

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**

House Bill 1223 (Delegate McClenahan, et al.)  
Economic Matters

---

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

---

This bill requires agencies in the executive branch to prepare an economic impact rating and an economic impact analysis on proposed agency regulations that would affect small businesses. The economic impact rating and/or analysis will be available to the Joint Committee on Administrative, Executive and Legislative Review (AELR) at the time the proposed regulation is submitted. The Department of Fiscal Services (DFS) is required to analyze the economic impact data submitted by the agencies and advise the AELR Committee.

---

**Fiscal Summary**

**State Effect:** This legislation will require additional analysis by the executive agencies and increase the workload of the agencies but should not, except in unusual circumstances, require additional funds. There would be a slight increase in printing costs for the Division of State Documents (probably less than \$2,000) that could be absorbed within the existing budget for printing. The Department of Fiscal Services can undertake its review of agency economic impact information within existing resources.

**Local Effect:** Local governments can be requested to furnish information to assist in preparing the economic impact statements, but this should not have any meaningful impact on local expenditures.

---

**Fiscal Analysis**

**State Effect:** Under current law agencies are required to submit fiscal impact statements with proposed regulations. The fiscal impact statements are reviewed by the Department of Fiscal Services and an analysis is furnished to the AELR Committee. Under current law agencies are required to submit economic impact ratings/analyses with respect to small business on departmental/administration legislation. The standards and criteria for the economic impact analysis for regulations is the same as for the existing standards and criteria for legislation.

Although executive agencies will have to undertake additional research and analysis when proposing regulations, this should not require additional funding except in unusual circumstances. The Department of Business and Economic Development (DBED) can serve as a resource for executive agencies. Information from the Governor's Office; DBED; the Department of Health and Mental Hygiene (DHMH); the Department of Labor, Licensing, and Regulation (DLLR); the Department of Transportation (DOT); and the Department of Natural Resources (DNR) indicate an impact on agency or agency workload but not a cost impact. DBED and DLLR did indicate on occasion some contractual assistance could be required. The Department of the Environment and the Maryland Insurance Administration indicated that additional staff and expenses would be required but these estimates appear substantially overstated. It is noted that executive agencies have not requested additional funds to implement the small business economic impact analysis for departmental and administration legislation. The Division of State Documents advises that including the economic impact rating/analyses in the Maryland Register could require an additional 78 pages a year at a cost of \$5,000. Based on the length of the economic impact rating/analyses being submitted for legislation, this appears overstated.

The Department of Fiscal Services can undertake its responsibilities for reviewing economic impact analyses without additional resources.

**Local Effect:** Local governments can be requested to furnish information to assist in preparing economic impact ratings/analyses on regulations. A similar requirement exists for economic impact ratings/analyses on legislation. This will require additional workload by local governments but should not have any meaningful impact on local expenditures.

---

**Information Source(s):** Governor's Office; Department of Business and Economic Development; Department of the Environment; Department of Health and Mental Hygiene; Department of Labor, Licensing, and Regulation; Department of Natural Resources; Department of Transportation; Maryland Insurance Administration; Division of State Documents

**Fiscal Note History:** First Reader - March 1, 1996

ncs

---

Analysis by: William S. Ratchford II  
Reviewed by: John Rixey

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 841-3710  
(301) 858-3710