

those alternatives select the least costly, most cost-effective or least burdensome alternative that achieves the objectives of the rule, for—

- (1) State, local, and tribal governments, in the case of a rule containing a Federal inter-governmental mandate; and
- (2) the private sector, in the case of a rule containing a Federal private sector mandate.

**(b) Exception**

The provisions of subsection (a) shall apply unless—

- (1) the head of the affected agency publishes with the final rule an explanation of why the least costly, most cost-effective or least burdensome method of achieving the objectives of the rule was not adopted; or
- (2) the provisions are inconsistent with law.

**(c) OMB certification**

No later than 1 year after March 22, 1995, the Director of the Office of Management and Budget shall certify to Congress, with a written explanation, agency compliance with this section and include in that certification agencies and rulemakings that fail to adequately comply with this section.

(Pub. L. 104-4, title II, §205, Mar. 22, 1995, 109 Stat. 66.)

**§ 1536. Assistance to Congressional Budget Office**

The Director of the Office of Management and Budget shall—

- (1) collect from agencies the statements prepared under section 1532 of this title; and
- (2) periodically forward copies of such statements to the Director of the Congressional Budget Office on a reasonably timely basis after promulgation of the general notice of proposed rulemaking or of the final rule for which the statement was prepared.

(Pub. L. 104-4, title II, §206, Mar. 22, 1995, 109 Stat. 66.)

**§ 1537. Pilot program on small government flexibility**

**(a) In general**

The Director of the Office of Management and Budget, in consultation with Federal agencies, shall establish pilot programs in at least 2 agencies to test innovative, and more flexible regulatory approaches that—

- (1) reduce reporting and compliance burdens on small governments; and
- (2) meet overall statutory goals and objectives.

**(b) Program focus**

The pilot programs shall focus on rules in effect or proposed rules, or a combination thereof.

(Pub. L. 104-4, title II, §207, Mar. 22, 1995, 109 Stat. 67.)

**§ 1538. Annual statements to Congress on agency compliance**

No later than 1 year after March 22, 1995, and annually thereafter, the Director of the Office of Management and Budget shall submit to the Congress, including the Committee on Govern-

mental Affairs of the Senate and the Committee on Government Reform and Oversight of the House of Representatives, a written report detailing compliance by each agency during the preceding reporting period with the requirements of this subchapter.

(Pub. L. 104-4, title II, §208, Mar. 22, 1995, 109 Stat. 67.)

CHANGE OF NAME

Committee on Governmental Affairs of Senate changed to Committee on Homeland Security and Governmental Affairs of Senate, effective Jan. 4, 2005, by Senate Resolution No. 445, One Hundred Eighth Congress, Oct. 9, 2004.

Committee on Government Reform and Oversight of House of Representatives changed to Committee on Government Reform of House of Representatives by House Resolution No. 5, One Hundred Sixth Congress, Jan. 6, 1999. Committee on Government Reform of House of Representatives changed to Committee on Oversight and Government Reform of House of Representatives by House Resolution No. 6, One Hundred Tenth Congress, Jan. 5, 2007. Committee on Oversight and Government Reform of House of Representatives changed to Committee on Oversight and Reform of House of Representatives by House Resolution No. 6, One Hundred Sixteenth Congress, Jan. 9, 2019.

SUBCHAPTER III—REVIEW OF FEDERAL MANDATES

**§ 1551. Baseline study of costs and benefits**

**(a) In general**

No later than 18 months after March 22, 1995, the Advisory Commission on Intergovernmental Relations (hereafter in this subchapter referred to as the “Advisory Commission”), in consultation with the Director, shall complete a study to examine the measurement and definition issues involved in calculating the total costs and benefits to State, local, and tribal governments of compliance with Federal law.

**(b) Considerations**

The study required by this section shall consider—

- (1) the feasibility of measuring indirect costs and benefits as well as direct costs and benefits of the Federal, State, local, and tribal relationship; and
- (2) how to measure both the direct and indirect benefits of Federal financial assistance and tax benefits to State, local, and tribal governments.

(Pub. L. 104-4, title III, §301, Mar. 22, 1995, 109 Stat. 67.)

**§ 1552. Report on Federal mandates by Advisory Commission on Intergovernmental Relations**

**(a) In general**

The Advisory Commission on Intergovernmental Relations shall in accordance with this section—

- (1) investigate and review the role of Federal mandates in intergovernmental relations and their impact on State, local, tribal, and Federal government objectives and responsibilities, and their impact on the competitive balance between State, local, and tribal governments, and the private sector and consider