

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1249S.01I  
Bill No.: SB 350  
Subject: Administrative Law; General Assembly  
Type: Original  
Date: February 23, 2025

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Bill Summary: This proposal requires the General Assembly to approve proposed administrative rules with a fiscal note over \$250,000.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

\*Oversight assumes the unknown impact could exceed \$250,000 annually.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Various State Funds*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

\*Oversight assumes the unknown impact could exceed \$250,000 annually.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Federal Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

\*Oversight assumes the unknown impact could exceed \$250,000 annually.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
General Revenue	0 or Unknown FTE	0 or Unknown FTE	0 or Unknown FTE
<b>Total Estimated Net Effect on FTE</b>	<b>0 or Unknown FTE</b>	<b>0 or Unknown FTE</b>	<b>0 or Unknown FTE</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Mental Health (DMH)** state this proposal adds section 536.180, requiring ratification by concurrent resolution by the general assembly of any state rulemaking with an expenditure of public funds more than \$250,000. The governor also must sign this concurrent resolution before the secretary of state may publish an order of rulemaking. The Department of Mental Health (DMH) has several concerns with this proposal. First, this ratification process will prolong an already lengthy process for promulgation of Code of State Regulations (CSRs). This process is lengthy for both new rules and amendment of existing rules, and the review and ratification process would apply to both types of promulgation. This would affect DMH's ability to administer existing programs as well as initiate new ones. Failure to ratify could require restarting the process of promulgation, including public comment and response, delaying service delivery. Typically funding for a program has already been appropriated prior to CSR promulgation, and adding this delay to the CSR process will delay the delivery of services as directed by the general assembly. Because the legislature must pass a concurrent resolution, such rulemaking could only take place during legislative session, or potentially a special session, for which the governor must set the agenda. Additionally, there does not appear to be a process to enact emergency rulemaking should such emergency rule be required. Finally, the department risks the loss of federal funding due to delay in implementation of required programs.

The potential impact for this legislation could be between \$0 and up to \$2.7 billion in FY26, FY27 and FY28. The impact may increase depending on if funding for a program was already appropriated prior to CSR promulgation and adding this delay to the CSR process will delay the delivery of services to their consumers as directed by the general assembly.

Officials from the **Department of Natural Resources** state 536.180 states, "Any state agency filing a notice of proposed rulemaking, as required by section 536.021, wherein the adoption, amendment, or rescission of the rule would require or result in an expenditure of public funds by or a reduction in public revenues for that agency or any other state agency in excess of two hundred fifty thousand dollars shall, in addition to the requirements of section 536.200, file notification with the joint committee on administrative rules of such proposed rule. A proposed rule subject to the provisions of this section shall not become effective unless and until the general assembly adopts a concurrent resolution in accordance with the provisions of Article IV, Section 8 of the Missouri Constitution to approve such proposed rule." This proposed legislation could have potentially adverse fiscal impacts to the department if rules necessary to maintain federal delegations of authority are delayed or not adopted by a concurrent resolution by the General Assembly to proceed.

Because state rules are largely based on federal regulations and cannot be less stringent than federal requirements, the proposed language may make it more difficult to fulfill federal obligations for state review and revision of the state environmental rules pursuant to the Clean Air Act, Resource Conservation and Recovery Act, Clean Water Act, and Safe Drinking Water Act. If the department is unable to meet federal regulatory requirements to maintain delegated authority, the state could lose the associated federal funding.

State revenue could be impacted if the state were to lose delegated authorities to implement federal environmental laws, such as drinking water primacy, clean water act, clean air act, hazardous waste management, solid waste management, and scrap tire, etc. The EPA would implement the federal regulations tied to the various federal environmental laws. The state would then lose the associated federal funding tied to the programs and related state fee revenues.

Although the bill language would not result in the immediate loss of federal delegated authority for the Air Pollution Control Program, over time the inability to promulgate new rules or amend existing rules without rescinding two existing rules at the same time could have this impact.

As such, the fiscal impact is \$0 to unknown but could range as high as all the fees and federal funds which would be received in the future.

Officials from the **Department of Revenue (DOR)** state this proposal attempts to modify the existing rule-making process that agencies must follow in order to create an administrative rule (a CSR). This proposal is requiring approval from the Joint Committee on Administrative Rules for any rule that would require or result in an expenditure of public funds by or a reduction in public revenue of more than \$250,000. It also says that the rule cannot become effective until approval is received from the Joint Committee on Administrative Rules.

The current rule-making authority in statutes prohibits an agency from promulgating a rule unless they are expressly given authority by the General Assembly. Currently, DOR must be given express direction from the General Assembly in a piece of legislation in order for rules to be created on legislation. The General Assembly gives that authority when creating a bill that requires DOR to implement. If the General Assembly wishes to allow DOR to figure out the details of implementation, they add language to the bill that DOR SHALL promulgate rules.

Additionally, the General Assembly adds that DOR MAY promulgate rules when they have given basic instructions on the program but know that more detailed instructions may be needed. The MAY allows DOR to work out procedures with or without going through the rule-making process.

The current rule-making process is tedious and generally takes more than six months from the first filing of the rule until it becomes law. DOR only implements rules when required or when they believe it is necessary to answer questions arising from taxpayers.

DOR notes that requiring approval of the Joint Committee on Administrative Rules prior to implementing a rule would leave many of their rules in limbo awaiting approval and could put them in jeopardy of not complying with statutes or not implementing legislation that is passed.

DOR just completed their five- year review of their rules and reviewing/updating the approximately 290 of them. They are continuing to make updates that could be slowed down by this process.

DOR is unable to predict which rules would not be implemented or which laws in the future will not be implemented pending approval by the Committee.

Additionally, this proposal makes all proposed rules null, void and unenforceable unless refiled and receive the approval of the Joint Committee on Administrative Rules. DOR notes that if all the Department's rules are unenforceable under this provision, this could remove people's ability to claim certain tax credits, take certain tax deductions and make it harder for people to file individual and corporate taxes. Additionally, without many of their rules, taxpayers wishing to register their motor vehicles and receive their driver licenses may have a more difficult time. The fiscal impact to this provision is unknown.

Having to resubmit all rules with new paperwork may require DOR to need an additional FTE to handle the processing, filing and tracking of the rules.

**Oversight** contacted DOR officials and determined the fiscal impact for their agency would be a \$0 to (unknown) amount to General Revenue. Oversight assumes unknown costs will exceed \$250,000 annually.

Officials from the **Missouri Department of Agriculture (MDA)** state the fiscal impact of this legislation is unknown. With the legislature only available certain times of the year, this process could hinder state agencies from being able to act quickly enough to protect the public. For example, within MDA this could be in the instance of animal disease outbreak or an unforeseen fuel safety issue.

**Oversight** contacted MDA officials and determined the fiscal impact for their agency would be \$0 to (unknown). MDA indicated the impact would effect general revenue, various MDA fee

funds and potential federal funds. Oversight will present the \$0 to (unknown) impact to these funds. Oversight assumes the impact is greater than \$250,000 annually to each fund.

**Oversight** assumes there could be costs to state agencies to promulgate rules in a shorter time frame (rulemaking could only take place during legislative session). Therefore, Oversight assumes an unknown cost to state agencies for additional staff.

Additionally, **Oversight** assumes there could be an impact to general revenue, various state funds, federal funds and local political subdivisions if rules are not passed timely due to the shorter timeframe (or as a result of emergency events occurring outside of the legislative session).

### Rule Promulgation

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Joint Committee on Administrative Rules, the Missouri House of Representatives, the Missouri Senate, the Office of Administration (Administrative Hearing Commission, and Budget and Planning), the Department of Commerce and Insurance, the Department of Economic Development, the Department of Elementary and Secondary Education, the Department of Higher Education and Workforce Development, the Department of Health and Senior Services, the Department of Corrections, the Department of Labor and Industrial Relations, the Department of Public Safety (Office of the Director, Division of Alcohol and Tobacco Control, Capitol Police, Fire Safety, Missouri Gaming Commission, Missouri Highway Patrol, Missouri Veterans Commission and State Emergency Management Agency), the Department of Social Services, the Office of the Governor, the Missouri Department of Conservation, the Missouri Ethics Commission, the Missouri Department of Transportation, the Missouri National Guard, the MoDOT & Patrol Employees' Retirement System, the Petroleum Storage Tank Insurance Fund, the Office of the State Public Defender, the Office of the State Treasurer and the University of Missouri System** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE</b>			
<u>Costs</u> – (§536.180) – reduced rulemaking timeframe requiring additional FTE	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Loss of funds</u> – (§536.180) – reduced rulemaking timeframe	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>\$0 to (Unknown)</u></b>	<b><u>\$0 to (Unknown)</u></b>	<b><u>\$0 to (Unknown)</u></b>
<b>VARIOUS STATE FUNDS</b>			
<u>Loss of funds</u> – (§536.180) – reduced rulemaking timeframe	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS</b>	<b><u>\$0 to (Unknown)</u></b>	<b><u>\$0 to (Unknown)</u></b>	<b><u>\$0 to (Unknown)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Loss of funds</u> – (§536.180) – reduced rulemaking timeframe	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0 to (Unknown)</u></b>	<b><u>\$0 to (Unknown)</u></b>	<b><u>\$0 to (Unknown)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>Loss of funds – (\$536.180) – reduced rulemaking timeframe</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0 to</u></b> <b><u>(Unknown)</u></b>	<b><u>\$0 to</u></b> <b><u>(Unknown)</u></b>	<b><u>\$0 to</u></b> <b><u>(Unknown)</u></b>

#### FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

#### FISCAL DESCRIPTION

The proposed legislation states for any proposed administrative rule submitted by a state agency that will result in the expenditure of public funds or a reduction in state revenues greater than \$250,000, this act provides that such proposed rule shall not become effective until approved by the General Assembly through passage of a concurrent resolution.

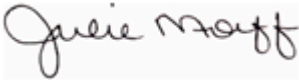
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Joint Committee on Administrative Rules  
Missouri House of Representatives  
Missouri Senate  
Office of Administration  
    Administrative Hearing Commission  
    Budget and Planning  
Department of Commerce and Insurance  
Department of Economic Development  
Department of Elementary and Secondary Education  
Department of Higher Education and Workforce Development  
Department of Health and Senior Services  
Department of Mental Health  
Department of Natural Resources  
Department of Corrections  
Department of Labor and Industrial Relations  
Department of Revenue



Department of Public Safety  
Office of the Director  
Division of Alcohol and Tobacco Control  
Capitol Police  
Fire Safety  
Missouri Gaming Commission  
Missouri Veterans Commission  
State Emergency Management Agency  
Department of Social Services  
Office of the Governor  
Missouri Department of Agriculture  
Missouri Department of Conservation  
Missouri Ethics Commission  
Missouri Department of Transportation  
Missouri National Guard  
MoDOT & Patrol Employees' Retirement System  
Petroleum Storage Tank Insurance Fund  
Office of the Secretary of State  
Office of the State Public Defender  
Office of the State Treasurer  
University of Missouri System



Julie Morff  
Director  
February 23, 2025



Jessica Harris  
Assistant Director  
February 23, 2025