

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5091S.02I
Bill No.: SB 877
Subject: Administrative Law; General Assembly
Type: Original
Date: January 9, 2026

Bill Summary: This proposal requires general assembly and gubernatorial approval of proposed administrative rules with a fiscal note over \$250,000.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Various State Funds*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

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

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	0 or Unknown FTE	0 or Unknown FTE	0 or Unknown FTE
Total Estimated Net Effect on FTE	0 or Unknown FTE	0 or Unknown FTE	0 or Unknown FTE

- ☒ 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§§536.180 & 536.185 – Proposed Administrative Rules

Officials from the **Attorney General’s Office, Office of the State Courts Administrator** and **Missouri Office of Prosecution Services** did not respond to **Oversight’s** request for fiscal impact for this proposal.

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 \$2.6 billion in FY27, FY28 and FY29. 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 Revenue (DOR)** assume 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 requires approval from the Joint Committee on Administrative Rules for any rule that would require or result in an expenditure of public funds or a reduction in public revenue or increased costs to taxpayers of more than \$250,000. It also says that the rule cannot become effective until approval is received from the General Assembly.

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 to create a

rule on the 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 we believe it is necessary to answer questions arising from taxpayers.

DOR notes that requiring approval of the General Assembly 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 awaiting this new approval by the General Assembly.

Additionally, this proposal makes all proposed rules null, void and unenforceable unless refiled and receives this new approval of General Assembly. 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 but could be substantial.

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.

Section 536.185 Approval of the Governor

This section would require state agencies to submit with their rule paperwork a letter of approval of the rule from the Governor's Office with their proposed rulemaking paperwork. DOR notes this is already a requirement to file proposed rulemaking paperwork, so no additional impact is expected from this provision.

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.

Officials from the **Department of Public Safety (Division of Alcohol and Tobacco Control, Fire Safety, Missouri Gaming Commission, and Missouri Highway Patrol)** each assume the proposal will have no fiscal impact on their respective organizations. However, each division notes this legislation will delay the rulemaking process, increase administrative burden, and could have significant impacts on the public service responsibilities of their respective divisions.

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 a \$0 or unknown cost to state agencies for additional staff.

Additionally, **Oversight** assumes there could be an impact to general revenue, various state 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).

In response to similar legislation, SCS for SB 350 (2025), officials from the **Office of Administration** assume the proposal will have no fiscal impact on their respective organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Officials from the **Office of Administration - Administrative Hearing Commission, Office of Administration - 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 Natural Resources, Department of Corrections, Department of Natural Resources, Department of Labor and Industrial Relations, Department of Public Safety (Capitol Police, Office of the Director, Missouri Veterans Commission, and State Emergency Management Agency), Department of Social Services, Office of the Governor, Missouri Department of Conservation, Missouri Ethics Commission, Missouri Department of Transportation, Missouri National Guard, MoDOT & Patrol Employees' Retirement System, Office of Administration, Petroleum Storage Tank Insurance Fund, Office of the State Public Defender, Office of the State Treasurer, University of Missouri Systems, Office of the Lieutenant Governor, Office of the State Auditor, Missouri House of Representatives, Joint Committee on Public Employee Retirement, Legislative Research, Oversight Division, Missouri Senate, Missouri Lottery Commission, Missouri Consolidated Health Care Plan, Missouri State Employee's Retirement System, and State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost</u> - (\$536.180) Reduced rulemaking timeframe requiring additional FTE p.6	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue Loss</u> - (\$536.180) Loss of funds due to reduced rulemaking timeframe p.6	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
VARIOUS STATE FUNDS			
<u>Revenue Loss</u> - (\$536.180) Loss of funds due to reduced rulemaking timeframe p.6	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Loss</u> - (\$536.180) Loss of funds due to reduced rulemaking timeframe p.6	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT LOCAL POLITICAL SUBDIVISIONS	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL IMPACT – Small Business

This proposal could have an impact on small businesses.

FISCAL DESCRIPTION

For any proposed administrative rule submitted by a state agency that will result in the expenditure of public funds by a state entity or political subdivision of greater than \$250,000 or will result in a loss of income to an individual or business of greater than \$250,000, this act requires the state agency to notify the Joint Committee on Administrative Rules. The Committee may hold hearings on the proposed rule. Such proposed rule shall not become effective until approved by the General Assembly through passage of a concurrent resolution. The provisions of this act will not apply to rules required by federal law or for federal funding.

A state agency shall not file any final order of rulemaking with the Secretary of State until at least 30 days after such final order of rulemaking has been received by the Committee. Further, a state agency shall not file any notice of proposed rulemaking with the Secretary of State without first receiving from, and including a copy of, the written approval of the Governor.

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

Office of Administration - Administrative Hearing Commission
 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 Public Safety
 Division of Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
 Office of the Director
 Missouri Gaming Commission
 Missouri Highway Patrol
 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
Office of Administration
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
Office of the Lieutenant Governor
Office of the State Auditor
Missouri House of Representatives
Joint Committee on Administrative Rules
Joint Committee on Public Employee Retirement
Legislative Research
Oversight Division
Missouri Senate
Missouri Lottery Commission
Missouri Consolidated Health Care Plan
Missouri State Employee's Retirement System
State Tax Commission



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