

# Regulatory Analysis Form

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INDEPENDENT REGULATORY REVIEW COMMISSION

(1) Agency

The Office of the Budget

(2) I.D. Number (Governor's Office Use)

009-001

IRRC Number:

2155

(3) Short Title

Fiscal Notes

(4) PA Code Cite

4 Pa. Code Sections 7.231-5

(5) Agency Contacts & Telephone Numbers

Primary Contact:

Pamela F. Cross 717-787-5311 Ext: 3070

Secondary Contact:

(6) Type of Rulemaking (check one)

Proposed Rulemaking

Final Order Adopting Regulation

Final Order, Proposed Rulemaking Omitted

(7) Is a 120-Day Emergency Certification Attached?

No

Yes: By the Attorney General

Yes: By the Governor

(8) Briefly explain the regulation in clear and nontechnical language.

Administrative departments, boards, commissions and authorities receiving money from the State Treasury are required to provide fiscal notes with every regulatory action and administrative procedure published in the *Pennsylvania Bulletin*. The proposed regulatory change codifies the current practice of writing fiscal notes.

Agencies that are required to submit a regulatory analysis form to the Independent Regulatory Review Commission shall submit to the Office of the Budget one copy of the regulatory analysis form and one copy of the regulatory action or administrative procedure, or changes thereto. Agencies that are not required to submit a regulatory analysis form to the Independent Review Commission for a regulatory action or administrative procedure shall submit the following information to the Office of the Budget:

- (i) One copy of each regulatory action or administrative procedure
- (ii) The designation of the fund out of which the appropriation providing for expenditures under the action or procedure shall be made and the line item, if any, of the General Appropriation Act or other appropriation act out of which expenditures or losses of Commonwealth funds will occur as a result of the action or procedures.
- (iii) The probable cost for the fiscal year the program is implemented and a projected

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cost estimate of the program for each of the five succeeding fiscal years.

(iv) The probable loss of revenue for the fiscal year of its implementation and a projected loss of revenue from the program for each of the five succeeding fiscal years.

(v) The three year fiscal history of the program for which expenditures are to be made.

The above enumerated information is also required to be submitted for Executive Orders, Statements of Policy and notice of rule changes and notices related to federally required changes and changes in fee structure.

The Office of the Budget reviews the regulatory action or administrative procedure, or changes thereto, and writes a fiscal note explaining its economic impact. The Office of the Budget sends the fiscal note to the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*.

(9) State the statutory authority for the regulation and any relevant state or federal court decisions.

The Office of the Budget, under authority contained in section 612 of the Administrative Code of 1929 (71 P.S. § 232), proposes to amend 4 Pa. Code §§ 7.231 to 7.235.

(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

No

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

The amended regulation codifies the current practice of writing fiscal notes and provides more clear instruction for promulgating agencies to ensure efficient writing of fiscal notes.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

The former regulation is not indicative of the process for writing fiscal notes now used at the Office of the Budget. Promulgating agencies are often confused by the discrepancy between the regulation and the actual practice of when a fiscal note is necessary. The discrepancy causes inefficiencies for promulgating agencies and may cause delay in regulation approval.

The fiscal note itself is of primary importance when evaluating proposed regulations. The fiscal note is a simple and productive indicator that certifies the fiscal impact of all regulations on the tax revenue of the Commonwealth of Pennsylvania.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

All promulgating agencies will benefit from a more descriptive regulation that provides clear instruction on the process to use when obtaining a fiscal note.

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(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

Promulgating agencies will need to become aware of the modified regulation, but no adverse effects are predicted because agencies are already following the guidelines implemented by the proposed regulation.

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

Administrative departments, boards, commissions and authorities receiving money from the State Treasury.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

Not Applicable.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

Savings may be realized as a result of less work hours spent to understand the process of obtaining a fiscal note.

(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

No effect on costs or savings is expected from local governments.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

Savings may be realized as a result of less work hours spent to understand the process of obtaining a fiscal note.

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(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY Year	FY +1 Year	FY +2 Year	FY +3 Year	FY +4 Year	FY +5 Year
<b>SAVINGS:</b>	\$	\$	\$	\$	\$	\$
Regulated Community						
Local Government						
State Government						
Total Savings						
<b>COSTS:</b>						
Regulated Community						
Local Government						
State Government						
Total Costs						
<b>REVENUE LOSSES:</b>						
Regulated Community						
Local Government						
State Government						
Total Revenue Losses						

(20a) Explain how the cost estimates listed above were derived.

Not Applicable.

(20b) Provide the past three year expenditure history for programs affected by the regulation.

Not Applicable.

Program	FY -3	FY -2	FY -1	Current FY

## Regulatory Analysis Form

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

Not Applicable.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

Not Applicable.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

Not Applicable.

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

No

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

The regulation will not function to put Pennsylvania at a competitive disadvantage.

## Regulatory Analysis Form

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

No effect on existing or proposed regulations is expected.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

No public hearings are scheduled.

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

No existing reporting or record keeping requirements will be changed.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

Not applicable.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

The amendments will become effective upon publication in the *Pennsylvania Bulletin*.  
Compliance will be required on the effective date.  
No permits, licenses or other approvals are necessary.

## Regulatory Analysis Form

(31) Provide the schedule for continual review of the regulation.

This final regulation, preamble and RAF have been submitted to the Office of General Counsel and the Governor's Policy Office. There are no time limitations on their approval.

After approval by the Office of General Counsel and the Governor's Policy Office, we will submit the final regulation, preamble and RAF to the Commission, the Majority and Minority Chairpersons of the Senate and House Appropriations Committees. Upon approval by the Commission and the committees, we will submit the final regulation to the Attorney General for approval as to form and legality.

After Attorney General approval, the final regulation will be deposited with the Legislative Reference Bureau.

CDL-1

**FACE SHEET  
FOR FILING DOCUMENTS  
WITH THE LEGISLATIVE REFERENCE BUREAU  
(Pursuant to Commonwealth Documents Law)**

#2155

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DO NOT WRITE IN THIS SPACE

Copy below is hereby approved as to form and legality. Attorney General

By: \_\_\_\_\_  
(Deputy Attorney General)

DATE OF APPROVAL

Check if applicable  
Copy not approved. Objections attached.

Copy below is hereby certified to be true and correct copy of a document issued, prescribed or promulgated by:

Office of the Budget  
(AGENCY)

DOCUMENT/FISCAL NOTE NO. 009-001

DATE OF ADOPTION 8/12/01

BY Robert A. Bitterbach

TITLE Secretary of the Budget

EXECUTIVE OFFICER CHAIRMAN OR SECRETARY

Copy below is hereby approved as to form and legality Executive or Independent Agencies

BY *Margy E. Dunlop*

8/17/01  
DATE OF APPROVAL

(Deputy General Counsel)  
(~~Chief Counsel - Independent Agency~~)  
(Strike inapplicable title)

Check if applicable. No Attorney General Approval or objection within 30 days after submission.



**FINAL REGULATION**  
**OFFICE OF THE BUDGET**  
**[4 PA. CODE CH. 7]**

*Fiscal Notes*

The Office of the Budget, by this order, adopts the amendments to Chapter 7, Subchapter R to read as set forth in Annex A.

The proposed amendments were published at 30 Pa.B. 5967 (November 18, 2000). No comments were received and there are no changes to the published proposed rulemaking.

*Purpose*

This regulatory change will clarify the process that agencies must follow to ensure that fiscal notes accompany every regulatory action and administrative procedure published in the *Pennsylvania Bulletin*.

The Office of the Budget is updating the regulation so that it conforms with the present practice of writing fiscal notes.

*Explanation of Regulatory Requirements*

Administrative departments, boards, commissions and authorities receiving money from the State Treasury are required to provide fiscal notes with every regulatory action and administrative procedure published in the *Pennsylvania Bulletin*. The regulatory change codifies the current practice of writing fiscal notes.

Agencies that are required to submit a regulatory analysis form to the Independent Regulatory Review Commission shall submit to the Office of the Budget one copy of the regulatory analysis form and one copy of the regulatory action or administrative procedure, or changes thereto. Agencies that are not required to submit a regulatory analysis form to the Independent Review Commission for a regulatory action or administrative procedure shall submit the following information to the Office of the Budget:

- (i) One copy of each regulatory action or administrative procedure
- (ii) The designation of the fund out of which the appropriation providing for expenditures under the action or procedure shall be made and the line item, if any, of the General Appropriation Act or other appropriation act out of which expenditures or losses of Commonwealth funds will occur as a result of the action or procedures.
- (iii) The probable cost for the fiscal year the program is implemented and a projected cost estimate of the program for each of the five succeeding fiscal years.

- (iv) The probable loss of revenue for the fiscal year of its implementation and a projected loss of revenue from the program for each of the five succeeding fiscal years.
- (v) The three year fiscal history of the program for which expenditures are to be made.

The above enumerated information is also required to be submitted for Executive Orders, Statements of Policy and notice of rule changes and notices related to federally required changes and changes in fee structure.

The Office of the Budget reviews the regulatory action or administrative procedure, or changes thereto, and writes a fiscal note explaining its economic impact. The Office of the Budget sends the fiscal note to the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*.

#### *Fiscal Impact*

The Office of the Budget has determined that the amendments will not have any additional fiscal impact on the Commonwealth.

#### *Paperwork*

The amendments will not increase paperwork for the public or the Commonwealth.

#### *Effective Date*

The amendments will become effective upon publication in the *Pennsylvania Bulletin*.

#### *Regulatory Review*

Under Section 5(a) of the Regulatory Review Act (71 P.S. § 745.5(a)), the Office of the Budget (OB) submitted a copy of the proposed regulations on February 8, 2001 to the Independent Regulatory Review Commission (IRRC) and the Chairpersons of the Senate and House Appropriations Committees for review and comment. OB also provided IRRC and the Committees with a copy of a detailed Regulatory Analysis Form prepared by OB.

OB prepared the final-form regulations with no comments received from IRRC, the Committees or the public.

These final form regulations were approved by the Committees on \_\_\_\_\_, 2001, and approved by IRRC on \_\_\_\_\_, 2001, in accordance with section 5(c) of the Regulatory Review Act.

*Findings*

The OB finds that:

- (1) Public notice of proposed rulemaking was given under sections 201 and 202 of the act of July 31, 1968 (P.L. 769, No. 240) (45 P.S. §§ 1201 and 1202) and regulations promulgated thereunder at 1 Pa. Code §§ 7.1 and 7.2.
- (2) The adoption of these regulations in the manner provided in this order is necessary and appropriate for the administration and enforcement of the Administrative Code.

*Order*

The OB, acting under the authority contained in section 612 of the Administrative Code of 1929 (71 P.S. § 232), orders that:

- (a) The regulation of OB, Chapter 7, Subchapter R is amended to read as set forth in Annex A.
- (b) The Secretary of the Budget shall submit this order and Annex A to the Office of General Counsel and the Office of Attorney General for approval as to form and legality as required by law.
- (c) The Secretary of the Budget shall certify this order and Annex A and deposit them with the Legislative Reference Bureau as required by law.
- (d) This order shall take effect upon publication in the *Pennsylvania Bulletin*.

ROBERT A. BITTENBENDER,  
Secretary

**Annex A**  
**Title 4**  
**Chapter 7. Miscellaneous Provisions**  
\*\*\*\*\*  
**Subchapter R. FISCAL NOTES**

<b>Sec.</b>	
<b>7.231</b>	<b>Policy.</b>
<b>7.232</b>	<b>Definitions.</b>
<b>7.233</b>	<b>[Publishing of fiscal notes.] <u>Reserved</u></b>
<b>7.234</b>	<b>Responsibilities.</b>
<b>7.235</b>	<b>[Format of fiscal notes.] <u>Reserved</u></b>

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**§ 7.231. Policy.**

Administrative departments, boards, commissions and authorities receiving money from the State Treasury shall provide fiscal notes with every regulatory action and administrative procedure published in the *Pennsylvania Bulletin*.

**§ 7.232. Definitions.**

Regulatory actions and administrative procedures consist of the following:

- (1) Executive orders of the Governor, except such as have no general applicability and legal effect or are effective only against Commonwealth agencies or persons in their capacity as officers, agents or employees thereof.
- (2) Administrative and other regulations.
- (3) Statements of policy which are general and permanent in nature.
- (4) Notice of rule changes and notices related to federally required changes and changes in fee structure.

**§ 7.233. [Publishing of fiscal notes.] Reserved**

[(a) Except as noted in subsection (b), fiscal notes are to be published once for each regulatory action or administrative procedure, and changes thereto, appearing in the *Pennsylvania Bulletin*, as follows:

- (1) When the initial text of a regulatory action or administrative procedure is published with notice of proposed rulemaking.
- (2) When a regulatory action or administrative procedure is published in final text without notice of proposed rulemaking.

(b) When a proposed regulatory action or administrative procedure is modified to such a degree following notice of proposed rulemaking that the original fiscal note is no longer applicable, a new fiscal note shall be published with the final text of the regulatory action or administrative procedure.]

**Reserved**

**§ 7.234. Responsibilities**

(a) Agencies required by § 7.231 (relating to policy) to publish fiscal notes are to establish procedures to insure that fiscal notes are included with regulatory actions and administrative procedures as follows:

[(1) Proposed regulatory action or administrative procedure. A fiscal note, in triplicate, and one copy of each proposed regulatory action or administrative procedure is to be delivered by the promulgating agency to the Office of the Budget at the time the proposed regulatory action or administrative procedure is deposited with the Legislative Reference Bureau or, if required, with the Department of Justice for review as to legality.

(2) Final regulatory action or administrative procedure. A fiscal note, in triplicate, and one copy of each final regulatory action or administrative procedure not subject to proposed rule making or a fiscal note, in triplicate, as required by § 7.233(b) (relating to publishing of fiscal notes) is to be delivered by the promulgating agency to the Office of the Budget at the time the final regulatory action or administrative procedure is deposited with the Department of Justice for review as to legality or, if Department of Justice review is not required, with the Legislative Reference Bureau.]

(1) Agencies that are required to submit a regulatory analysis form to the Independent Regulatory Review Commission under the Regulatory Review Act (71 P.S. §§745.1-745.14) shall submit one copy of a regulatory analysis form and one copy of the regulatory action or administrative procedure, or changes thereto, to the Office of the Budget prior to the time that the regulatory action or administrative procedure, is deposited with the Legislative Reference Bureau.

(2) Agencies that are not required to submit a regulatory analysis form to the Independent Regulatory Review Commission for a regulatory action or administrative procedure shall submit the following information to the Office of the Budget:

- (i) One copy of each regulatory action or administrative procedure.
- (ii) The designation of the fund out of which the appropriation providing for expenditures under the action or procedure shall be made and the line item, if any, of the General Appropriation Act or other appropriation act out of which expenditures or losses of Commonwealth funds will occur as a result of the action or procedures.
- (iii) The probable cost for the fiscal year the program is implemented and a projected cost estimate of the program for each of the five succeeding fiscal years.
- (iv) The probable loss of revenue for the fiscal year of its implementation and a projected loss of revenue from the program for each of the five succeeding fiscal years.
- (v) The three year fiscal history of the program for which expenditures are to be made.

(b) The Secretary of the Budget shall review or have reviewed each fiscal note before publication in the Pennsylvania Bulletin. The Secretary shall, as appropriate, include recommendations and the reasons therefore.

(c) The Legislative Reference Bureau shall publish information contained in fiscal notes required by this subchapter.

**§ 7.235. [Format of fiscal notes.] Reserved**

[(a) Fiscal notes shall be prepared on Form OA-536.

(b) The following guidelines are furnished for preparation of Form OA-536:

(1) Agency identification number. Each agency should cross-identify fiscal notes with regulations and administrative procedures by use of an identification system that includes the agency, year, and sequential numbers for the year. For example: Exec Bd-78-1 or Agric-78-14.

(2) If all four NO blocks, relating to loss of revenue or increased costs, are checked, complete only the next two items (FUND and APPROPRIATION).

(3) If loss of revenue or increased costs are applicable to political subdivisions, identify the FUND(S) blocks the subdivisions or classes of subdivisions to which the loss or increase will apply.

(4) The 3-year history of program cost is for the current and two immediately preceding years.

(5) Do not enter remarks in the block for the Budget Secretary's recommendations.

(6) Remove the two copies marked for the Legislative Reference Bureau. Complete the remaining sections on the Budget Office and Agency copies and forward the first three copies as shown in §7.234 (relating to responsibilities).]

**Reserved.**

August 27, 2001

Honorable John E. Barley  
Chairman  
House Appropriations Committee  
Room 245, Main Capitol Building  
Harrisburg, Pennsylvania 17120

Honorable Richard A. Tilghman  
Chairman  
Senate Appropriations Committee  
Room 281, Main Capitol Building  
Harrisburg, Pennsylvania 17120

Honorable Dwight Evans  
Minority Chairman  
House Appropriations Committee  
Room 512-E, Main Capitol Building  
Harrisburg, Pennsylvania 17120

Honorable Vincent J. Fumo  
Minority Chairman  
Senate Appropriations Committee  
Room 545, Main Capitol Building  
Harrisburg, Pennsylvania 17120

RE: Title 4 – Administration  
Office of the Budget  
7 Pa. Code, Chapter 7, Subchapter R – Fiscal Notes  
I.D. Number: 009-001

Gentlemen:

Attached for review by your committee, pursuant to the Regulatory Review Act, the Act of June 30, 1989 (P.L. 73, No. 19) (71 P.S. §§ 745.1 - 745.15), is a copy of the above-referenced Fiscal Notes, notice of final rulemaking.

The Office of the Budget will provide your committee with any assistance you require to facilitate a thorough review of these regulations.

Sincerely,



Robert A. Bittenbender

cc: Pamela Cross, Esquire  
Assistant Counsel

Ms. M. Lois Hein, Director  
Bureau of Legislative and Regulatory Analysis

**TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE  
REGULATORY REVIEW ACT**

I.D. NUMBER: 9-001  
 SUBJECT: Fiscal Notes  
 AGENCY: OFFICE OF THE BUDGET

**TYPE OF REGULATION**

- Proposed Regulation
- Final Regulation
- Final Regulation with Notice of Proposed Rulemaking Omitted
- 120-day Emergency Certification of the Attorney General
- 120-day Emergency Certification of the Governor
- Delivery of Tolled Regulation
  - a. With Revisions
  - b. Without Revisions

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 INDEPENDENT REGULATORY REVIEW COMMISSION

**FILING OF REGULATION**

DATE	SIGNATURE	DESIGNATION
8/28/01	<i>Paula B. Baker</i>	HOUSE COMMITTEE ON APPROPRIATIONS
8/28/01	<i>Betsy Lindsey</i>	
8/28/01	<i>Judy Merrill</i>	SENATE COMMITTEE ON APPROPRIATIONS
8/28/01	<i>Brandon Rife</i>	
8/28/01	<i>Elena Lagan</i>	INDEPENDENT REGULATORY REVIEW COMMISSION
_____	_____	ATTORNEY GENERAL
_____	_____	LEGISLATIVE REFERENCE BUREAU

August 16, 2001