



**Senate Ways and Means Committee
Testimony in Support of Senate Bill 244
Presented by Eric Stafford, Vice President of Government Affairs**

Monday, January 27, 2020

Madam Chair and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber represents small, medium and large businesses of all industry segments across the state. We appreciate the opportunity to testify in support of Senate Bill 244 which places a five-year sunset requirement on state regulations.

In 2018, the Kansas Chamber along with other industry associations supported the passage of House Bill 2280 that was ultimately signed into law by Governor Colyer. The Chamber first testified on HB 2526, offering a substantial amendment based on Wisconsin's REINS (Regulations from the Executive in Need of Scrutiny) Act. That led the committee to look further into this subject and ultimately draft a bill that placed stronger requirements on state agencies to weigh the impact of the regulations they were seeking to implement on business and industry.

HB 2280 had strong bipartisan support, as both parties agree that excessive regulation from the executive branch risks the balance of power between the Executive and Legislative branches of government. Specifically, HB 2280 added stronger requirements on the economic impact statements from state agencies on impacted industries as Kansas agencies were loosely following prior to the passage of HB 2280.

HB 2280 required that state agencies reach out to trade associations, businesses, local government units, etc., who would be impacted by these regulations. Agencies were also required to review whether the proposed rule is mandated by the federal government, and if this approach taken by Kansas is different from that utilized by agencies in our surrounding states or federal government and if so, why the Kansas agency rule differs, and whether costs incurred by impacted parties would exceed \$3,000,000 over any two-year period.

HB 2280 was a positive first step in regulatory reform for the state. We continue to support discussions on how the state can minimize its regulatory climate. Just last year, we commissioned the Mercatus Center at George Mason University to conduct a study on Kansas' regulatory climate. That study is attached with our testimony.

The good news is Kansas fares much better than some states, however, our state still has more than 70,000 regulations on the books. Many of those are likely outdated and worthy of repeal.

We understand the need for agencies to adopt rules and regulations to implement laws passed by the Legislature. We are also cautious that some of those regulations can become costly and burdensome to industry in our state.

SB 244 is a good starting point for discussions on what our state can do to help business and industry by eliminating unnecessary regulations. States like Ohio, Idaho, and Virginia have recently passed regulatory reform. Ohio for example, passed a provision which requires that for every new regulation implemented, two be eliminated.

Idaho, meanwhile, adjourned their 2019 legislative session and the Idaho House ignored the requirement to annually re-authorize administrative regulations, meaning all regulations would expire July 1, 2019. The result after agencies held more than 40 public hearings and republished rules and regulations, 40% of Idaho's administrative rules were cut or simplified.

In conclusion, we appreciate the partnership between agencies and industry, but also experience how sometimes regulations can be extremely costly and burdensome to businesses in our state. We seek to find a balance of the two sides and continue to support regulatory reform efforts here in Kansas that allow agencies the ability to implement law while minimizing the financial impact on our members.

We appreciate the opportunity to testify in support of SB 244, and I am happy to answer any questions at the appropriate time.



A Snapshot of Kansas Regulation in 2019

70,969 Restrictions, 3.2 Million Words, and 4.5 Weeks to Read

James Broughel

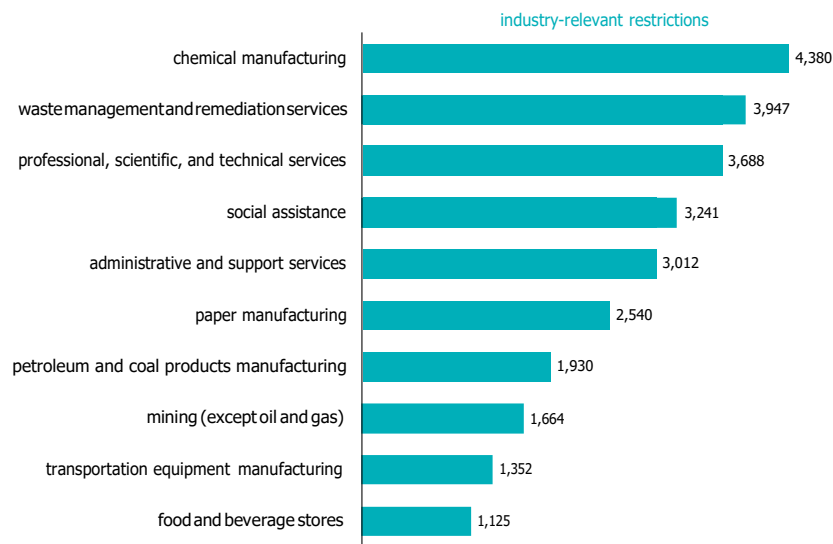
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It would take an ordinary person more than two and a half years to read the entire US *Code of Federal Regulations* (CFR), which contained nearly 104 million words in 2017.¹ The sheer size of the CFR poses a problem not just for the individuals and businesses that want to stay in compliance with the law but also for anyone interested in understanding the consequences of this massive system of rules. States also have sizable regulatory codes, which add an additional layer to the large body of federal regulation. A prime example is the online version of the 2019 *Kansas Administrative Regulations* (KAR).²

Researchers at the Mercatus Center at George Mason University developed State RegData, a platform for analyzing and quantifying state regulatory text. State RegData captures information in minutes that would take hours, weeks, or even years to obtain by reading and counting. For example, the tool allows researchers to identify the industries that state regulation targets most by connecting text relevant to those industries with restrictive word counts.³ These regulatory restrictions are instances of the words and phrases *shall*, *must*, *may not*, *prohibited*, and *required*, and they can signify legal constraints and obligations.⁴ As shown in figure 1, the three industries with the highest estimates of industry-relevant restrictions in the 2019 KAR are chemical manufacturing; waste management and remediation services; and professional, scientific, and technical services (which includes legal services, accounting and tax preparation, and a variety of other professional services).

State RegData also reveals that the 2019 KAR contains 70,969 restrictions and 3.2 million words. It would take an individual about 180 hours—or about four and a half weeks—to read the entire

Figure 1. Top 10 Industries Targeted by Kansas State Regulation in 2019

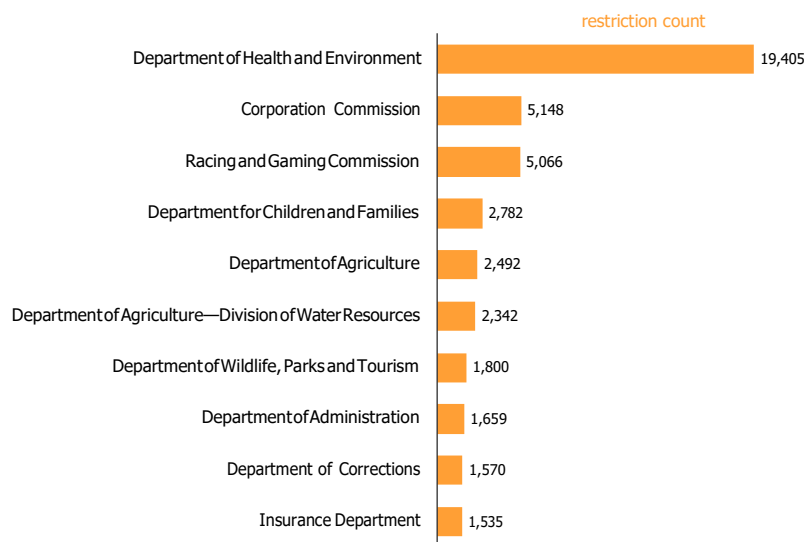


Note: Industries are classified using the RegData 3.0 industry classifier. Some previous state regulatory snapshots used earlier versions of the RegData industry classifier.

Source: State RegData (Kansas data), <https://quantgov.org/state-regdata/>.

KAR. That’s assuming the reader spends 40 hours per week reading and reads at a rate of 300 words per minute. By comparison, there are 1.09 million additional restrictions in the federal code.⁵ Individuals and businesses in Kansas must navigate these different layers of restrictions to remain in compliance.

Figure 2. Top 10 Regulators in Kansas in 2019



Source: State RegData (Kansas data), <https://quantgov.org/state-regdata/>.

The rules in the KAR are organized by agency. Figure 2 shows that the section of the KAR associated with the Department of Health and Environment contains 19,405 restrictions. By this measure, this is the biggest regulator in Kansas. Coming in second is the Corporation Commission, with 5,148 restrictions.

Federal regulation tends to attract the most headlines, but it is important to remember that the nearly 104 million words and 1.09 million restrictions in the federal code significantly understate the true scope of regulation in the United States. States like Kansas write millions of additional words of regulation and tens of thousands of additional restrictions. State-level requirements carry the force of law to restrict individuals and businesses just as federal ones do.

Researchers are only beginning to understand the consequences of the massive and growing federal regulatory system on economic growth and well-being in the United States.⁶ Meanwhile, the effects of state regulation remain largely unknown. If this snapshot of Kansas regulation in 2019 is a good indicator, then the states are also active regulators, suggesting that the full impact of regulation on society is far greater than that of federal regulation alone.

ACKNOWLEDGMENT

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ABOUT THE AUTHOR

James Broughel is a senior research fellow at the Mercatus Center at George Mason University. Broughel has a PhD in economics from George Mason University. He is also an adjunct professor in the economics department and the law school at George Mason University.



QuantGov This regulatory snapshot was produced in part using QuantGov, a policy analytics platform that facilitates analysis of the causes and effects of various government actions. The QuantGov project treats policy text as data, allowing researchers to quickly and effectively examine broad policies (as articulated in bodies of text) by using some of the latest advances from data science, such as machine learning and other artificial intelligence technology. The Mercatus Center's team of data engineers, analysts, and developers created this platform and continually utilize and update it to produce data that support a variety of research products and to provide policymakers with data that inform positive policy change. More information is available at quantgov.org.

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NOTES

1. This assumes the person reads 300 words per minute for 40 hours per week with two weeks of vacation per year. "RegData 3.1," QuantGov; Patrick A. McLaughlin, Oliver Sherouse, Daniel Francis, Michael Gasvoda, Jonathan Nelson, Stephen Strosko, and Tyler Richards, "RegData 3.0 User's Guide," accessed February 15, 2018, <https://quantgov.org/regdata/users-guide/>.
2. State of Kansas, Office of the Secretary of State, Kansas Administrative Regulations (K.A.R.), accessed February 13, 2019, http://www.kssos.org/pubs/pubs_kar.aspx.
3. State RegData is part of a broader project called QuantGov, which seeks to quantify legal text. See Patrick A. McLaughlin and Oliver Sherouse, "QuantGov—A Policy Analytics Platform," QuantGov, December 20, 2017. Data for Kansas are available at <https://quantgov.org/state-regdata/>.
4. Restrictions can also occur in legal text for other purposes, such as for definitional purposes. At times, restrictions may relate to government employees rather than the private sector.
5. "RegData 3.1"; McLaughlin et al., "RegData 3.0 User's Guide."
6. See, for example, Bentley Coffey, Patrick A. McLaughlin, and Pietro Peretto, "The Cumulative Cost of Regulations" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, 2016).