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TO: All Departments, Boards and Commissions

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SUBJECT: Fiscal and Economic Impact Statements

The Administrative Procedure Act requires agencies to prepare a Fiscal and Economic Impact Statement (FEIS) and obtain approval from the Legislative Fiscal Office (LFO) before adopting, amending, or repealing any agency rule (R.S. 49:961). This memo outlines the procedures to follow and provides updated guidance to incorporate the provisions of Act 98 of the 2025 Regular Session.

- (1) Each notice of intent for the adoption, amendment, or repeal of a rule (as defined in R.S. 49:951) which is forwarded to the Louisiana Register for publication must be accompanied by a Fiscal and Economic Impact Statement, which has been approved by the LFO. If a proposed rule is expected to have **no** fiscal or economic impact, the agency must still submit a statement affirming this for LFO approval.
- (2) Preparation of Fiscal and Economic Impact Statements is the responsibility of the agency proposing the rule adoption, amendment, or repeal. The LFO is not authorized to prepare such statements if the proposing agency fails to do so.
- (3) Agencies must use the FEIS form available at <https://lfo.louisiana.gov/forms>. Submittals must:
 - Match the LFO template exactly (non-identical forms will be returned).
 - Be formatted and printed on legal-size pages.
 - Include any required attachments noted herein (see 4 below).
- (4) FEIS forms must be accompanied by the following:
 - A copy of the notice of intent that will be forwarded by the agency to the Louisiana Register for publication.
 - A copy of the rule proposed for adoption or repeal, or in the case of a rule change, copies of both the current and proposed rules with amended portions indicated in “redline format.”
 - A copy of any federal regulations requiring adoption of the rule change, if applicable.
 - All copies submitted must be identical to those forwarded by the agency to the Louisiana Register for publication.
 - A copy of a corresponding Fiscal Note if this action is pursuant to an act of the legislature and if applicable.

- (5) FEIS forms must be submitted to the LFO by the 20th of the month preceding the agency's planned filing of its "Notice of Intent."

If any substantive (non-technical) modifications are made to the language of the rule after its initial submission to the LFO, the agency must provide the LFO with the modified rule and a revised Fiscal and Economic Impact Statement before the appropriate legislative oversight subcommittee hearing.

- (6) An FEIS is considered approved only if it bears the signature of the Legislative Fiscal Officer or an official designee. After approval, neither the FEIS nor the accompanying notice of intent or proposed rule may be changed.
- (7) In the event that an FEIS is not approved as submitted, the LFO will notify the agency of origin by e-mail or telephone and will indicate the areas where changes are needed. If the agency accepts the changes, it must forward a revised FEIS to the LFO for approval. If the agency does not accept the changes, the LFO will issue written notice of the required revisions before granting approval.
- (8) In order to avoid unnecessary delays, the agency should ensure that each FEIS is complete, grammatically correct, and written in complete sentences. The fiscal and economic information contained therein must be clearly stated and well documented. Any assumption used must be explained in detail.
- (9) **Act 11 of 1986 IES – Prohibition on Increased State Expenditures**

Act 11 of the First Extraordinary Session of 1986 prohibits the adoption, amendment, or repeal of any rule if it would result in any increase in the expenditure of state funds. There are two exceptions: first, adoption as an emergency rule, and second, a specific appropriation by the Legislature for the increased expenditure. It should be noted that the Attorney General has issued an opinion (87-209), which indicates that the budgeting of funds by BA-7 is not considered a "specific appropriation" for the purposes of Act 11.

The Fiscal and Economic Impact Statement form (page two) includes Section C to address the issues raised by Act 11 and to provide relevant information to legislative oversight subcommittees. Such subcommittees are charged with the statutory responsibility of determining during the course of a rules review hearing if a rule change conforms to all applicable provisions of law and of the constitution (R.S. 49:966D(3)(b)). Although this information will be required in order to process the Fiscal and Economic Impact Statement, final determinations of compliance with Act 11 will not be made by the LFO. Such determinations may, however, be made by the appropriate legislative oversight subcommittee based upon information provided in the impact statement.

(10) ***Act 98 of 2025 RS – Cost-Related Rule Review***

Beginning with the September 2025 submissions for October 2025 Notices of Intent (and thereafter), page two of the Fiscal and Economic Impact Statement has added Section D to comply with the provisions of Act 98 of the 2025 Regular Session.

Act 98 of the 2025 Regular Session provides that any proposed action that the LFO determines will result in either the expenditure of state funds or an economic impact involving costs to regulated entities estimated at two hundred thousand dollars per year or more or six hundred thousand dollars or more over three years shall not take effect unless the appropriate legislative oversight subcommittees determine that the action is acceptable. However, this requirement shall not apply if the LFO determines that the fiscal or economic impact of the proposed action is less than or equal to the amount accounted for in the fiscal note for legislation that required the action.

If the answer to question D.(1) is yes – the proposed rule change results in either the expenditure of state funds or an economic impact involving costs to regulated entities estimated at \$200,000 or more per year or \$600,000 or more over three years, AND the answer to D.(2) falls under (b) or (c), indicating either that cost impacts exceed those contemplated in the fiscal note if the measure is required by legislative act, OR that no fiscal note was attached to such a measure, the agency proposing the rule adoption, amendment or repeal is responsible for notifying its corresponding legislative oversight subcommittee(s) that an Act 98 review is indicated.

General Guidelines for completing the FEIS

Each FEIS should reflect all implementation costs or savings to state or local governmental units resulting from the adoption, amendment, or repeal of a rule (see Worksheet I and corresponding sections on subsequent pages). Costs might include, but are not limited to, the following:

- Printing and postage
- Personnel required
- Staff training
- Additional contractual arrangements needed
- The number of clients served or benefits paid.

These and any other associated costs should be included regardless of whether or not funds have been appropriated or budgeted for the intended purposes.

If adoption, amendment or repeal of a rule would result in increases or decreases in expenditures of federal funds, this should be reflected under "revenues" (see Worksheet II and corresponding sections on subsequent pages) as an increase or decrease in federal revenues. The impact on collection of any other revenues, including those paid into the state general fund, statutory dedications, self-generated revenues, or local revenues should also be listed.

Only the contents of page one will be published in the Louisiana Register with the notice of intent. However, all costs and savings, changes in revenue collections, costs and economic benefits to directly affected persons, small businesses, or non-governmental groups, as well as any effect on competition and employment should be explained in detail on Worksheets I through IV. Worksheets I through IV will be included in the packet sent to the appropriate legislative oversight subcommittee. A thorough but concise summary of each worksheet must be provided on page one.

If you have any questions about the requirements of the Administrative Procedure Act, or about these procedures, please do not hesitate to contact me or the analyst assigned to your agency.