

By: King, et al.

S.B. No. 14

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:

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

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

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

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

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

13 (i) reducing required training hours;

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

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

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

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

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

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

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

1 the office.

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

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

7 (1) preparing a local employment impact statement
8 under Section [2001.022](#);

9 (2) conducting a regulatory analysis under Section
10 [2001.0225](#);

11 (3) preparing a fiscal note under Section [2001.024](#);
12 and

13 (4) preparing a note regarding public benefits and
14 costs under Section [2001.024](#).

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

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

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

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

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

26 (c) The office shall ensure that the guide required by
27 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

1 businesses; and

2 (B) one member of the public; and

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

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

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

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

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

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

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

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

26 Sec. 465.0105. REIMBURSEMENT FOR EXPENSES. Members of the
27 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

1 not apply to the panel.

2 SUBCHAPTER D. REPORTING REQUIREMENT

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

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

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

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

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

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

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

25 (1) the general topic of the rule;

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

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

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

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

8 (1) a brief explanation of the proposed rule;

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

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

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

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

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

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

26 (4) a fiscal note showing the name and title of the
27 officer or employee responsible for preparing or approving the note

1 and stating for each year of the first five years that the rule will
2 be in effect:

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

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

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

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

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

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

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

23 (6) the local employment impact statement prepared
24 under Section [2001.022](#), if required;

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

27 (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

1 the remand period, the rule shall remain effective unless the court
2 finds good cause to invalidate the rule or a portion of the rule,
3 effective as of the date of the court's order.

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

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

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

19 Sec. 2001.1721. JUDICIAL REVIEW OF QUESTION OF LAW. (a)
20 Except as provided by Subsection (b), in any matter brought under
21 this subchapter, the reviewing court shall review all questions of
22 law de novo, including the interpretation of constitutional or
23 statutory provisions or rules adopted by a state agency, without
24 giving deference to any legal determination by a state agency.

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

1 language of the statute.

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

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

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

11 SECTION 10. (a) As soon as practicable after the effective
12 date of this Act, but not later than January 1, 2026, the governor
13 and lieutenant governor shall appoint the members of the Texas
14 Regulatory Efficiency Advisory Panel as required by Section
15 465.0103, Government Code, as added by this Act.

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

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

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

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