

By: King, et al.

S.B. No. 14

(In the Senate - Filed March 6, 2025; March 6, 2025, read first time and referred to Committee on Economic Development; March 11, 2025, reported favorably by the following vote: Yeas 3, Nays 0, two present not voting; March 11, 2025, sent to printer.)

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A BILL TO BE ENTITLED
AN ACT

relating to reforming the procedure by which state agencies adopt rules and impose regulatory requirements and the deference given to the interpretation of laws and rules by state agencies in certain judicial proceedings.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. This Act may be cited as the Regulatory Reform and Efficiency Act.

SECTION 2. Subtitle E, Title 4, Government Code, is amended by adding Chapter 465 to read as follows:

CHAPTER 465. REGULATORY AND RULEMAKING EFFICIENCY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 465.0001. DEFINITIONS. (a) The definitions in Chapter 2001 apply to this chapter.

(b) In this chapter:

(1) "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

(2) "Office" means the Texas Regulatory Efficiency Office.

(3) "Panel" means the Texas Regulatory Efficiency Advisory Panel.

Sec. 465.0002. APPLICATION OF SUNSET ACT TO OFFICE AND PANEL. (a) The Texas Regulatory Efficiency Office and the Texas Regulatory Efficiency Advisory Panel are subject to Chapter 325 (Texas Sunset Act).

(b) Unless continued in existence as provided by Chapter 325 (Texas Sunset Act), the office and panel are abolished September 1, 2037.

SUBCHAPTER B. TEXAS REGULATORY EFFICIENCY OFFICE

Sec. 465.0051. ESTABLISHMENT OF OFFICE. The Texas Regulatory Efficiency Office is established as an office within the office of the governor.

Sec. 465.0052. PURPOSES OF OFFICE. (a) The office is established to:

(1) identify and expand opportunities for implementing efficiencies in:

(A) the process by which state agencies adopt rules;

(B) the regulatory review process; and

(C) the manner in which contested cases are conducted;

(2) assist state agencies in identifying:

(A) unnecessary and ineffective rules;

(B) the effect and cost to this state and regulated persons of the agencies' rules and proposed rules; and

(C) opportunities to repeal or amend rules to provide effective protection to the public with the least cost and inconvenience to regulated persons;

(3) coordinate with the secretary of state, the Department of Information Resources, and other state agencies in the secretary of state's efforts under Section 2001.007 to:

(A) improve public access to information regarding state agency rules, forms, and filings; and

.(B) create an interactive Internet website for use by the public to search and obtain information regarding rules, forms, and filings applicable to specific regulated occupations, industries, professions, and activities;

.(4) establish a goal for each state agency to reduce rules or other regulatory requirements, including by:

.(A) eliminating unnecessary or ineffective rules or other regulatory requirements; and

.(B) reducing the inefficiencies resulting from rules or other regulatory requirements adopted by the agency by:

.(i) reducing required training hours;

.(ii) reducing the number of forms a regulated person is required to complete;

.(iii) reducing the amount of information required by forms that a regulated person is required to complete;

.(iv) reducing the amount of or eliminating fees imposed by the rules;

.(v) reducing the number of activities covered by the rules; or

.(vi) creating waivers for or exemptions from the rules under certain circumstances; and

.(5) prepare and publish written manuals, guides, or other publications as required by this chapter.

.(b) The office shall coordinate with the panel, state agencies, and the governor's office to accomplish the purposes of the office.

Sec. 465.0053. REGULATORY ECONOMIC ANALYSIS MANUAL. (a) The office shall prepare and publish a regulatory economic analysis manual.

.(b) The manual required by Subsection (a) must identify and describe best practices for state agencies related to:

.(1) preparing a local employment impact statement under Section 2001.022;

.(2) conducting a regulatory analysis under Section 2001.0225;

.(3) preparing a fiscal note under Section 2001.024; and

.(4) preparing a note regarding public benefits and costs under Section 2001.024.

.(c) The office shall ensure that the manual required by Subsection (a) is written in plain language that may be easily understood by the public.

Sec. 465.0054. REGULATORY REDUCTION GUIDE. (a) The office shall prepare and publish a regulatory reduction guide.

.(b) The purpose of the guide required by Subsection (a) is to assist each state agency to:

.(1) meet the goal established by the agency under Section 465.0052(a)(4); and

.(2) document that the agency met the goal described by Subdivision (1).

.(c) The office shall ensure that the guide required by Subsection (a) is written in plain language that may be easily understood by the public.

Sec. 465.0055. RULEMAKING AND REGULATORY EFFICIENCY FORUM. The office shall establish a forum for interested persons described by Section 2001.021(d) to assist the office and the panel to accomplish the purposes of the office and panel.

SUBCHAPTER C. TEXAS REGULATORY EFFICIENCY ADVISORY PANEL

Sec. 465.0101. ESTABLISHMENT OF PANEL. The Texas Regulatory Efficiency Advisory Panel is established as an advisory panel to the governor's office, including the office established under this chapter.

Sec. 465.0102. ADMINISTRATIVE ATTACHMENT AND SUPPORT. (a) The panel is administratively attached to the office of the governor.

.(b) The office established under this chapter shall provide staff, facilities, and other administrative support necessary to assist the panel in performing the panel's duties under this chapter.

Sec. 465.0103. COMPOSITION OF PANEL. (a) The panel is composed of the following seven members:

.(1) two members appointed by the governor from a list provided by the speaker of the house of representatives, including:

.(A) one member who represents regulated small businesses; and

.(B) one member of the public;

.(2) two members appointed by the lieutenant governor, including:

.(A) one member who represents regulated large businesses; and

.(B) one member of the public; and

.(3) three members appointed by the governor, including:

.(A) one member who holds an occupational license issued by a state agency;

.(B) one member employed by an institution of higher education who conducts research at the institution and has experience addressing issues related to state agency rules; and

.(C) one member who represents state agencies that adopt rules.

.(b) The governor may reject one or more of the nominees on a list submitted by the speaker of the house of representatives under Subsection (a)(1) and request a new list of different nominees.

.(c) In making appointments under Subsection (a), priority shall be given to individuals with expertise in state agency rules and the rulemaking process, including expertise in regulatory research, compliance, cost, and impact analysis, and related law and procedure.

Sec. 465.0104. TERMS; VACANCY. (a) Members of the panel serve two-year terms.

.(b) A vacancy on the panel shall be filled in the same manner and is subject to the same qualifications as the original appointment. A panel member appointed to fill a vacancy on the panel shall serve the remainder of the unexpired term.

Sec. 465.0105. REIMBURSEMENT FOR EXPENSES. Members of the panel serve without compensation but are entitled to reimbursement for actual and necessary expenses incurred in performing official duties under this chapter.

Sec. 465.0106. PRESIDING OFFICER. The governor shall appoint one member of the panel to serve as the panel's presiding officer.

Sec. 465.0107. MEETINGS. The panel shall meet at the call of the panel's presiding officer.

Sec. 465.0108. PURPOSES OF PANEL. The panel is established to:

.(1) use the knowledge and expertise of regulated persons, small and large businesses, institutions of higher education, and state agencies to identify and expand opportunities for implementing efficiencies in:

.(A) the process by which state agencies adopt rules;

.(B) the regulatory review process; and

.(C) the manner in which contested cases are conducted; and

.(2) assist the office and state agencies in identifying:

.(A) unnecessary and ineffective rules;

.(B) the effect and cost to this state and regulated persons of the agencies' rules and proposed rules; and

.(C) opportunities to repeal or amend rules to

provide effective protection to the public with the least cost and inconvenience to regulated persons.

Sec. 465.0109. APPLICATION OF OTHER LAW. Chapter 2110 does not apply to the panel.

SUBCHAPTER D. REPORTING REQUIREMENT

Sec. 465.0151. BIENNIAL REPORT. (a) Not later than December 1 of each even-numbered year, the office shall prepare and submit to the governor and the Legislative Budget Board a written report that describes:

(1) the activities undertaken by the office during the two-year period preceding the date of the report to accomplish the purposes of the office;

(2) any findings and recommendations of the office related to the office's purposes under this chapter; and

(3) any legislative recommendations of the office to accomplish and further the findings and recommendations described by Subdivision (2).

(b) The panel may assist the office in preparing the report required by Subsection (a).

SECTION 3. Section 2001.007, Government Code, is amended by adding Subsection (e) to read as follows:

(e) The secretary of state, Department of Information Resources, and Texas Regulatory Efficiency Office shall jointly coordinate with each other state agency to establish an Internet website that allows a person to search the rules and related information made available by state agencies under Subsection (a) by:

(1) the general topic of the rule;

(2) the type of activity or business regulated by the rule; and

(3) if applicable, the North American Industry Classification System (NAICS) sector code for the type of activity or business regulated by the rule.

SECTION 4. Section 2001.024, Government Code, is amended by amending Subsection (a) and adding Subsection (e) to read as follows:

(a) The notice of a proposed rule must include:

(1) a brief explanation of the proposed rule;

(2) the text of the proposed rule, except any portion omitted under Section 2002.014, prepared in a manner to indicate any words to be added or deleted from the current text and, to the extent practicable, written in plain language;

(3) a statement of the statutory or other authority under which the rule is proposed to be adopted, including:

(A) a concise explanation of the particular statutory or other provisions under which the rule is proposed;

(B) the section or article of the code affected;

(C) if applicable, the bill number for the legislation that enacted the statutory authority under which the rule is proposed to be adopted if the legislation was enacted during the four-year period preceding the date notice of the proposed rule is given; and

(D) a certification that the proposed rule has been reviewed by legal counsel and found to be within the state agency's authority to adopt;

(4) a fiscal note showing the name and title of the officer or employee responsible for preparing or approving the note and stating for each year of the first five years that the rule will be in effect:

(A) the additional estimated cost to the state and to local governments expected as a result of enforcing or administering the rule;

(B) the estimated reductions in costs to the state and to local governments as a result of enforcing or administering the rule;

(C) the estimated loss or increase in revenue to the state or to local governments as a result of enforcing or administering the rule; and

(D) if applicable, that enforcing or administering the rule does not have foreseeable implications relating to cost or revenues of the state or local governments;

(5) a note about public benefits and costs showing the name and title of the officer or employee responsible for preparing or approving the note and stating for each year of the first five years that the rule will be in effect:

(A) the public benefits expected as a result of adoption of the proposed rule; and

(B) the probable economic cost to persons required to comply with the rule;

(6) the local employment impact statement prepared under Section 2001.022, if required;

(7) a request for comments on the proposed rule from any interested person; ~~and~~

(8) a request for information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis, from any person required to comply with the proposed rule or any other interested person; and

(9) any other statement required by law.

(e) For purposes of Subsection (a)(2), the text of a proposed rule is written in plain language if the text is written using language the general public, including individuals with limited English proficiency, can readily understand because the language is concise and well-organized.

SECTION 5. Sections 2001.035(a) and (b), Government Code, are amended to read as follows:

(a) A rule is voidable unless a state agency adopts it in substantial compliance with Sections 2001.022 [~~2001.0225~~] through 2001.034.

(b) A person must initiate a proceeding to contest a rule on the ground of noncompliance with the procedural requirements of Sections 2001.022 [~~2001.0225~~] through 2001.034 not later than the second anniversary of the effective date of the rule.

SECTION 6. Section 2001.040, Government Code, is amended to read as follows:

Sec. 2001.040. SCOPE AND EFFECT OF ORDER INVALIDATING AGENCY RULE. If a court finds that an agency has not substantially complied with one or more procedural requirements of Sections 2001.022 [~~2001.0225~~] through 2001.034, the court may remand the rule, or a portion of the rule, to the agency and, if it does so remand, shall provide a reasonable time for the agency to either revise or readopt the rule through established procedure. During the remand period, the rule shall remain effective unless the court finds good cause to invalidate the rule or a portion of the rule, effective as of the date of the court's order.

SECTION 7. Subchapter B, Chapter 2001, Government Code, is amended by adding Section 2001.042 to read as follows:

Sec. 2001.042. JUDICIAL REVIEW OF STATE AGENCY LEGAL DETERMINATION REGARDING LAWS AND RULES. Notwithstanding any other law, in a judicial proceeding in this state, including an action subject to Section 2001.038, a court is not required to give deference to a state agency's legal determination regarding the construction, validity, or applicability of the law or a rule adopted by the state agency responsible for the rule's administration, implementation, or other enforcement. This section does not prohibit a court from giving consideration to a legal determination made by a state agency that is reasonable and does not conflict with the plain language of the statute.

SECTION 8. Subchapter G, Chapter 2001, Government Code, is amended by adding Section 2001.1721 to read as follows:

Sec. 2001.1721. JUDICIAL REVIEW OF QUESTION OF LAW. (a)

Except as provided by Subsection (b), in any matter brought under this subchapter, the reviewing court shall review all questions of law de novo, including the interpretation of constitutional or statutory provisions or rules adopted by a state agency, without giving deference to any legal determination by a state agency.

(b) Subsection (a) does not prohibit a reviewing court from giving consideration to a legal determination made by a state agency that is reasonable and does not conflict with the plain language of the statute.

(c) Notwithstanding any other law, this section applies in an action for judicial review of a contested case authorized by law and other court actions authorized by law that involve a state agency's legal determination of a constitutional or statutory provision or a rule adopted by the state agency.

(d) A law may not exempt an action from the application of this section except by specific reference to this section.

SECTION 9. Sections 2001.022(c) and 2001.0221(e), Government Code, are repealed.

SECTION 10. (a) As soon as practicable after the effective date of this Act, but not later than January 1, 2026, the governor and lieutenant governor shall appoint the members of the Texas Regulatory Efficiency Advisory Panel as required by Section 465.0103, Government Code, as added by this Act.

(b) Not later than the 60th day after the date the last appointment is made to the Texas Regulatory Efficiency Advisory Panel under Subsection (a) of this section, the panel shall hold its first meeting.

SECTION 11. Sections 2001.024, 2001.035, and 2001.040, Government Code, as amended by this Act, and the repeal by this Act of Sections 2001.022(c) and 2001.0221(e), Government Code, apply only to a rule proposed by a state agency on or after the effective date of this Act. A rule proposed before the effective date of this Act is governed by the law in effect on the date the rule was proposed, and the former law is continued in effect for that purpose.

SECTION 12. Sections 2001.042 and 2001.1721, Government Code, as added by this Act, apply only to a petition for judicial review, action for declaratory judgment, contested case, or other proceeding initiated on or after the effective date of this Act. A petition for judicial review, action for declaratory judgment, contested case, or other proceeding initiated before the effective date of this Act is governed by the law in effect on the date the proceeding was initiated, and the former law is continued in effect for that purpose.

SECTION 13. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2025.

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