



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

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MEMORANDUM

TO: Solicitor
Assistant Secretaries
Heads of Bureaus and Offices

FROM: Julie Falkner *Julie Falkner*
Director, Office of Regulatory Affairs

CC: Regulatory Contacts

SUBJECT: **Guidance for Implementing Title II of S. 1, the
"Unfunded Mandates Reform Act of 1995"**

On March 22, 1995, the President signed the "Unfunded Mandates Reform Act of 1995," (P.L. 104-4). Title II directs agencies to assess the effects of Federal regulatory actions on State, local, and tribal governments and the private sector.

Attached is OMB's guidance for implementing Title II of P.L. 104-4. Below is a brief summary of OMB's guidance procedures. If you have any questions, please call me at 208-5271.

Section 202: Statements to Accompany Significant Regulatory Actions

For covered regulations, Section 202 requires agencies to prepare two copies of a written statement. OMB will collect these statements and periodically forward the statements to the Congressional Budget Office (CBO). In addition, the preamble of a covered regulation will summarize information contained in the statement. The statement will:

- identify the authorizing legislation for the regulation;
- provide a cost-benefit analysis, building on the assessment already required under Section 6(a)(3)(C) of E.O. 12866;
- estimate, if feasible, macro-economic effects on the national economy. OMB does not believe this will be feasible unless the aggregate impact of the regulation is 0.25 percent to 0.5 percent of the Gross Domestic Product (approximately \$1.5 billion - \$3 billion).

- explain consultation efforts and concerns of affected State, local, and tribal governments;
- identify regulatory alternatives and select the least burdensome or most cost-effective alternative that achieves the objectives of the rule.

Section 203: Small Government Agency Plan

Before promulgating a regulation that will significantly or uniquely impact small governments, agencies will develop a plan that:

- provides notice of requirements to affected small governments (more than a notice in the Federal Register);
- enables meaningful input from small governments;
- advises small governments of the regulatory requirements.

Section 204: State, Local, and Tribal, Government Input

- Requires agencies to develop a process for meaningful input from State, local, and tribal governments. OMB will issue guidelines within 5 months. Until that time, OMB suggests following the guidance issued for implementing E.O. 12875 sent to you in January 1994.

Section 207: Pilot Program on Small Government Flexibility

- Requires agencies to test innovative, and more flexible regulatory approaches that reduce reporting and compliance burdens on small governments and meet overall statutory goals and objectives. Those interested in the pilot program should contact OMB to discuss your projects.

Attachment