

1-1 By: King, et al. S.B. No. 14  
1-2 (In the Senate - Filed March 6, 2025; March 6, 2025, read  
1-3 first time and referred to Committee on Economic Development;  
1-4 March 11, 2025, reported favorably by the following vote: Yeas 3,  
1-5 Nays 0, two present not voting; March 11, 2025, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10				X
1-11				X
1-12	X			

1-13 A BILL TO BE ENTITLED  
1-14 AN ACT

1-15 relating to reforming the procedure by which state agencies adopt  
1-16 rules and impose regulatory requirements and the deference given to  
1-17 the interpretation of laws and rules by state agencies in certain  
1-18 judicial proceedings.

1-19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-20 SECTION 1. This Act may be cited as the Regulatory Reform  
1-21 and Efficiency Act.

1-22 SECTION 2. Subtitle E, Title 4, Government Code, is amended  
1-23 by adding Chapter 465 to read as follows:

1-24 CHAPTER 465. REGULATORY AND RULEMAKING EFFICIENCY

1-25 SUBCHAPTER A. GENERAL PROVISIONS

1-26 Sec. 465.0001. DEFINITIONS. (a) The definitions in  
1-27 Chapter 2001 apply to this chapter.

1-28 (b) In this chapter:

1-29 (1) "Institution of higher education" has the meaning  
1-30 assigned by Section 61.003, Education Code.

1-31 (2) "Office" means the Texas Regulatory Efficiency  
1-32 Office.

1-33 (3) "Panel" means the Texas Regulatory Efficiency  
1-34 Advisory Panel.

1-35 Sec. 465.0002. APPLICATION OF SUNSET ACT TO OFFICE AND  
1-36 PANEL. (a) The Texas Regulatory Efficiency Office and the Texas  
1-37 Regulatory Efficiency Advisory Panel are subject to Chapter 325  
1-38 (Texas Sunset Act).

1-39 (b) Unless continued in existence as provided by Chapter 325  
1-40 (Texas Sunset Act), the office and panel are abolished September 1,  
1-41 2037.

1-42 SUBCHAPTER B. TEXAS REGULATORY EFFICIENCY OFFICE

1-43 Sec. 465.0051. ESTABLISHMENT OF OFFICE. The Texas  
1-44 Regulatory Efficiency Office is established as an office within the  
1-45 office of the governor.

1-46 Sec. 465.0052. PURPOSES OF OFFICE. (a) The office is  
1-47 established to:

1-48 (1) identify and expand opportunities for  
1-49 implementing efficiencies in:

1-50 (A) the process by which state agencies adopt  
1-51 rules;

1-52 (B) the regulatory review process; and

1-53 (C) the manner in which contested cases are  
1-54 conducted;

1-55 (2) assist state agencies in identifying:

1-56 (A) unnecessary and ineffective rules;

1-57 (B) the effect and cost to this state and  
1-58 regulated persons of the agencies' rules and proposed rules; and

1-59 (C) opportunities to repeal or amend rules to  
1-60 provide effective protection to the public with the least cost and  
1-61 inconvenience to regulated persons;

2-1                   (3) coordinate with the secretary of state, the  
 2-2 Department of Information Resources, and other state agencies in  
 2-3 the secretary of state's efforts under Section 2001.007 to:  
 2-4                   (A) improve public access to information  
 2-5 regarding state agency rules, forms, and filings; and  
 2-6                   (B) create an interactive Internet website for  
 2-7 use by the public to search and obtain information regarding rules,  
 2-8 forms, and filings applicable to specific regulated occupations,  
 2-9 industries, professions, and activities;  
 2-10                  (4) establish a goal for each state agency to reduce  
 2-11 rules or other regulatory requirements, including by:  
 2-12                   (A) eliminating unnecessary or ineffective rules  
 2-13 or other regulatory requirements; and  
 2-14                   (B) reducing the inefficiencies resulting from  
 2-15 rules or other regulatory requirements adopted by the agency by:  
 2-16                   (i) reducing required training hours;  
 2-17                   (ii) reducing the number of forms a  
 2-18 regulated person is required to complete;  
 2-19                   (iii) reducing the amount of information  
 2-20 required by forms that a regulated person is required to complete;  
 2-21                   (iv) reducing the amount of or eliminating  
 2-22 fees imposed by the rules;  
 2-23                   (v) reducing the number of activities  
 2-24 covered by the rules; or  
 2-25                   (vi) creating waivers for or exemptions  
 2-26 from the rules under certain circumstances; and  
 2-27                  (5) prepare and publish written manuals, guides, or  
 2-28 other publications as required by this chapter.  
 2-29                  (b) The office shall coordinate with the panel, state  
 2-30 agencies, and the governor's office to accomplish the purposes of  
 2-31 the office.  
 2-32                  Sec. 465.0053. REGULATORY ECONOMIC ANALYSIS MANUAL. (a)  
 2-33 The office shall prepare and publish a regulatory economic analysis  
 2-34 manual.  
 2-35                  (b) The manual required by Subsection (a) must identify and  
 2-36 describe best practices for state agencies related to:  
 2-37                   (1) preparing a local employment impact statement  
 2-38 under Section 2001.022;  
 2-39                   (2) conducting a regulatory analysis under Section  
 2-40 2001.0225;  
 2-41                   (3) preparing a fiscal note under Section 2001.024;  
 2-42 and  
 2-43                   (4) preparing a note regarding public benefits and  
 2-44 costs under Section 2001.024.  
 2-45                  (c) The office shall ensure that the manual required by  
 2-46 Subsection (a) is written in plain language that may be easily  
 2-47 understood by the public.  
 2-48                  Sec. 465.0054. REGULATORY REDUCTION GUIDE. (a) The office  
 2-49 shall prepare and publish a regulatory reduction guide.  
 2-50                  (b) The purpose of the guide required by Subsection (a) is  
 2-51 to assist each state agency to:  
 2-52                   (1) meet the goal established by the agency under  
 2-53 Section 465.0052(a)(4); and  
 2-54                   (2) document that the agency met the goal described by  
 2-55 Subdivision (1).  
 2-56                  (c) The office shall ensure that the guide required by  
 2-57 Subsection (a) is written in plain language that may be easily  
 2-58 understood by the public.  
 2-59                  Sec. 465.0055. RULEMAKING AND REGULATORY EFFICIENCY FORUM.  
 2-60 The office shall establish a forum for interested persons described  
 2-61 by Section 2001.021(d) to assist the office and the panel to  
 2-62 accomplish the purposes of the office and panel.  
 2-63                  SUBCHAPTER C. TEXAS REGULATORY EFFICIENCY ADVISORY PANEL  
 2-64                  Sec. 465.0101. ESTABLISHMENT OF PANEL. The Texas  
 2-65 Regulatory Efficiency Advisory Panel is established as an advisory  
 2-66 panel to the governor's office, including the office established  
 2-67 under this chapter.  
 2-68                  Sec. 465.0102. ADMINISTRATIVE ATTACHMENT AND SUPPORT. (a)  
 2-69 The panel is administratively attached to the office of the

3-1 governor.  
 3-2 (b) The office established under this chapter shall provide  
 3-3 staff, facilities, and other administrative support necessary to  
 3-4 assist the panel in performing the panel's duties under this  
 3-5 chapter.  
 3-6 Sec. 465.0103. COMPOSITION OF PANEL. (a) The panel is  
 3-7 composed of the following seven members:  
 3-8 (1) two members appointed by the governor from a list  
 3-9 provided by the speaker of the house of representatives, including:  
 3-10 (A) one member who represents regulated small  
 3-11 businesses; and  
 3-12 (B) one member of the public;  
 3-13 (2) two members appointed by the lieutenant governor,  
 3-14 including:  
 3-15 (A) one member who represents regulated large  
 3-16 businesses; and  
 3-17 (B) one member of the public; and  
 3-18 (3) three members appointed by the governor,  
 3-19 including:  
 3-20 (A) one member who holds an occupational license  
 3-21 issued by a state agency;  
 3-22 (B) one member employed by an institution of  
 3-23 higher education who conducts research at the institution and has  
 3-24 experience addressing issues related to state agency rules; and  
 3-25 (C) one member who represents state agencies that  
 3-26 adopt rules.  
 3-27 (b) The governor may reject one or more of the nominees on a  
 3-28 list submitted by the speaker of the house of representatives under  
 3-29 Subsection (a)(1) and request a new list of different nominees.  
 3-30 (c) In making appointments under Subsection (a), priority  
 3-31 shall be given to individuals with expertise in state agency rules  
 3-32 and the rulemaking process, including expertise in regulatory  
 3-33 research, compliance, cost, and impact analysis, and related law  
 3-34 and procedure.  
 3-35 Sec. 465.0104. TERMS; VACANCY. (a) Members of the panel  
 3-36 serve two-year terms.  
 3-37 (b) A vacancy on the panel shall be filled in the same manner  
 3-38 and is subject to the same qualifications as the original  
 3-39 appointment. A panel member appointed to fill a vacancy on the  
 3-40 panel shall serve the remainder of the unexpired term.  
 3-41 Sec. 465.0105. REIMBURSEMENT FOR EXPENSES. Members of the  
 3-42 panel serve without compensation but are entitled to reimbursement  
 3-43 for actual and necessary expenses incurred in performing official  
 3-44 duties under this chapter.  
 3-45 Sec. 465.0106. PRESIDING OFFICER. The governor shall  
 3-46 appoint one member of the panel to serve as the panel's presiding  
 3-47 officer.  
 3-48 Sec. 465.0107. MEETINGS. The panel shall meet at the call  
 3-49 of the panel's presiding officer.  
 3-50 Sec. 465.0108. PURPOSES OF PANEL. The panel is established  
 3-51 to:  
 3-52 (1) use the knowledge and expertise of regulated  
 3-53 persons, small and large businesses, institutions of higher  
 3-54 education, and state agencies to identify and expand opportunities  
 3-55 for implementing efficiencies in:  
 3-56 (A) the process by which state agencies adopt  
 3-57 rules;  
 3-58 (B) the regulatory review process; and  
 3-59 (C) the manner in which contested cases are  
 3-60 conducted; and  
 3-61 (2) assist the office and state agencies in  
 3-62 identifying:  
 3-63 (A) unnecessary and ineffective rules;  
 3-64 (B) the effect and cost to this state and  
 3-65 regulated persons of the agencies' rules and proposed rules; and  
 3-66 (C) opportunities to repeal or amend rules to  
 3-67 provide effective protection to the public with the least cost and  
 3-68 inconvenience to regulated persons.  
 3-69 Sec. 465.0109. APPLICATION OF OTHER LAW. Chapter 2110 does

4-1 not apply to the panel.

4-2 SUBCHAPTER D. REPORTING REQUIREMENT

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

4-7 (1) the activities undertaken by the office during the  
 4-8 two-year period preceding the date of the report to accomplish the  
 4-9 purposes of the office;

4-10 (2) any findings and recommendations of the office  
 4-11 related to the office's purposes under this chapter; and

4-12 (3) any legislative recommendations of the office to  
 4-13 accomplish and further the findings and recommendations described  
 4-14 by Subdivision (2).

4-15 (b) The panel may assist the office in preparing the report  
 4-16 required by Subsection (a).

4-17 SECTION 3. Section 2001.007, Government Code, is amended by  
 4-18 adding Subsection (e) to read as follows:

4-19 (e) The secretary of state, Department of Information  
 4-20 Resources, and Texas Regulatory Efficiency Office shall jointly  
 4-21 coordinate with each other state agency to establish an Internet  
 4-22 website that allows a person to search the rules and related  
 4-23 information made available by state agencies under Subsection (a)  
 4-24 by:

4-25 (1) the general topic of the rule;

4-26 (2) the type of activity or business regulated by the  
 4-27 rule; and

4-28 (3) if applicable, the North American Industry  
 4-29 Classification System (NAICS) sector code for the type of activity  
 4-30 or business regulated by the rule.

4-31 SECTION 4. Section 2001.024, Government Code, is amended by  
 4-32 amending Subsection (a) and adding Subsection (e) to read as  
 4-33 follows:

4-34 (a) The notice of a proposed rule must include:

4-35 (1) a brief explanation of the proposed rule;

4-36 (2) the text of the proposed rule, except any portion  
 4-37 omitted under Section 2002.014, prepared in a manner to indicate  
 4-38 any words to be added or deleted from the current text and, to the  
 4-39 extent practicable, written in plain language;

4-40 (3) a statement of the statutory or other authority  
 4-41 under which the rule is proposed to be adopted, including:

4-42 (A) a concise explanation of the particular  
 4-43 statutory or other provisions under which the rule is proposed;

4-44 (B) the section or article of the code affected;

4-45 (C) if applicable, the bill number for the  
 4-46 legislation that enacted the statutory authority under which the  
 4-47 rule is proposed to be adopted if the legislation was enacted during  
 4-48 the four-year period preceding the date notice of the proposed rule  
 4-49 is given; and

4-50 (D) a certification that the proposed rule has  
 4-51 been reviewed by legal counsel and found to be within the state  
 4-52 agency's authority to adopt;

4-53 (4) a fiscal note showing the name and title of the  
 4-54 officer or employee responsible for preparing or approving the note  
 4-55 and stating for each year of the first five years that the rule will  
 4-56 be in effect:

4-57 (A) the additional estimated cost to the state  
 4-58 and to local governments expected as a result of enforcing or  
 4-59 administering the rule;

4-60 (B) the estimated reductions in costs to the  
 4-61 state and to local governments as a result of enforcing or  
 4-62 administering the rule;

4-63 (C) the estimated loss or increase in revenue to  
 4-64 the state or to local governments as a result of enforcing or  
 4-65 administering the rule; and

4-66 (D) if applicable, that enforcing or  
 4-67 administering the rule does not have foreseeable implications  
 4-68 relating to cost or revenues of the state or local governments;

4-69 (5) a note about public benefits and costs showing the

5-1 name and title of the officer or employee responsible for preparing  
5-2 or approving the note and stating for each year of the first five  
5-3 years that the rule will be in effect:

5-4 (A) the public benefits expected as a result of  
5-5 adoption of the proposed rule; and

5-6 (B) the probable economic cost to persons  
5-7 required to comply with the rule;

5-8 (6) the local employment impact statement prepared  
5-9 under Section 2001.022, if required;

5-10 (7) a request for comments on the proposed rule from  
5-11 any interested person; ~~and~~

5-12 (8) a request for information related to the cost,  
5-13 benefit, or effect of the proposed rule, including any applicable  
5-14 data, research, or analysis, from any person required to comply  
5-15 with the proposed rule or any other interested person; and

5-16 (9) any other statement required by law.

5-17 (e) For purposes of Subsection (a)(2), the text of a  
5-18 proposed rule is written in plain language if the text is written  
5-19 using language the general public, including individuals with  
5-20 limited English proficiency, can readily understand because the  
5-21 language is concise and well-organized.

5-22 SECTION 5. Sections 2001.035(a) and (b), Government Code,  
5-23 are amended to read as follows:

5-24 (a) A rule is voidable unless a state agency adopts it in  
5-25 substantial compliance with Sections 2001.022 [~~2001.0225~~] through  
5-26 2001.034.

5-27 (b) A person must initiate a proceeding to contest a rule on  
5-28 the ground of noncompliance with the procedural requirements of  
5-29 Sections 2001.022 [~~2001.0225~~] through 2001.034 not later than the  
5-30 second anniversary of the effective date of the rule.

5-31 SECTION 6. Section 2001.040, Government Code, is amended to  
5-32 read as follows:

5-33 Sec. 2001.040. SCOPE AND EFFECT OF ORDER INVALIDATING  
5-34 AGENCY RULE. If a court finds that an agency has not substantially  
5-35 complied with one or more procedural requirements of Sections  
5-36 2001.022 [~~2001.0225~~] through 2001.034, the court may remand the  
5-37 rule, or a portion of the rule, to the agency and, if it does so  
5-38 remand, shall provide a reasonable time for the agency to either  
5-39 revise or readopt the rule through established procedure. During  
5-40 the remand period, the rule shall remain effective unless the court  
5-41 finds good cause to invalidate the rule or a portion of the rule,  
5-42 effective as of the date of the court's order.

5-43 SECTION 7. Subchapter B, Chapter 2001, Government Code, is  
5-44 amended by adding Section 2001.042 to read as follows:

5-45 Sec. 2001.042. JUDICIAL REVIEW OF STATE AGENCY LEGAL  
5-46 DETERMINATION REGARDING LAWS AND RULES. Notwithstanding any other  
5-47 law, in a judicial proceeding in this state, including an action  
5-48 subject to Section 2001.038, a court is not required to give  
5-49 deference to a state agency's legal determination regarding the  
5-50 construction, validity, or applicability of the law or a rule  
5-51 adopted by the state agency responsible for the rule's  
5-52 administration, implementation, or other enforcement. This  
5-53 section does not prohibit a court from giving consideration to a  
5-54 legal determination made by a state agency that is reasonable and  
5-55 does not conflict with the plain language of the statute.

5-56 SECTION 8. Subchapter G, Chapter 2001, Government Code, is  
5-57 amended by adding Section 2001.1721 to read as follows:

5-58 Sec. 2001.1721. JUDICIAL REVIEW OF QUESTION OF LAW. (a)  
5-59 Except as provided by Subsection (b), in any matter brought under  
5-60 this subchapter, the reviewing court shall review all questions of  
5-61 law de novo, including the interpretation of constitutional or  
5-62 statutory provisions or rules adopted by a state agency, without  
5-63 giving deference to any legal determination by a state agency.

5-64 (b) Subsection (a) does not prohibit a reviewing court from  
5-65 giving consideration to a legal determination made by a state  
5-66 agency that is reasonable and does not conflict with the plain  
5-67 language of the statute.

5-68 (c) Notwithstanding any other law, this section applies in  
5-69 an action for judicial review of a contested case authorized by law

6-1 and other court actions authorized by law that involve a state  
6-2 agency's legal determination of a constitutional or statutory  
6-3 provision or a rule adopted by the state agency.

6-4 (d) A law may not exempt an action from the application of  
6-5 this section except by specific reference to this section.

6-6 SECTION 9. Sections 2001.022(c) and 2001.0221(e),  
6-7 Government Code, are repealed.

6-8 SECTION 10. (a) As soon as practicable after the effective  
6-9 date of this Act, but not later than January 1, 2026, the governor  
6-10 and lieutenant governor shall appoint the members of the Texas  
6-11 Regulatory Efficiency Advisory Panel as required by Section  
6-12 465.0103, Government Code, as added by this Act.

6-13 (b) Not later than the 60th day after the date the last  
6-14 appointment is made to the Texas Regulatory Efficiency Advisory  
6-15 Panel under Subsection (a) of this section, the panel shall hold its  
6-16 first meeting.

6-17 SECTION 11. Sections 2001.024, 2001.035, and 2001.040,  
6-18 Government Code, as amended by this Act, and the repeal by this Act  
6-19 of Sections 2001.022(c) and 2001.0221(e), Government Code, apply  
6-20 only to a rule proposed by a state agency on or after the effective  
6-21 date of this Act. A rule proposed before the effective date of this  
6-22 Act is governed by the law in effect on the date the rule was  
6-23 proposed, and the former law is continued in effect for that  
6-24 purpose.

6-25 SECTION 12. Sections 2001.042 and 2001.1721, Government  
6-26 Code, as added by this Act, apply only to a petition for judicial  
6-27 review, action for declaratory judgment, contested case, or other  
6-28 proceeding initiated on or after the effective date of this Act. A  
6-29 petition for judicial review, action for declaratory judgment,  
6-30 contested case, or other proceeding initiated before the effective  
6-31 date of this Act is governed by the law in effect on the date the  
6-32 proceeding was initiated, and the former law is continued in effect  
6-33 for that purpose.

6-34 SECTION 13. This Act takes effect immediately if it  
6-35 receives a vote of two-thirds of all the members elected to each  
6-36 house, as provided by Section 39, Article III, Texas Constitution.  
6-37 If this Act does not receive the vote necessary for immediate  
6-38 effect, this Act takes effect September 1, 2025.

6-39

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