



**ARIZONA STATE SENATE**  
*Fifty-Sixth Legislature, Second Regular Session*

**VETOED**

**AMENDED**

**FACT SHEET FOR S.B. 1153**

regulatory costs; rulemaking; legislative ratification

Purpose

Prohibits a proposed rule from becoming effective, if the proposed rule is estimated to increase regulatory costs by more than \$500,000 within five years after implementation, until the Legislature enacts legislation ratifying the proposed rule.

Background

Statute outlines administrative procedures relating to rulemaking ([A.R.S. Title 41, Chapter 6](#)). Any rule must be submitted to the Administrative Rules Oversight Committee (Committee) which consists of: 1) five members of the House of Representatives (House) who are appointed by the Speaker of the House; 2) five members of the Senate who are appointed by the President of the Senate; and 3) the Governor or their designee who is not an agency director. The Committee may review any proposed rule, final rule, expedited rule, agency practice alleged to constitute a rule or substantive policy statement to ensure conformity with statute and legislative intent. The Committee may make comments and designate a representative to testify on whether the outlined rule is consistent with statute or legislative intent to the Governor's Regulatory Review Council (GRRC). GRRC must consider the comments and testimony of the Committee. GRRC may review and approve or return the rule or parts of the rule ([A.R.S. §§ 41-1047](#) and [41-1052](#)).

Statute outlines timeframes that govern the procedures of rulemaking. Within 120 days after the close of the record of the public oral proceedings for the proposed rulemaking, the agency must either submit that rule to GRRC or terminate the proposed rule ([A.R.S. § 41-1024](#)). If an agency finds that a rule is necessary as an emergency measure, the rule may be made, amended or repealed as an emergency measure, without prescribed notice and prior review by GRRC. An emergency rule that is made, amended or repealed is valid for 180 days after its filing and can be renewed for one more 180-day period if the rule meets the prescribed requirements ([A.R.S. § 41-1026](#)). A *rule* is an agency statement of general applicability that implements, interprets or prescribes law or policy, or describes the procedure or practice requirements of an agency ([A.R.S. § 41-1001](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Requires an agency to submit a proposed rule that is estimated to increase regulatory costs in Arizona by more than \$100,000 within five years after implementation to the Office of Economic Opportunity (OEO) for review.
2. Prohibits a proposed rule from becoming effective, if the OEO confirms the proposed rule is estimated to increase regulatory costs by more than \$500,000 within five years after implementation, until the Legislature enacts legislation ratifying the proposed rule.
3. Requires the OEO to submit the proposed rule to the Committee within 30 days of the next legislative session.
4. Requires the Committee to submit the proposed rule to the Legislature as soon as practicable.
5. Allows any member of the Legislature to introduce legislation to ratify the proposed rule.
6. Prohibits an agency from filing a final rule with the Secretary of State before obtaining legislative approval of the proposed rule through legislation.
7. Requires, if the Legislature does not enact legislation to ratify the proposed rule during the current legislative session, an agency to terminate the proposed rulemaking by publishing a notice of termination in the register.
8. Exempts the proposed rule subject to the legislative ratification requirement from statutorily prescribed timeframes for rulemaking.
9. Allows a person regulated by an agency that is proposing a rule to request the OEO to review the rule.
10. Allows a legislator to also request the OEO to review a proposed rule.
11. Exempts emergency rules from the legislative ratification requirement.
12. Deems, beginning on the general effective date, any rule that increases the regulatory costs by more than \$500,000 as void and unenforceable, unless the Legislature enacts legislation ratifying the rule.
13. Exempts the Arizona Corporation Commission from the legislative ratification requirement.
14. Becomes effective on the general effective date.

Amendments Adopted by Committee of the Whole

1. Requires an agency to submit a proposed rule that is estimated to increase regulatory costs in Arizona by more than \$100,000 within five years after implementation to the OEO for review.
2. Specifies that, if the OEO confirms that the proposed rule is estimated to increase regulatory costs in Arizona by more than \$500,000 within five years after implementation, the proposed

rule may not become effective until the Legislature enacts legislation ratifying the proposed rule.

3. Allows a person regulated by an agency that is proposing a rule to request the OEO to review the rule.
4. Allows a legislator to also request the OEO to review a proposed rule.
5. Makes conforming changes.

Governor's Veto Message

The Governor indicates in her [veto message](#) that S.B. 1153 would create an unnecessary burden on state agencies that would inhibit their ability to carry out duties in a timely manner.

Senate Action

House Action

GOV	1/31/24	DP	5-2-1	RA	3/13/24	DP	4-3-0-0
3 <sup>rd</sup> Read	2/15/24		16-10-4	3 <sup>rd</sup> Read	4/3/24		31-28-0-0-1

Vetoed by the Governor 4/16/24

Prepared by Senate Research

April 17, 2024

JT/slp