

# BUDGET LETTER

<b>SUBJECT:</b> STANDARDIZED REGULATORY IMPACT ASSESSMENTS	<b>NUMBER:</b> 13-29
<b>REFERENCES:</b> CHAPTER 496 OF STATUTES OF 2011 & CALIFORNIA CODE OF REGULATIONS, TITLE 1, SECTIONS 2000-2004	<b>DATE ISSUED:</b> December 26, 2013
	<b>SUPERSEDES:</b>

TO: Agency Secretaries  
Departmental Directors  
Departmental Budget and Accounting Officers  
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

**NOTE: Budget Officers are requested to forward a copy of this Budget Letter (BL) to Legal Counsels, Economists, and Regulatory Affairs Offices.**

## A. Purpose

Beginning November 1, 2013, Chapter 496, Statutes of 2011 (SB 617) requires agencies to conduct a Standardized Regulatory Impact Assessment (SRIA) for major regulations prior to filing a Notice of Proposed Action with the Office of Administrative Law (OAL).

This BL describes how the Department of Finance (Finance) will implement regulations related to SRIAs beginning November 1, 2013. It also explains how Finance intends to coordinate with state agencies in conducting and submitting completed SRIAs to Finance for the review and comment process.

## B. Completing a SRIA

In accordance with Finance's regulations for SRIAs that took effect November 1, 2013, a major regulation is "...any proposed rulemaking action adopting, amending, or repealing a regulation subject to review by OAL that will have an economic impact on California business enterprises and individuals in an amount exceeding \$50 million in any 12-month period between the date the major regulation is estimated to be filed with the Secretary of State through 12 months after the major regulation is estimated to be fully implemented (as estimated by the agency) computed without regard to any offsetting benefits or costs that might result directly or indirectly from that adoption, amendment, or repeal." To ensure that agencies can comply with Finance's regulations, Finance intends to provide support for agencies so they can (1) effectively estimate whether the economic impact of proposed regulations will meet the threshold for a major regulation and (2) complete the analysis in a SRIA for a major regulation. To accomplish these goals, Finance will:

- Consult with agencies about economic modeling.
- Provide examples and best practices for SRIAs and other economic assessments.
- Provide an economic forecast to use as the baseline from which to measure the economic impact of a proposed major regulation.
- Provide assistance for specific technical questions of economics, demographics, and methods for quantification of the effects of a proposed major regulation.

Finance will not conduct or complete a SRIA for an agency, but will be a resource for agencies to consult with during the rulemaking process. This consultation is intended to help agencies promulgating a major regulation to fulfill their statutory requirements and requirements specified in Finance regulations for SRIAs.

### **C. Process for Submission**

Finance's regulations require an agency that anticipates promulgating a major regulation provide to Finance, by February 1 of each calendar year, a list of all major regulations that it anticipates proposing during that entire calendar year. Beginning in 2014, Finance will compile major regulations in a calendar using a process similar to OAL's rulemaking calendar. This calendar will be posted on the Finance website (a copy of this form is provided in Attachment A). If an agency determines after February 1 that it will be promulgating a major regulation in that calendar year, the agency must submit to Finance the information required in the calendar as soon as possible but no later than 60 days prior to filing a Notice of Proposed Action with OAL.

Finance's regulations require an agency to submit a SRIA for a major regulation to Finance at least 60 days prior to filing a Notice of Proposed Adoption with OAL. If an agency has not notified Finance by February 1 that it will be promulgating a major regulation as specified in Finance's regulations, it must submit its completed SRIA for a major regulation at least 90 days prior to filing a Notice of Proposed Action with OAL. As required by Finance's regulation, a summary sheet must be submitted with a SRIA (a copy of this is provided in Attachment B). Please submit the completed SRIA to Finance by email at [majorregulations@dof.ca.gov](mailto:majorregulations@dof.ca.gov).

### **D. Review and Comment**

After an agency submits a completed SRIA (which must be accompanied by the form required by Finance's regulations), Finance has 30 days to review the SRIA and submit comments to the agency. This SRIA, a summary of Finance's comments, and the agency's response to Finance's comments, are required components of the Initial Statement of Reasons submitted to OAL. Finance's written comments will focus on the extent to which the SRIA adheres to the regulations adopted by Finance.

### **E. Connection with STD. 399—Economic and Fiscal Impact Statement**

Agencies are required to have Finance sign the STD. 399 before submitting a rulemaking record to OAL if there will be an estimated fiscal impact on state or local government. If a SRIA is required for a proposed major regulation, agencies have the option of sending an early version of STD. 399 with the SRIA to Finance, and are encouraged to do so.

If you have any questions, please contact the Economic Research Unit at (916) 322-2263 or [MajorRegulations@dof.ca.gov](mailto:MajorRegulations@dof.ca.gov).

/s/ Kristin Shelton

Kristin Shelton  
Program Budget Manager

Attachments