



April 20, 2022

To: Members, Assembly Accountability and Administrative Review Committee

RE: AB 2893 (Daly) as Introduced on February 18, 2022 – SUPPORT

Dear Chair Petrie-Norris and Members,

Orange County Business Council (“the Business Council”) and the organizations listed below are **pleased to support AB 2893, a bill sponsored by the Business Council that will improve the Standardized Regulatory Impact Assessment (SRIA) so that state agencies update their analysis of major regulations to include Department of Finance (DOF) comments.**

In 2011, this Legislature passed SB 617, a bill broadly supported by the business community and passed by vast majorities in the Assembly and Senate that ensures that “major regulations”, or regulations with an economic impact exceeding \$50 million, are thoroughly analyzed. The SRIA directs agencies to conduct a robust cost-benefit analysis based on a major regulation’s potential to add or eliminate jobs and businesses, create competitive advantages or disadvantages for businesses, increase or decrease investment, establish incentives for innovation and provide benefits for health, safety and welfare of Californians. SB

617 also requires DOF to review the analysis's methodology, providing them more input in the regulation review process. Consequently, the SRIA is an invaluable tool for balancing a rule's intent with economic development priorities.

In the 10 years since SB 617 was enacted, improved economic analysis has been available to the public and Legislature, but areas for improvement have been identified. The SRIA currently does not require agencies to follow best practices, resulting in inaccuracies and ambiguities in their analysis. In 2017, the Legislative Analyst's Office (LAO) published "[Improving California's Regulatory Analysis](#)". The report identified the SRIA's limitations and recommended more guidance and oversight for agencies that are analyzing major regulations.

AB 2893 would amend the SRIA requiring agencies to update their analyses to reflect comments received by the DOF. Currently, while agencies must summarize DOF comments, it is optional to incorporate them into their own analyses. Per the LAO, about 600 regulations are submitted to the Office of Administrative Review annually. Many affect entire industries and can significantly impact jobs, economic development, and California businesses' competitiveness. Thus, the state's economic vitality depends in part on these analyses consistently following best practices. Costs and benefits should be quantified and alternatives must be analyzed to ensure that rulemaking is as prudent and effective as possible.

AB 2893 is a significant step toward updating the SRIA and guiding regulatory actions to actually achieve objectives with accurate and comprehensive information, greater benefits and lower costs. **For these reasons, the Business Council and the diverse organizations listed below support AB 2893.**

If you have any questions, please contact Jennifer Ward, SVP of Government Affairs at jward@ocbc.org and Connor Medina, Government Affairs Manager at cmedina@ocbc.org.

Sincerely,

Orange County Business Council
California Chamber of Commerce
California Business Roundtable
Western States Petroleum Association
Los Angeles Chamber of Commerce
Greater Irvine Chamber of Commerce
Newport Beach Chamber of Commerce
California Business Properties Association
California Manufacturing and Technology Association
California Restaurant Association
Santa Ana Chamber of Commerce
California Independent Petroleum Association
San Gabriel Valley Economic Partnership
FuturePorts
Anaheim Chamber of Commerce
Los Angeles County Business Federation
American Chemistry Council
National Elevator Industry, Inc.

cc: The Honorable Tom Daly, Author