



Enterprise Policy

Department of Administration

Fiscal Note Policy for Administrative Rules

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1. Purpose

A well-crafted fiscal note can provide decision-makers and the regulated public with crucial information about the prospective financial impacts to state and local governments of proposed regulatory actions.

2. Applicability

Two types of regulations require fiscal notes under [R.I. Gen. Laws § 22-12-1.1](#): Regular rulemakings and Direct Final rulemakings. For both types of rules, a fiscal note shall be included in the agency's submission to the Office of Regulatory Reform (ORR) for interagency review at the proposed rulemaking stage. The fiscal note should address any financial or budgetary impacts to state or local government budgets, such as new, increased, or decreased expenditures, revenue changes, or significant compliance costs. Fiscal notes are a separate requirement from the benefit-cost analysis requirement.

3. Definitions

“Direct Final rulemaking” means a regulation anticipated to be noncontroversial which takes effect thirty days after publication if no objection is received, in accordance with [R.I. Gen. Laws § 42-35-2.11](#).

“Office of Management and Budget” or “OMB” means the agency and its associated powers in accordance with [R.I. Gen. Laws Title 35 Chapter 1.1](#).

“Office of Regulatory Reform” or “ORR” means the division assigned to the Office of Management and Budget in accordance with [R.I. Gen. Laws § 35-1.1-4](#) and its associated powers in accordance with [R.I. Gen. Laws § 42-64.13-7](#).

“Quasi-government agency” means an entity established under the Rhode Island General Laws in accordance with [R.I. Gen. Laws § 42-155-3](#). This definition includes “public corporations” as defined in [R.I. Gen. Laws § 35-18-2](#) and [R.I. Gen. Laws § 35-20-5](#).



“Regular rulemaking” means the process typically utilized for executive branch agency rulemakings, other than Direct Final rulemaking, in accordance with the requirements of the Rhode Island Administrative Procedures Act ([R.I. Gen. Laws Ch. 42-35](#)).

4. Fiscal Note Requirements

- a. The fiscal note template for proposed regulatory adoptions or amendments may be found on the [OMB website](#).
- b. Agency Rules Coordinators should collaborate with their Chief Financial Officer (CFO) or Finance Office on the development of the fiscal note. Fiscal notes must be reviewed and approved by the agency CFO or their designee prior to sending to ORR for review. Agencies are welcome to reach out to their budget or regulatory analyst for assistance in advance of submitting the regulatory package for review.
- c. The fiscal note should provide a clear and concise summary of the changes to the regulatory environment, the estimated fiscal impact with a focus on general revenue, and any limitations of the analysis. It should also account for the following, where applicable:
 - i. Funding Approved in the Most Recent Fiscal Year Budget
 1. Agencies proposing regulatory changes corresponding to the most recent or prior year budgets must submit a completed fiscal note.
 2. The fiscal note should exclusively focus on costs directly or indirectly (e.g., administrative burden) related to the proposed regulatory language within the agency. Agencies shall identify and explain costs that will be absorbed within their existing budgets, costs associated with statutory mandates, and discretionary adjustments resulting in budgeted or unbudgeted fiscal impacts. Agencies shall also identify increases or decreases in revenue associated with discretionary adjustments or cite to the statute requiring the change. Agencies may incorporate language and data from the budget proposal.
 - ii. Municipal Impacts
 1. Revenue impacts related to municipal budgets must be discussed in the fiscal note. [R.I. Gen. Laws § 45-13-9.1](#) places additional parameters around regulations imposing costs on municipalities (i.e., Rhode Island cities, towns, or school districts) in the current fiscal year. The statute specifies that regulations which result in new or increased expenditures by municipalities cannot take effect until July 1 of the calendar year following adoption, unless funding is provided for the said expenditure.

2. If agencies would like additional data from municipalities for the fiscal note, please reach out to the Division of Municipal Finance (DMF) to connect with the municipalities and/or the Rhode Island League of Cities and Towns to gather relevant information. Agencies working with DMF should build in at least fifteen business days to their timelines for regulations with municipal impacts.

iii. Federal Funding

1. Agencies may discuss the use of federal funds for the proposed regulatory change, but are only required to cost out the impacts to general revenue in the fiscal note. Note that general revenue impacts may include any corresponding state match requirements for receiving federal funds.

d. Quasi-Government Agencies

i. Because many quasi-government agency budgets utilize state funding sources for specific purposes (restricted receipts, bonds, etc.) in lieu of general revenue funds, completing the fiscal note template may require a different approach. Please coordinate with the agency's assigned regulatory analyst at ORR prior to submitting the agency rulemaking package for review.



Director of Administration

5/21/24

Date