONOMIC IMPACT ANALYSIS RATINGS AND ECONOMIC IMPACT
22 ANALYSES SHALL BE PUBLISHED IN THE MARYLAND REGISTER AT THE SAME TIME
23 AS:

24 (1) A NOTICE OF PROPOSED ADOPTION OF A REGULATION IS
25 PUBLISHED IN THE MARYLAND REGISTER; OR

26 (2) A NOTICE OF EMERGENCY ADOPTION FOR A REGULATION IS
27 PUBLISHED IN THE MARYLAND REGISTER.

28 (J) THE VALIDITY OF AN ENACTMENT OF A REGULATION IS NOT AFFECTED
29 BY THE PRESENCE, ABSENCE, OR CONTENT OF AN ECONOMIC IMPACT ANALYSIS
30 RATING OR AN ECONOMIC IMPACT ANALYSIS.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 July 1, 1996.