January 22, 2016 – Introduced by Senators VINEHOUT, SHILLING, RINGHAND and LASSA, cosponsored by Representatives DANOU, BERCEAU, BOWEN, CONSIDINE, DOYLE, HINTZ, JORGENSEN, KOLSTE, SPREITZER, SUBECK and WACHS. Referred to Committee on Sporting Heritage, Mining, and Forestry.

AN ACT to renumber 227.137 (5), 227.137 (6) (a), 227.137 (6) (b), 227.137 (6) (c) and 227.137 (6) (d); to renumber and amend 227.137 (6) (intro.) and 227.137 (7); to amend 227.135 (2), 227.135 (3), 227.137 (2), 227.137 (3) (intro.), 227.137 (4), 227.14 (2) (a) 6., 227.14 (4m), 227.15 (1), 227.15 (1m) (bm), 227.17 (3) (em), 227.185, 227.19 (2), 227.19 (3) (intro.), 227.24 (1) (e) 1d. and 227.24 (1) (e) 1g.; and to create 227.135 (2m), 227.135 (5), 227.137 (2m), 227.137 (3m), 227.137 (4m) and 227.137 (6) (cm) of the statutes; relating to: elimination of the requirement that the governor approve a proposed rule that is considered at the joint annual spring fish and wildlife rule hearing of the Department of Natural Resources and county meeting of the Wisconsin Conservation Congress and limitation of the scope of the requirements that an economic impact analysis and statement of scope be prepared for such a proposed rule.

Analysis by the Legislative Reference Bureau
This bill makes various changes to the rule-making process with respect to proposed administrative rules considered at the joint annual spring fish and wildlife
rule hearing of the Department of Natural Resources and county meeting of the Wisconsin Conservation Congress (spring DNR–WCC meeting).

**Gubernatorial approval and statements of scope for proposed rules**

Current law requires a statement of scope of a proposed rule to be approved by the governor and the individual or body that has policy-making powers for a state agency before a state employee or official may perform any activity in connection with the drafting of the proposed rule. Under this bill, for rules that are considered at the spring DNR–WCC meeting, only the Natural Resources Board (board) is required to approve a statement of scope before those activities may be performed.

Under current law, a state agency must prepare and obtain approval of a revised statement of scope if, after a statement of scope is approved, the agency changes the scope of the proposed rule in any meaningful or measurable way. Under the bill, this requirement does not apply to rules that are considered at the spring DNR–WCC meeting.

Under current law, a state agency must prepare and obtain approval of a statement of scope for a proposed emergency rule in the same manner as a statement of scope is prepared and approved for a nonemergency rule. Under the bill, a statement of scope is not required for emergency rules considered at the spring DNR–WCC meeting.

Current law requires a state agency to submit a proposed rule in final draft form to the governor for approval before the rule may be submitted to the legislature for review and to submit a proposed emergency rule in final draft form to the governor for approval before the emergency rule may be filed with the Legislative Reference Bureau for publication. The bill eliminates these requirements for gubernatorial approval for rules that are considered at the spring DNR–WCC meeting.

Finally, the bill permits automatic approval of a statement of scope for rules that are considered at the spring DNR–WCC meeting if the board does not disapprove the statement of scope within 30 days after it is presented to the board, or by the eleventh day after its publication in the Wisconsin Administrative Register, whichever is later.

**Economic impact analyses for proposed rules**

**When report must be prepared.** Current law requires each state agency to prepare an economic impact analysis for all rules proposed by the agency. It also requires the Department of Administration to issue a report on a proposed rule, and the secretary of administration (secretary) to approve a proposed rule, if the economic impact analysis indicates that a total of $20,000,000 or more in implementation and compliance costs are reasonably expected to be incurred by or passed along to businesses, local governmental units, and individuals as a result of the proposed rule. In addition, current law requires a state agency to prepare a revised economic impact analysis if a proposed rule is modified after the original economic impact analysis is submitted so as to significantly change the economic impact of the proposed rule.

Under this bill, for rules that are considered at the spring DNR–WCC meeting, an economic impact analysis is required only if the secretary directs the analysis to be prepared on the petition of a municipality; an association that represents a farm,
labor, business, or professional group; or five or more persons who would be affected by the proposed rule. The bill requires the secretary to direct the preparation of such an analysis if 1) the proposed rule would cost affected persons $20,000,000 or more during each of the first five years after the rule’s implementation to comply with the rule; or 2) the rule would adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or state, local, or tribal governments or communities.

**Content of analysis.** Current law requires certain information to be included in an economic impact analysis, including all of the following:

1. An analysis of the economic impact of the proposed rule, including information on the economic effect on specific businesses, business sectors, public utility ratepayers, local governmental units, and the state’s economy as a whole.
2. An analysis of alternatives to the proposed rule, including the alternative of not promulgating the rule.
3. A determination made in consultation with the businesses, local governmental units, and individuals potentially affected by the proposed rule as to whether the proposed rule would adversely affect in a material way the economy, a sector of the economy, productivity, jobs, or the overall economic competitiveness of this state.
4. Comparisons with the approaches used by the federal government and by Illinois, Iowa, Michigan, and Minnesota to address the policy problem that the proposed rule is intending to address and, if the approach chosen by the agency to address that policy problem is different from those approaches, a statement as to why the agency chose a different approach.
5. An assessment of how effective the proposed rule will be in addressing the policy problem that the rule is intended to address.

This bill eliminates the requirements that this information be included in an economic impact analysis for rules that are considered at the spring DNR-WCC meeting. Under this bill, an economic impact analysis that is required for rules that are considered at the spring DNR-WCC meeting must instead contain information on the effect of the proposed rule on specific businesses, business sectors, and the state’s economy and must include all of the following: 1) an analysis and quantification of the problem, including any risks to public health or the environment, that the rule is intending to address; 2) an analysis and quantification of the economic impact of the rule, including costs reasonably expected to be incurred by the state, businesses, governmental units, and affected individuals; and 3) an analysis of benefits of the rule, including how the rule reduces the risks and addresses the problems that the rule is intended to address.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*
SECTION 1. 227.135 (2) of the statutes is amended to read:

227.135 (2) An Except as provided in sub. (2m), an agency that has prepared a statement of the scope of the proposed rule shall present the statement to the governor and to the individual or body with policy-making powers over the subject matter of the proposed rule for approval. The agency may not send the statement to the legislative reference bureau for publication under sub. (3) until the governor issues a written notice of approval of the statement. The individual or body with policy-making powers may not approve the statement until at least 10 days after publication of the statement under sub. (3). No state employee or official may perform any activity in connection with the drafting of a proposed rule to which this subsection applies except for an activity necessary to prepare the statement of the scope of the proposed rule until the governor and the individual or body with policy-making powers over the subject matter of the proposed rule approve the statement.

SECTION 2. 227.135 (2m) of the statutes is created to read:

227.135 (2m) If the department of natural resources prepares a statement of the scope of a proposed rule that is considered at the joint annual spring fish and wildlife rule hearing of the department of natural resources and county meeting of the Wisconsin conservation congress, that department shall present the statement to the natural resources board for approval. The natural resources board may not approve the statement until at least 10 days after publication of the statement under sub. (3). If the natural resources board does not disapprove the statement within 30 days after the statement is presented to that board or by the 11th day after publication of the statement in the register, whichever is later, the statement is considered to be approved. No state employee or official may perform any activity
in connection with the drafting of a proposed rule to which this subsection applies except for an activity necessary to prepare the statement of the scope of the proposed rule until the natural resources board approves the statement.

**SECTION 3.** 227.135 (3) of the statutes is amended to read:

> 227.135 (3) If the governor approves a statement of the scope of a proposed rule under Subject to sub. (2), the agency shall send an electronic copy of the a statement of the scope of a proposed rule to the legislative reference bureau, in a format approved by the legislative reference bureau, for publication in the register. On the same day that the agency sends the statement to the legislative reference bureau, the agency shall send a copy of the statement to the secretary of administration. The agency shall include with any statement of scope sent to the legislative reference bureau the date of the governor’s approval of the statement of scope, if gubernatorial approval of the statement of scope is required. The legislative reference bureau shall assign a discrete identifying number to each statement of scope and shall include that number and, if applicable, the date of the governor’s approval in the publication of the statement of scope in the register.

**SECTION 4.** 227.135 (5) of the statutes is created to read:

> 227.135 (5) This section does not apply to emergency rules that are considered at the joint annual spring fish and wildlife rule hearing of the department of natural resources and county meeting of the Wisconsin conservation congress.

**SECTION 5.** 227.137 (2) of the statutes is amended to read:

> 227.137 (2) An Except as provided in sub. (2m), an agency shall prepare an economic impact analysis for a proposed rule before submitting the proposed rule to the legislative council staff under s. 227.15.

**SECTION 6.** 227.137 (2m) of the statutes is created to read:
227.137 (2m) After the legislative reference bureau publishes under s. 227.135 (3) a statement of the scope of a proposed rule that is considered at the joint annual spring fish and wildlife rule hearing of the department of natural resources and county meeting of the Wisconsin conservation congress, and before that department submits the notice of the proposed rule to the legislature for review under s. 227.19 (2), a municipality, an association that represents a farm, labor, business, or professional group, or 5 or more persons who would be directly and uniquely affected by the proposed rule may submit a petition to the department of administration asking the secretary of administration to direct the department of natural resources to prepare an economic impact analysis for the proposed rule. If the secretary of administration directs the department of natural resources to prepare the economic impact analysis, that department shall prepare the economic impact analysis before submitting the notice of the proposed rule to the legislature for review under s. 227.19 (2). The secretary of administration shall direct the department of natural resources to prepare an economic impact analysis for the proposed rule before submitting the notice of the proposed rule to the legislature for review under s. 227.19 (2) if the secretary determines that all of the following apply:

(a) The petition was submitted to the department of administration no later than 90 days after publication of the statement of the scope of the proposed rule under s. 227.135 (3) or no later than 10 days after publication of the notice for a public hearing under s. 227.17, whichever is later.

(b) The proposed rule would cost affected persons $20,000,000 or more during each of the first 5 years after the rule's implementation to comply with the rule or the proposed rule would adversely affect in a material way the economy, a sector of the
economy, productivity, competition, jobs, the environment, public health or safety, or state, local, or tribal governments or communities.

**SECTION 7.** 227.137 (3) (intro.) of the statutes is amended to read:

227.137 (3) (intro.) An economic impact analysis of a proposed rule prepared under sub. (2) shall contain information on the economic effect of the proposed rule on specific businesses, business sectors, public utility ratepayers, local governmental units, and the state’s economy as a whole. When preparing the analysis, the agency shall solicit information and advice from businesses, associations representing businesses, local governmental units, and individuals that may be affected by the proposed rule. The agency shall prepare the economic impact analysis in coordination with local governmental units that may be affected by the proposed rule. The agency may request information that is reasonably necessary for the preparation of an economic impact analysis from other businesses, associations, local governmental units, and individuals and from other agencies. The economic impact analysis shall include all of the following:

**SECTION 8.** 227.137 (3m) of the statutes is created to read:

227.137 (3m) An economic impact analysis of a proposed rule prepared under sub. (2m) shall contain information on the effect of the proposed rule on specific businesses, business sectors, and the state’s economy. When preparing the analysis, the department of natural resources shall solicit information and advice from the Wisconsin Economic Development Corporation and from businesses, associations, governmental units, and individuals that may be affected by the proposed rule. The department of natural resources may request information that is reasonably necessary for the preparation of the economic impact analysis from other state
agencies and from businesses, associations, governmental units, and individuals. The economic impact analysis shall include all of the following:

(a) An analysis and quantification of the problem, including any risks to public health or the environment, that the proposed rule is intending to address.

(b) An analysis and quantification of the economic impact of the proposed rule, including the costs that are reasonably expected to be incurred by the state, businesses, governmental units, and affected individuals.

(c) An analysis of the benefits of the proposed rule, including how the rule reduces the risks and addresses the problems that the rule is intended to address.

SECTION 9. 227.137 (4) of the statutes is amended to read:

227.137 (4) On the same day that the agency submits the an economic impact analysis prepared under sub. (2) to the legislative council staff under s. 227.15 (1), the agency shall also submit that analysis to the department of administration, to the governor, and to the chief clerks of each house of the legislature, who shall distribute the analysis to the presiding officers of their respective houses, to the chairpersons of the appropriate standing committees of their respective houses, as designated by those presiding officers, and to the cochairpersons of the joint committee for review of administrative rules. If a proposed rule is modified after the economic impact analysis is submitted under this subsection so that the economic impact of the proposed rule is significantly changed, the agency shall prepare a revised economic impact analysis for the proposed rule as modified. A revised economic impact analysis shall be prepared and submitted in the same manner as an original economic impact analysis is prepared and submitted.

SECTION 10. 227.137 (4m) of the statutes is created to read:
227.137 (4m) The department of natural resources shall submit an economic impact analysis prepared under sub. (2m) to the legislative council staff under s. 227.15 (1), to the department of administration, and to the petitioner.

SECTION 11. 227.137 (5) of the statutes is renumbered 227.137 (8).

SECTION 12. 227.137 (6) (intro.) of the statutes is renumbered 227.137 (6) (am) (intro.) and amended to read:

227.137 (6) (am) (intro.) If an economic impact analysis regarding a proposed rule prepared under sub. (2) indicates that a total of $20,000,000 or more in implementation and compliance costs are reasonably expected to be incurred by or passed along to businesses, local governmental units, and individuals as a result of the proposed rule or if an economic impact analysis is prepared under sub. (2m) for a proposed rule that is considered at the joint annual spring fish and wildlife hearing of the department of natural resources and county meeting of the Wisconsin conservation congress, the department of administration shall review the proposed rule and issue a report. The agency may not submit a proposed rule to the legislature for review under s. 227.19 (2) until the agency receives a copy of the department’s report and the approval of the secretary of administration. The report shall include all of the following findings:

SECTION 13. 227.137 (6) (a) of the statutes is renumbered 227.137 (6) (am) 1.

SECTION 14. 227.137 (6) (b) of the statutes is renumbered 227.137 (6) (am) 2.

SECTION 15. 227.137 (6) (c) of the statutes is renumbered 227.137 (6) (am) 3.

SECTION 16. 227.137 (6) (cm) of the statutes is created to read:

227.137 (6) (cm) No person is entitled to judicial review of any action taken by the department of administration under this subsection with respect to an economic impact analysis prepared under sub. (2m) for a proposed rule that is considered at
the joint annual spring fish and wildlife rule hearing of the department of natural
resources and county meeting of the Wisconsin conservation congress.

SECTION 17. 227.137 (6) (d) of the statutes is renumbered 227.137 (6) (am) 4.

SECTION 18. 227.137 (7) of the statutes is renumbered 227.137 (6) (bm) and
amended to read:

227.137 (6) (bm) Before issuing a report under sub. (6) par. (am), the
department of administration may return a proposed rule to the agency for further
consideration and revision with a written explanation of why the proposed rule is
being returned. If the agency head disagrees with the department’s reasons for
returning the proposed rule, the agency head shall so notify the department in
writing. The secretary of administration shall approve the proposed rule when the
agency has adequately addressed the issues raised during the department’s review
of the rule.

SECTION 19. 227.14 (2) (a) 6. of the statutes is amended to read:

227.14 (2) (a) 6. Any analysis and supporting documentation that the agency
used in support of the agency’s determination of the rule’s effect on small businesses
under s. 227.114 or that was used when the agency prepared an economic impact
analysis under s. 227.137 (3) (2) or (2m).

SECTION 20. 227.14 (4m) of the statutes is amended to read:

227.14 (4m) NOTICE OF SUBMITTAL TO LEGISLATIVE COUNCIL STAFF. On the same
day that an agency submits a proposed rule to the legislative council staff under s.
227.15, the agency shall prepare a written notice of the agency’s submittal to the
legislative council staff. The notice shall include a statement of the date on which
the proposed rule has been submitted to the legislative council staff for review, of the
subject matter of the proposed rule and of whether a public hearing on the proposed
rule is required, and shall identify the organizational unit within the agency that is primarily responsible for the promulgation of the rule. The notice shall also include a statement containing the identifying number of the statement of scope for the proposed rule assigned under s. 227.135 (3), the date of publication and issue number of the register in which the statement of scope is published, and the date of approval of the statement of scope by the individual or body with policy-making powers over the subject matter of the proposed rule under s. 227.135 (2) or (2m). The notice shall be approved by the individual or body with policy-making powers over the subject matter of the proposed rule. The agency shall send an electronic copy of the notice to the legislative reference bureau, in a format approved by the legislative reference bureau, for publication in the register. On the same day that the agency sends the notice to the legislative reference bureau, the agency shall send a copy of the notice to the secretary of administration.

SECTION 21. 227.15 (1) of the statutes is amended to read:

227.15 (1) Submittal to Legislative Council Staff. Prior to a public hearing on a proposed rule or, if no public hearing is required, prior to notice under s. 227.19, an agency shall submit the proposed rule to the legislative council staff for review. The proposed rule shall be in the form required under s. 227.14 (1), and shall include the material required under s. 227.14 (2), (3), and (4), the any economic impact analysis required under s. 227.137 (2) or (2m), and any revised economic impact analysis required under s. 227.137 (4). An agency may not hold a public hearing on a proposed rule or give notice under s. 227.19 until after it has received a written report of the legislative council staff review of the proposed rule or until after the initial review period of 20 working days under sub. (2) (intro.), whichever comes first.
An agency may give notice of a public hearing prior to receipt of the legislative council staff report. This subsection does not apply to rules promulgated under s. 227.24.

**SECTION 22.** 227.15 (1m) (bm) of the statutes is amended to read:

> 227.15 (1m) (bm) The Any economic impact analysis required under s. 227.137 (2) or (2m) and any revised economic impact analysis required under s. 227.137 (4).

**SECTION 23.** 227.17 (3) (em) of the statutes is amended to read:

> 227.17 (3) (em) Any report prepared by the department of administration under s. 227.137 (6) (am).

**SECTION 24.** 227.185 of the statutes is amended to read:

> **227.185 Approval by governor.** After Except as provided in this section, after a proposed rule is in final draft form, the agency shall submit the proposed rule to the governor for approval. The governor, in his or her discretion, may approve or reject the proposed rule. If the governor approves a proposed rule, the governor shall provide the agency with a written notice of that approval. No proposed rule may be submitted to the legislature for review under s. 227.19 (2) unless the governor has approved the proposed rule in writing. This section does not apply to a proposed rule that is considered at the joint annual spring fish and wildlife rule hearing of the department of natural resources and county meeting of the Wisconsin conservation congress.

**SECTION 25.** 227.19 (2) of the statutes is amended to read:

> 227.19 (2) Notification of legislature. An agency shall submit a notice to the chief clerk of each house of the legislature when a proposed rule is in final draft form. The notice shall be submitted in triplicate and shall be accompanied by a report in the form specified under sub. (3). A notice received under this subsection after the last day of the legislature’s final general-business floor period in the biennial session
as established in the joint resolution required under s. 13.02 (3) shall be considered received on the first day of the next regular session of the legislature, unless the presiding officers of both houses direct referral of the notice and report under this subsection before that day. The presiding officer of each house of the legislature shall, within 10 working days following the day on which the notice and report are received, direct the appropriate chief clerk to refer the notice and report to one standing committee. The agency shall submit to the legislative reference bureau for publication in the register, in an electronic format approved by the legislative reference bureau, a statement that a proposed rule has been submitted to the chief clerk of each house of the legislature. The agency shall also include in the statement the date of approval of the proposed rule by the governor under s. 227.185 if the proposed rule is subject to gubernatorial approval. Each chief clerk shall enter a similar statement in the journal of his or her house.

**SECTION 26.** 227.19 (3) (intro.) of the statutes is amended to read:

> 227.19 (3) **FORM OF REPORT.** (intro.) The report required under sub. (2) shall be in writing and shall include the proposed rule in the form specified in s. 227.14 (1); the material specified in s. 227.14 (2), (3), and (4); including any statement, suggested changes, or other material submitted to the agency by the small business regulatory review board; a copy of any economic impact analysis prepared by the agency under s. 227.137 (2) or (2m); a copy of any revised economic impact analysis prepared by the agency under s. 227.137 (4); a copy of any report prepared by the department of administration under s. 227.137 (6) (am); a copy of any energy impact report received from the public service commission under s. 227.117 (2); and a copy of any recommendations of the legislative council staff. The report shall also include all of the following:
SECTION 27. 227.24 (1) (e) 1d. of the statutes is amended to read:

227.24 (1) (e) 1d. Except as provided in s. 227.135 (5), prepare a statement of the scope of the proposed emergency rule as provided in s. 227.135 (1), obtain approval of the statement as provided in s. 227.135 (2), and send the statement to the legislative reference bureau for publication in the register as provided in s. 227.135 (3). If the agency changes the scope of a proposed emergency rule as described in s. 227.135 (4), the agency shall prepare and obtain approval of a revised statement of the scope of the proposed emergency rule as provided in s. 227.135 (4). No state employee or official may perform any activity in connection with the drafting of a proposed emergency rule except for an activity necessary to prepare the statement of the scope of the proposed emergency rule until the governor and the individual or body with policy-making powers over the subject matter of the proposed emergency rule approve the statement.

SECTION 28. 227.24 (1) (e) 1g. of the statutes is amended to read:

227.24 (1) (e) 1g. Except as provided in this subdivision, submit the proposed emergency rule in final draft form to the governor for approval. The governor, in his or her discretion, may approve or reject the proposed emergency rule. If the governor approves a proposed emergency rule, the governor shall provide the agency with a written notice of that approval. An agency may not file an emergency rule with the legislative reference bureau as provided in s. 227.20 and an emergency rule may not be published until the governor approves the emergency rule in writing. This subdivision does not apply to a proposed emergency rule that is considered at the joint annual spring fish and wildlife rule hearing of the department of natural resources and county meeting of the Wisconsin conservation congress.

SECTION 29. Initial applicability.
(1) **Governorial Approval of Rules.** The treatment of sections 227.135 (2), (2m), (3), and (5), 227.185, 227.19 (2), and 227.24 (1) (e) 1d. and 1g. of the statutes first applies to a proposed administrative rule whose statement of scope is published in the Wisconsin Administrative Register on the effective date of this subsection.

(2) **Economic Impact Reports.** The treatment of sections 227.137 (2), (2m), (3) (intro.), (3m), (4), (4m), (5), (6) (intro.), (a), (b), (c), (cm), and (d), and (7), 227.14 (2) (a) 6. and (4m), 227.15 (1) and (1m) (bm), 227.17 (3) (em), and 227.19 (3) (intro.) of the statutes first applies to a notice of a proposed administrative rule submitted to the legislature under section 227.19 (2) of the statutes on the effective date of this subsection.

(END)