

# PERFORMANCE AUDIT

Work in progress: Audit description

## Reassessing Implementation of the Regulatory Fairness Act

This audit will examine state agency compliance with the Regulatory Fairness Act. The Act requires agencies to mitigate disproportionate costs to small businesses that result from rulemaking, when appropriate and feasible. The 2017 Legislature mandated this audit to follow up on a 2016 audit dealing with the same topic. The 2016 audit identified three key issues.

- Almost half the proposed rules that agencies claimed were exempt from the Act contained exemptions not allowable by law
- When agencies claimed proposed rules imposed less-than-minor costs on businesses, the claims were not fully supported half the time
- Proposed rules containing small business economic impact statements (SBEIS) were missing required information about 75 percent of the time

That report issued recommendations to help agencies comply with the law, including a revision to the form agencies use to propose rule changes, which clarifies requirements in the law. In addition, the Legislature directed the Governor's Office for Regulatory Innovation and Assistance to provide tools and additional assistance to state agencies.

### Preliminary scope and objectives

To assess whether state agencies have addressed issues identified in the 2016 audit, this audit will seek to answer the following questions:

1. To what extent has compliance with the Regulatory Fairness Act improved since the previous audit?
2. Are agencies correctly applying exemptions to the requirements of the Act?
3. Did the Office of Regulatory Innovation and Assistance provide tools and assistance to help agencies comply with the Act as required by law?

### Timing:

We expect to publish the audit results in late fall 2020.



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