

**LEGISLATIVE SERVICES AGENCY**  
**OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**  
**FISCAL IMPACT STATEMENT**

**LS 6920**

**BILL NUMBER:** HB 1294

**NOTE PREPARED:** Jan 4, 2026

**BILL AMENDED:**

**SUBJECT:** Administrative Rules Review.

**FIRST AUTHOR:** Rep. Bascom

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill establishes the Administrative Rules Review Committee. It requires an agency to submit a rule, including an executive order, and the latest version of the regulatory analysis with any supporting documents to the Office of Fiscal Management and Analysis (OFMA) of the Legislative Services Agency (LSA) to estimate the fiscal impact on state and local government.

The bill also provides that if the fiscal impact is estimated to be greater than \$300,000 in any two-year period, the rule and supporting documents shall be provided to the Administrative Rules Review Committee for review. It provides that the rule described may not take effect unless authorized by a bill enacted by the General Assembly, unless the Governor certifies that an emergency exists and the rule is necessary to address the emergency. It specifies that a rule enacted to address an emergency expires after one year.

**Effective Date:** July 1, 2026.

**Explanation of State Expenditures:** *Administrative Rules Review Committee:* The bill establishes a 12-member Administrative Rules Review Committee as a standing committee that functions year-round during both the legislative session and legislative interim period. The committee is to review any administrative rule submitted by a state agency or any executive order that passes the threshold for fiscal impact to state and local governments, as estimated by OFMA.

Committee expenses will be paid from appropriations to the Legislative Council and the LSA. The LSA is to staff the committee, as it currently does for standing and interim study committees. The LSA should be able to provide committee staff using existing resources.

*Fiscal Analysis of Rules:* The bill would increase workload for OFMA and potentially other offices within LSA by requiring them to conduct a fiscal analysis on each agency rule and executive order. There would be around 200 agency rules or executive orders that OFMA would need to analyze each year. It is estimated that OFMA would need to hire one additional fiscal analyst. The salary, fringe benefits, and insurance costs are estimated at \$115,000 for FY 2027 and \$125,000 for FY 2028.

*State Agencies:* The bill could also lengthen rulemaking by adding a step in the process. The bill requires any rule that has an estimated fiscal impact to state and local governments above \$300,000 in any two-year period to be reviewed by the Administrative Rules Review Committee. The rule would be prohibited from taking effect until a bill is enacted by the General Assembly authorizing it, unless the Governor certifies that an emergency exists and the rule is necessary to address the emergency. A rule that takes effect to address an emergency expires after one year.

The bill's impact on agency functions is indeterminable. A regular administrative rule expires on January 1 of the fifth year after the year in which the rules takes effect. The process for a rule that is readopted must be completed by December 1 (30 days prior to expiration). If a rule were to exceed the fiscal threshold, the rule would expire before the General Assembly would be able to consider a bill authorizing the rule. Agencies may need to start the rulemaking and rule readoption process much earlier.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Governor; Legislative Services Agency; potentially all.

**Local Agencies Affected:**

**Information Sources:** <https://www.in.gov/omb/rule-approval-process/>.

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