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Introduced and read first time: February 12, 1996
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 20, 1996

CHAPTER _____

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

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1 (1995 Replacement Volume)

2 Preamble

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

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

7 WHEREAS, Regulations often impose a disproportionate financial burden on small
8 business; and

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

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

14 **Article - State Government**

15 2-1505.2.

16 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
17 INDICATED.

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

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

24 (4) "ECONOMIC IMPACT ANALYSIS RATING" MEANS AN ESTIMATE THAT
25 A PROPOSED ~~BILL~~ REGULATION WILL HAVE:

26 (I) MINIMAL OR NO ECONOMIC IMPACT ON SMALL BUSINESSES;
27 OR

28 (II) MEANINGFUL ECONOMIC IMPACT ON SMALL BUSINESSES.

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

31 (I) IS INDEPENDENTLY OWNED AND OPERATED;

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

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

34 (B) (1) ON AND AFTER OCTOBER 1, 1996, AN ECONOMIC IMPACT ANALYSIS
35 RATING AND AN ECONOMIC IMPACT ANALYSIS, AS APPROPRIATE, SHALL BE
36 PREPARED BY THE APPROPRIATE EXECUTIVE BRANCH AGENCY FOR EACH

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1 REGULATION THAT THE AGENCY PROPOSES FOR ADOPTION PURSUANT TO TITLE 10,
2 SUBTITLE 1 OF THIS ARTICLE.

3 (2) A COPY OF THE ECONOMIC IMPACT ANALYSIS RATING AND THE
4 ECONOMIC IMPACT ANALYSIS REQUIRED UNDER THIS SUBSECTION SHALL BE
5 SUBMITTED BY THE APPROPRIATE AGENCY:

6 (I) TO THE DEPARTMENT OF FISCAL SERVICES NO LATER THAN
7 THE TIME THE AGENCY SUBMITS THE REGULATION TO THE COMMITTEE TO ALLOW
8 THE DEPARTMENT OF FISCAL SERVICES TO COMMENT ON THE ECONOMIC IMPACT
9 ANALYSIS RATING AND THE ECONOMIC IMPACT ANALYSIS; AND

10 (II) TO THE COMMITTEE AT THE TIME THE AGENCY SUBMITS THE
11 REGULATION TO THE COMMITTEE.

12 (C) (1) IF THE APPROPRIATE EXECUTIVE BRANCH AGENCY OR THE
13 DEPARTMENT OF FISCAL SERVICES DETERMINES THAT A REGULATION WILL HAVE
14 MINIMAL OR NO ECONOMIC IMPACT ON SMALL BUSINESSES, THE AGENCY OR
15 DEPARTMENT OF FISCAL SERVICES SHALL INDICATE THAT DETERMINATION BY A
16 BRIEF WRITTEN STATEMENT.

17 (2) IF THE APPROPRIATE EXECUTIVE BRANCH AGENCY OR THE
18 DEPARTMENT OF FISCAL SERVICES DETERMINES THAT A REGULATION WILL HAVE
19 A MEANINGFUL ECONOMIC IMPACT ON SMALL BUSINESSES, THE AGENCY OR
20 DEPARTMENT OF FISCAL SERVICES SHALL DEVELOP A COMPLETE WRITTEN
21 ECONOMIC IMPACT ANALYSIS.

22 (3) (I) IF THE APPROPRIATE EXECUTIVE BRANCH AGENCY OR THE
23 DEPARTMENT OF FISCAL SERVICES DETERMINES THAT A REGULATION WILL HAVE
24 A MEANINGFUL ECONOMIC IMPACT ON SMALL BUSINESSES AND IS UNABLE TO
25 PROVIDE A COMPLETE WRITTEN ECONOMIC IMPACT ANALYSIS, THE AGENCY OR
26 DEPARTMENT OF FISCAL SERVICES SHALL PROVIDE A WRITTEN EXPLANATION OF
27 WHY THE AGENCY DETERMINED THAT THE REGULATION WILL HAVE A
28 MEANINGFUL ECONOMIC IMPACT.

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

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

34 (1) COST OF PROVIDING GOODS AND SERVICES;

35 (2) EFFECT ON THE WORKFORCE;

36 (3) EFFECT ON THE COST OF HOUSING;

37 (4) EFFICIENCY IN PRODUCTION AND MARKETING;

38 (5) CAPITAL INVESTMENT, TAXATION, COMPETITION, AND ECONOMIC
39 DEVELOPMENT; AND

4

1 (6) CONSUMER CHOICE.

2 (E) (1) THE EXECUTIVE BRANCH AGENCY OR THE DEPARTMENT OF FISCAL
3 SERVICES PREPARING THE ECONOMIC IMPACT ANALYSIS RATING AND THE
4 ECONOMIC IMPACT ANALYSIS REQUIRED UNDER THIS SECTION SHALL CONSULT
5 WITH, AS APPROPRIATE:

6 (I) OTHER UNITS OF STATE GOVERNMENT;

7 (II) UNITS OF LOCAL GOVERNMENT; AND

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

10 (2) ON REQUEST OF THE DIRECTOR OF THE DEPARTMENT OF FISCAL
11 SERVICES, A UNIT OF THE STATE OR A LOCAL GOVERNMENT SHALL PROVIDE THE
12 DEPARTMENT OF FISCAL SERVICES WITH ASSISTANCE OR INFORMATION IN THE
13 PREPARATION OF AN ECONOMIC IMPACT ANALYSIS RATING AND ECONOMIC
14 IMPACT ANALYSIS.

15 (F) THE DEPARTMENT OF FISCAL SERVICES SHALL:

16 (1) COMMENT ON THE ECONOMIC IMPACT ANALYSIS RATING AND
17 ECONOMIC IMPACT ANALYSIS PREPARED BY THE APPROPRIATE EXECUTIVE
18 BRANCH AGENCY; AND

19 (2) TRANSMIT ITS COMMENT TO THE COMMITTEE.

20 (G) THE DEPARTMENT OF FISCAL SERVICES SHALL REVISE THE ECONOMIC
21 IMPACT ANALYSIS RATING AND ECONOMIC IMPACT ANALYSIS CONSISTENT WITH AN
22 AMENDED VERSION OF A REGULATION.

23 (H) (1) THE DEPARTMENT OF FISCAL SERVICES SHALL KEEP A COPY OF
24 EACH ECONOMIC IMPACT ANALYSIS RATING AND ECONOMIC IMPACT ANALYSIS FOR
25 3 YEARS AFTER PREPARATION OF THE RATING OR THE ANALYSIS.

26 (2) THE COPIES SHALL BE REASONABLY AVAILABLE FOR PUBLIC
27 INSPECTION.

28 (I) ECONOMIC IMPACT ANALYSIS RATINGS AND ECONOMIC IMPACT
29 ANALYSES SHALL BE PUBLISHED IN THE MARYLAND REGISTER AT THE SAME TIME
30 AS:

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

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

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

5

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