

REVISED

## STATEMENT OF PURPOSE

RS27812 / S1363

This legislation establishes an independent Office of Administrative Hearings, and otherwise provides for the independence and impartiality of hearing officers in Administrative Procedure Act contested case proceedings, in accordance with the recommendations of the Administrative Hearing Officer Interim Committee.

### FISCAL NOTE

There will be a temporary, but ultimately recoverable, increase of \$438,600 to appropriations from the General Fund in FY 2021 based on an analysis conducted by the Budget and Policy Division of the Legislative Services Office and the Division of Financial Management. This analysis takes in to account that preliminary activities to create and staff the Office of Administrative Hearings will begin on July 1, 2020, continue up to January 1, 2021 when the office will begin conducting its first contested case hearings, and that it will begin conducting Department of Health and Welfare contested hearings.

Agencies already have funds in their budgets to pay hearing officers when they are needed. Beginning January 1, 2021, these existing budgeted funds will be used to pay for the contested case hearings conducted by the Office of Administrative Hearings. The existing state system for such payments will result in a lag between the time when the Office of Administrative Hearings conducts hearings and agency budgets are tapped for their payments. This lag presents cash flow issues explaining the FY 2021 fiscal cost and the probability of a fiscal cost for FY 2022. Beginning with FY 2023 it is expected that appropriations to the Office of Administrative Hearings will be fully "cost recovered" through billings to agencies having hearings. The resulting agency payments will go to the cost recovery fund for deposit back to the General Fund at the end of each fiscal year.

#### Contact:

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**DISCLAIMER:** This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).