

1 efficiently as possible and regularly report to the
2 Legislature additional methods by which to streamline their
3 operational costs.

4 (2) In accordance with the instructions for
5 legislative budget requests, each state agency shall examine
6 the fees it charges for providing regulatory services and
7 oversight. The annual examination shall determine whether
8 operational efficiencies can be achieved in the underlying
9 program, whether the regulatory activity is an appropriate
10 function that the agency should continue at its current level,
11 and whether the fees charged for each regulatory program are:

12 (a) Based on revenue projections that are prepared
13 using generally accepted governmental accounting procedures or
14 official estimates by the Revenue Estimating Conference, if
15 applicable;

16 (b) Adequate to cover both the direct and indirect
17 costs of providing the regulatory service or oversight; and

18 (c) Reasonable and take into account differences
19 between the types of professions or businesses that are
20 regulated.

21 (3) If the agency determines that the fees charged for
22 regulatory services or oversight are not adequate to cover
23 program costs and that an appropriation from other state funds
24 is necessary to supplement the direct or indirect costs of
25 providing a regulatory service or regulating a program, the
26 agency shall present to the Governor and the Legislature as
27 part of its legislative budget request a proposal for changes
28 in fees or laws which are necessary to make the regulatory
29 service or program totally self-sufficient or shall
30 demonstrate that the service or program provides substantial
31 benefits to the public which justify a partial subsidy from

1 other state funds. The Legislature shall review the proposal
2 during the next regular session.

3 Section 2. This act shall take effect July 1, 2006.

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5 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
6 COMMITTEE SUBSTITUTE FOR
7 SB 1678

8 The committee substitute clarifies that the bill only applies
9 to fees charged for regulatory services and oversight.

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