

# **GOVERNMENT REFORM TASK FORCE**



**Indiana Legislative Services Agency  
200 W. Washington Street, Suite 301  
Indianapolis, Indiana 46204**

**Thursday November 30, 2023**

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# GOVERNMENT REFORM TASK FORCE

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Heather Puletz

Jessica Harmon

Anne Haley

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## FINAL REPORT

### Government Reform Task Force

#### I. STATUTORY DIRECTIVE

Review external policies and standards of procedure implemented by agencies. Study any other issues related to agency oversight, as determined by the task force. Develop recommendations in a report for the General Assembly concerning the issues set forth above. (IC 2-5-53-7)

#### II. SUMMARY OF WORK PROGRAM

The Task Force met three times during the 2023 interim in the Senate Chamber of the State House, Indianapolis, Indiana.

September 28, 2023: The Task Force heard testimony regarding the state budget process and types of state revenues and funds. Testimony was given regarding the administrative rulemaking process as amended by HEA 1623-2023.

November 1, 2023: The Task Force heard testimony regarding interim rulemaking for fee reductions and government reform recommendations.

November 30, 2023: The Task Force heard testimony concerning the creation of state funds. The Task Force considered the draft final report recommendations resulting in modifications to the report. The final report was adopted by a roll call vote of 5 to 3.

The Task Force meeting minutes and exhibits can be viewed by visiting the following link:  
<https://iga.in.gov/2023/committees/interim/government-reform-task-force>

The archived videos of the Task Force's meetings can be viewed by visiting the following link:  
[https://iga.in.gov/session/2023/video/committee\\_government\\_reform\\_task\\_force/](https://iga.in.gov/session/2023/video/committee_government_reform_task_force/)

#### III. TASK FORCE RECOMMENDATIONS

**Recommendation #1:** The Task Force recommends drafting legislation to facilitate the reduction of fees, fines, and civil penalties, by allowing state agencies to adopt interim rules to reduce, waive (in whole or in part), or suspend a fee, fine, or civil penalty without prior State Budget Committee review.

**Recommendation #2:** The Task Force recommends the General Assembly review and study executive branch boards and commissions to determine whether they should be realigned under specific agencies to provide better oversight of operations and integration with the whole of state government. This study would include the potential sunset, consolidation, or elimination of certain executive boards and commissions.

**Recommendation #3:** The Task Force recommends drafting legislation that expressly prohibits a state agency from retaliating against a regulated party or entity for speaking at a public meeting or otherwise providing feedback regarding the operation of the state agency.

**Recommendation #4:** The Task Force recommends that the Legislative Services Agency obtain from the Office of Management and Budget the following information: (1) A list of agencies that anticipate needing State Budget Committee review of fees, fines, or civil penalties under IC 4-22-2-19.6(e) (the “safe harbor” review provision). (2) The proposed fees, fines, and civil penalties that the agency intends to present to the State Budget Committee for review. (3) When agencies anticipate that the proposed fees, fines, and civil penalties in (2) will be ready for State Budget Committee review.

**Recommendation #5:** The Task Force recommends that orders of administrative law judges of the Office of Administrative Law Proceedings should be final orders that are subject to judicial review.

**Recommendation #6:** The Task Force recommends that the courts on judicial review of an agency decision should not defer to the agency's interpretation of the statute or regulation.

**Recommendation #7:** The Task Force recommends that courts on judicial review of an agency decision should make independent factual findings based on the record developed during the administrative hearing.

**Recommendation #8:** The Task Force recommends that the Legislative Services Agency prepare a report on the history of the General Assembly's Administrative Rules Oversight Committee (AROC) including AROC's duration, frequency of meetings, actions taken, and reasons for AROC's repeal. The Task Force recommends that Legislative Services Agency prepare a report on the Administrative Rule Oversight Committees of other states with part-time legislatures that; (1) addresses committee staffing and best practices; and (2) is for the purpose of drafting possible legislation for introduction in the 2025 regular session to reestablish an AROC, including any necessary budget bill appropriations for committee staff.

**Recommendation #9:** The Task Force recommends drafting legislation for introduction in the 2024 regular session of a state version of the federal Regulations from the Executive in Need of Scrutiny (REINS) Act of 2023 (H.R. 277). A state version of the REINS Act would provide that administrative rules “having a significant fiscal or regulatory impact” could not take effect unless approved by the General Assembly. The legislation would specify state level factors based upon the REINS act for determining whether a rule has a “significant fiscal or regulatory impact”: (1) a specified minimum annual cost on the economy; (2) a major increase in costs or prices for consumers, individual industries, federal, state, or local government agencies, or geographic regions; or (3) significant adverse effects on competition, employment, investment productivity, innovation, or the ability of Indiana-based enterprises to compete with enterprises based in other states or countries.

**Recommendation #10:** The Task Force recommends that the Legislative Services Agency, State Budget Agency, and State Comptroller develop template language for: (1) creating funds and appropriations; and (2) consideration by the Code Revision Commission and Legislative Council for possible inclusion in the General Assembly drafting manual.

**Recommendation #11:** The Task Force recommends that the Legislative Services Agency prepare legislation to amend statutes for clarity and consistency using the template language referred to in recommendation #10. The State Budget Agency shall provide a suggested list of statutes for amendment.

**Recommendation #12:** The Task Force recommends the following: (1) The State Budget Agency provide an annual report detailing dedicated funds that have not had any activity during the prior fiscal period in an electronic format under IC 5-14-6 to the Legislative Council. (2) Closing dedicated funds that have not had any fiscal activity during the prior two fiscal years.

**WITNESS LIST**

Nicole Buskill, General Counsel, Indiana Department of Financial Institutions

Daniel Dew, Legal Policy Director, Pacific Legal Foundation

Tom Fite, Director, Indiana Department of Financial Institutions

Steve Holifield

Zac Jackson, State Budget Director, State Budget Agency

Patrick Price, General Counsel, State Budget Agency and Special Counsel, Office of Management and Budget

Terence Sorg