



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 559 (Substitute S-1 as reported by the Committee of the Whole)

Sponsor: Senator Wayne Kuipers

Committee: Government Operations and Reform

CONTENT

The bill would amend the Administrative Procedures Act to require an agency's request for rule-making to include a cost-benefit analysis regarding any new rule or changes to an existing rule. The cost-benefit analysis would have to identify the businesses, groups, or individuals who would be directly affected by, bear the cost of, or directly benefit from the rule, and contain an estimate of the following:

- The cost of rule imposition on the agency promulgating the rule.
- The actual statewide compliance costs of the rule on businesses and other groups.
- The primary and direct benefits of the rule.
- Any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the rule.
- Any increase in revenue to State or local governmental units as a result of the rule.
- Any secondary or indirect benefits of the rule.
- Whether the rule intended or was likely to exceed an existing or proposed Federal standard.

Under the Act, before initiating any changes or additions to rules, an agency must file a request for rule-making with the State Office of Administrative Hearings and Rules.

MCL 24.239

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would increase the cost to State agencies proposing new or revised administrative rules by an unknown amount. The proposed cost-benefit analysis would come earlier in the rule-making process than, and be in addition to, the currently required regulatory impact statement, which must be submitted after the request for rule-making is filed and before a public hearing is held. The Act requires that the regulatory impact statement include statements of the costs and benefits of the proposed rule, addressing specifically the estimated cost of compliance with the proposed rule on individuals, businesses, and other groups, an estimate of costs that would be borne disproportionately by small businesses, the estimated cost of State administration of the proposed rule, and estimates of the direct and indirect benefits of the proposed rule.

Under the bill, the proposed requirement for an additional detailed cost-benefit analysis would apply in some situations that are currently exempt from the requirement to submit a regulatory impact statement, such as the promulgation of temporary emergency rules related to public health and safety, correction of errors in rules, and rules promulgated under the Michigan Occupational Safety and Health Act that adopt an existing Federal standard.

Date Completed: 6-29-07

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