

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

House Bill 16

(Delegate Arora, *et al.*)

Health and Government Operations

Education, Health, and Environmental Affairs

State Government - Administrative Procedure Act - Effective Date of Adopted
Regulations

This bill alters the effective date of nonemergency regulations adopted under the Administrative Procedure Act. Specifically, the bill establishes quarterly effective dates according to when the *notice of adoption* is published in the *Maryland Register*.

Fiscal Summary

State Effect: Potential fiscal and operational impact to State agencies due to delays in regulatory action. The extent of this impact cannot be reliably estimated at this time, as discussed below.

Local Effect: The bill does not directly affect local government operations or finances.

Small Business Effect: Any impact to small businesses in the State is expected to be minimal, as discussed below.

Analysis

Bill Summary: The bill specifies that, in general and except as otherwise specified in law, the effective date of a nonemergency regulation is (1) January 1 if the notice of adoption is published in the *Maryland Register* from September 1 through November 30; (2) April 1 if the notice of adoption is published from December 1 through February 29; (3) July 1 if the notice of adoption is published from March 1 through May 31; (4) October 1 if the notice of adoption is published from June 1 through August 31; (5) the tenth calendar day after the notice of adoption is published if the unit is required to adopt the proposed regulation by federal law; or (6) a later date that the notice sets.

In addition, the bill specifies that the effective date of a nonemergency regulation is the tenth calendar day after the notice of adoption is published if (1) the regulation relates to air quality standards; (2) the Department of Health and Mental Hygiene (DHMH) or the Department of Labor, Licensing, and Regulation (DLLR) is required by State law to adopt the regulation by a specified date within 12 months after the law's effective date; (3) the regulation relates to either the Maryland Medical Assistance Program or the implementation of federal health care reform; (4) DHMH finds that an earlier effective date is necessary to protect the health or safety of State residents; or (5) the regulation is adopted by the Department of Natural Resources (DNR).

Current Law: The Administrative Procedure Act sets forth the requirements for the review of regulations adopted by units of government under the jurisdiction of the Act, including requirements for notice, hearing, review, and publication. A "regulation" is a statement, amendment, or repeal of a statement that has general application and future effect. It is a statement adopted by a unit of government to detail or implement a law administered by the unit, or to govern its organization, procedures, and practices. A regulation may be in any form including a guideline, rule, standard, or statement of interpretation or policy. A regulation is not effective unless it is authorized by statute; therefore, it must contain a citation of the statutory authority for the regulation.

A unit of the Executive Branch that proposes a regulation must submit it for preliminary review by the Joint Committee on Administrative, Executive, and Legislative Review (AELR) at least 15 days before the proposed regulation is submitted for publication in the *Maryland Register*. The AELR Committee consists of 10 senators and 10 delegates and is charged by statute with the review of all regulations proposed by units of the Executive Branch.

A proposed regulation may not be adopted until after it is submitted to the AELR Committee and at least 45 days after its first publication in the *Maryland Register*. The unit must permit public comment on the proposed regulation for at least 30 days of the 45-day period after it is first published in the *Maryland Register*. If the AELR Committee determines that it cannot conduct an appropriate review within the 45-day time period and that additional time is needed, the committee can delay the adoption of the regulation by notifying the promulgating unit and the Division of State Documents before the expiration of the 45-day time period. If the promulgating unit is provided with this notice, the unit may not adopt the regulation until it notifies the committee in writing of its intention to adopt the regulation and provides the committee with a further period of review that terminates 30 days after the notice provided to the committee or 105 days after initial publication of the proposed regulation in the *Maryland Register*, whichever is later.

Failure by the AELR Committee to approve or disapprove the proposed regulation during the 45-day period of review may not be construed to mean that the AELR Committee approves or disapproves the proposed regulation. However, the unit may proceed with adoption of the proposed regulation if the AELR Committee has not taken action to either approve or disapprove it.

An Executive Branch unit may adopt a proposed regulation on an emergency basis if the unit declares that emergency adoption is necessary, the proposed regulation and its fiscal impact are submitted to the AELR Committee, and the AELR Committee approves the emergency adoption. A public hearing must be held on the emergency adoption of the proposed regulation if requested by a member of the AELR Committee. The Administrative Procedure Act also sets forth procedures that must be followed if the AELR Committee opposes adoption of a proposed regulation, and for the notice and publication of regulations once they are adopted.

In general, the effective date of a regulation is the tenth calendar day after the notice of adoption is published in the *Maryland Register* or a later date that the notice sets. The effective date of a regulation date after its emergency adoption is the date that the AELR Committee sets.

Background: In calendar 2012, the AELR Committee received 43 regulations submitted by executive agencies for emergency approval and 326 regulations for adoption within normal timeframes, for an overall total of 369 regulations. DHMH has consistently been the most prolific in submitting regulations to the committee. In 2012, DHMH submitted 112 regulations to the committee, which represented 31% of the total regulations received by the committee during the year.

DNR was the second-highest source of regulations in 2012, submitting 41 regulations during the year. DLLR was the third-highest source of regulations with 40 regulations submitted in 2012. Other agencies submitting significant numbers of regulations were the Maryland Department of Transportation (18 regulations) the State Board of Education (17 regulations), the Maryland Department of the Environment (MDE) (16 regulations), the Maryland Department of Agriculture (14 regulations), the Maryland Insurance Administration (13 regulations), the Department of Human Resources (12 regulations), and the Comptroller of Maryland (12 regulations).

California recently established quarterly effective dates for state regulations filed on or after January 1, 2013.

State Fiscal Effect: Some agencies have identified potential operational impacts of the bill due to potential delays in regulatory action. For example, MDE has advised that it often submits regulations that correspond to various seasons and that any delay would

create operational challenges. In addition, MDE and DLLR both cite a potential loss of revenues due to delayed implementation of regulations that impose or increase fees.

The Department of Legislative Services (DLS) notes the above concerns and advises that the bill may impact some State regulatory agencies fiscally and operationally – and is particularly likely to have a fiscal impact on agencies that set fees (such as DLLR and MDE). However, the extent of this impact depends on the content and timing of regulations that are proposed, and it cannot be reliably estimated at this time. DLS further notes that the ability of agencies to submit emergency regulations is unchanged by the bill; agencies may be able to minimize fiscal impacts of the bill by proposing more regulations on an emergency basis.

Small Business Effect: The quarterly effective dates established by the bill may benefit small businesses minimally by enabling them to better anticipate regulatory changes.

Several agencies advise that small businesses may be negatively impacted by delays in the implementation of certain regulations. However, DLS advises that the ability of agencies to submit emergency regulations is unchanged by the bill. Thus, any impact of the bill on small businesses is expected to be minimal.

Additional Information

Prior Introductions: None.

Cross File: SB 261 (Senator Young, *et al.*) - Education, Health, and Environmental Affairs.

Information Source(s): Maryland Department of Agriculture; Department of Business and Economic Development; Board of Public Works; Department of Budget and Management; Department of Natural Resources; Maryland Department of Planning; Maryland State Department of Education; Maryland Department of the Environment; Department of General Services; Maryland Higher Education Commission; Department of Disabilities; Department of Health and Mental Hygiene; Maryland Insurance Administration; Department of Juvenile Services; Maryland State Lottery and Gaming Control Agency; Department of Labor, Licensing, and Regulation; Maryland Energy Administration; Maryland Department of Aging; Maryland State Retirement Agency; Department of Public Safety and Correctional Services; Maryland Department of Transportation; Department of Veterans Affairs; Department of Legislative Services

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