

entrepreneurs from introducing beneficial products and processes.

- (8) The practice of treating all regulated businesses as equivalent may lead to inefficient use of regulatory agency resources, enforcement problems, and, in some cases, to actions inconsistent with the legislative intent of health, safety, environmental, and economic welfare legislation.
- (9) Alternative regulatory approaches which do not conflict with the stated objective of applicable statutes may be available to minimize the significant economic impact of rules on small businesses.
- (10) The process by which state regulations are developed and adopted should be reformed to require agencies to solicit the ideas and comments of small businesses, to examine the impact of proposed and existing rules on such businesses, and to review the continued need for existing rules.

Proposed law retains present law and adds the following:

- (1) Increased hiring in Louisiana's small businesses creates higher wages and better outcomes for Louisiana's citizens and families.
- (2) Before adopting regulations, it is helpful if agencies solicit the ideas and comments of small businesses to examine the impact of proposed and existing rules on small businesses.
- (3) Regulations affect small businesses differently than their larger counterparts. According to the U.S. Small Business Administration, evidence indicates that regulatory requirements at the federal and state level tend to create disproportionately heavier burdens for small businesses, putting them at a disadvantage relative to their larger competitors. Some of the reasons that small businesses are at a disadvantage include all of the following:
 - (a) The cost of regulations is higher relative to available resources. In other words, the cost of regulations per employee is higher for businesses with fewer employees.
 - (b) The cost per employee at the smallest businesses is typically one or more times greater than the equivalent cost at the largest businesses.
- (4) Making small businesses aware of proposed state regulations before they are implemented is the key to creating an effective partnership between state agencies and small businesses.

Present law provides that prior to the adoption of any proposed rule that may have an adverse impact on small businesses, each agency shall prepare an economic impact statement that identifies an estimate of the number of the small businesses subject to the proposed rule, the costs of compliance, the probable effect on impacted small businesses, and a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed rule.

Proposed law retains present law and requires that the economic impact statement will be filed with the office of the state register for publication in the *La. Register* along with the notice of intent to implement the new regulation.

Present law provides that, prior to the adoption of any proposed rule, each agency shall prepare a regulatory flexibility analysis in which the agency will consider utilizing regulatory methods for small businesses that establish less stringent compliance or reporting requirements, establish less stringent deadlines for compliance, consolidate or simplify the reporting requirements, establish performance standards to replace operational standards required in the proposed rule, and exempt small businesses from all or any part of the requirements contained in the proposed rule.

Proposed law retains present law and requires that the regulatory flexibility analysis will be filed with the office of the state register for publication in the *La. Register* along with the notice of intent to implement the new regulation.

Proposed law defines "potpourri notice" to mean a notice sent by an agency to the office of the state register announcing that the agency may implement a future regulation change and that the agency is seeking public comment and will conduct a public hearing, if one is requested, prior to officially proposing the regulation change. Proposed law provides that, when an agency determines in its own judgment that the input of small businesses and the public would serve the interest of small business or the public, the agency may issue a potpourri notice. Proposed law provides that the potpourri notice will be filed with the office of the state register for publication in the *La. Register*.

Present law requires agencies to notify the Dept. of Economic Development prior to the adoption of any proposed rule by an agency which, according to the economic impact statement and the regulatory flexibility analysis, would have an adverse impact on small businesses. Present law provides that the Dept. of Economic Development shall send notification of the intent of an agency to adopt, amend, or repeal the rule to each person who has made a timely request of the department for such notice.

Present law requires that, when an agency intends to adopt, amend, or repeal any rule or regulation, the notice of intent which is filed with the office of the state register for publication in the *La. Register* shall include a fiscal impact statement approved by the legislative fiscal office indicating that the proposed rule or regulation change would not result in any increase in the expenditure of state funds, unless at least one of the following occurs:

- (1) The proposed rule or regulation is adopted as an emergency rule pursuant to the requirements of present law.
- (2) The legislature has specifically appropriated the monies necessary for the expenditures associated with the intended rule or regulation change.

Proposed law retains present law and requires that the fiscal impact statement be summarized by the agency as to the estimated costs and/or economic benefits to directly affected persons, small businesses, or nongovernmental groups and that the summary shall be published in the *La. Register*.

Proposed law requires that, no later than the 10th day of the month, the office of the state register shall electronically transmit all of the small business economic impact statements, the small business regulatory flexibility analyses, and the fiscal impact statement approved by the legislative fiscal office to the secretary of state's commercial division. Proposed law further provides that, if the agency has filed a potpourri notice, that the notice will also be sent to the secretary of state's commercial division. Proposed law further requires that the electronic transfer of information from the office of the state register to the secretary of state's commercial division is to be divided into categories by the name of the agency which is filing the proposed rule change or sending the potpourri notice.

Proposed law provides that, upon receiving the electronic transfer of information from the office of the state register, to the secretary of state's commercial division will do all of the following:

- (1) On the 11th day of the month, post the information on the commercial division's internet page under the heading of "proposed state rules and regulations that may affect your business."
- (2) No later than the 12th day of the month, electronically transfer the information to the Louisiana Association of Business and Industry and the Louisiana Chapter of the National Federation of Independent Businesses, and to each person who has made a timely request of the department for such notices.

Proposed law provides that the secretary of state shall designate a small business advocate from the existing staff of the secretary of state's commercial division to implement and maintain the notification duties and functions pursuant to proposed law and to administer the Small Business Protection Act. Proposed law provides that the small business advocate shall coordinate the implementation and maintenance on the website of the secretary of state's commercial division, as it relates to the receipt of information from the office of the state register. Proposed law provides that the secretary of state's commercial division will enter into an agreement with the office of the state register to arrange for the receipt of such information on an ongoing basis.

Effective August 1, 2019.

(Amends R.S. 49:953(E), 965.2, 965.3(A), (B)(1), (2), and (10), and (C), 965.4, 965.5, 965.6(A), 965.7, and 965.8; adds R.S. 953(A)(1)(a)(x) and (I), R.S. 49:965.3(B)(11) and (12), 965.6(C), and 965.9)