

HOUSE BILL NO. 2579

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE LONSDALE.

5331H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To amend chapter 536, RSMo, by adding thereto one new section relating to cost-benefit analysis of administrative rules.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 536, RSMo, is amended by adding thereto one new section, to be
2 known as section 536.170, to read as follows:

536.170. 1. As used in this section, the following terms shall mean:

2 **(1) "Agency", the same as defined in section 8.370;**

3 **(2) "Benefits", any value gain that results from a proposed regulation, expressed**
4 **in a monetary sum;**

5 **(3) "Cost", any value loss that results from a proposed regulation, expressed in a**
6 **monetary sum;**

7 **(4) "Direct benefit", a benefit that occurs as an immediate result of the stated**
8 **goals of a regulation, as expressed in the authorizing statute, without any intervening**
9 **steps or action;**

10 **(5) "Indirect benefit", a benefit that occurs because of a regulation but is**
11 **unrelated to its stated goals;**

12 **(6) "Indirect cost", a cost that occurs because of a regulation but is unrelated to**
13 **its stated goals;**

14 **(7) "Monetized", any costs or benefits represented as dollar amounts;**

15 **(8) "Rule" or "regulation" any agency writings that hold the force of law and**
16 **articulate the legal restrictions the regulated entities shall follow;**

EXPLANATION — Matter enclosed in bold-faced brackets ~~thus~~ in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 **(9) "Stakeholder", any group, individual, or entity subject to proposed**
18 **regulations;**

19 **(10) "Stakeholder-specific benefit", any benefit that one stakeholder may gain**
20 **that another does not;**

21 **(11) "Stakeholder-specific cost", any cost that affects one stakeholder but not**
22 **another.**

23 **2. All agencies shall include a cost-benefit analysis that clearly demonstrates that**
24 **the benefits exceed the costs in every proposed regulation.**

25 **3. All agencies shall include a cost-benefit analysis when publishing final rules.**
26 **The final rule cost-benefit analysis shall detail:**

27 **(1) All differences in the final cost-benefit analysis from the cost-benefit analysis**
28 **that accompanied the proposed rule; and**

29 **(2) Any decision not to make changes to the final cost-benefit analysis in**
30 **response to public comments on the cost-benefit analysis for the proposed rule.**

31 **4. All documentation for the cost-benefit analysis shall be published on the**
32 **secretary of state's website and in the Missouri register, including any supporting**
33 **calculations, documents, data, databases, or data tables.**

34 **5. Standardized analysis and metrics shall be applied to all regulations. Analysis**
35 **techniques and methods shall not vary between rules unless approved by the joint**
36 **committee on administrative rules.**

37 **6. Stakeholders may challenge any final rule on the sole basis of significant**
38 **deficiency in the agency's cost-benefit analysis. The court shall stay the rule and**
39 **remand it for additional agency analysis if it finds:**

40 **(1) The cost-benefit analysis fails to consider relevant significant costs;**

41 **(2) The cost-benefit analysis was not provided to the public for scrutiny prior to**
42 **the adoption of the final rule;**

43 **(3) The cost-benefit analysis significantly underestimates costs or significantly**
44 **overestimates benefits; or**

45 **(4) The cost-benefit analysis in the final rule fails to justify changes from the**
46 **cost-benefit analysis of the proposed rule.**

47 **7. A cost-benefit analysis shall incorporate a timeline equivalent to the periodic**
48 **regulatory review cycle established in section 536.175.**

49 **8. The use of discount rates in preparing a cost-benefit analysis shall be subject**
50 **to the following restrictions:**

51 **(1) No use of social or otherwise implementing discount rates is required;**

52 **(2) Use of discount rates shall be justified if applied to analysis;**

53 **(3) Calculation of compound interest rates are exempt; and**

54 **(4) Non-dollar factors of life shall not be monetized and shall not be calculated as**
55 **if they will compound value at the marginal rate of return to capital.**

56 **9. Rules promulgated under section 536.025 shall be exempt from the**
57 **requirements of this section.**

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