

BILL ANALYSIS

S.B. 700
By: Lucio
Economic Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

According to the latest statistics from the U.S. Census Bureau, approximately 96 percent of firms in Texas fall under the definition of "small business." Although Texas law does contain some regulatory flexibility, there are areas that could be strengthened for the promotion of a stronger entrepreneurial environment. Strengthening regulatory flexibility could create a friendly climate for small businesses to operate and prosper in; thus allowing Texas to increase economic development.

S.B. 700 ensures that the definition of small business is consistent with state practices and permitting authorities, requires that state agencies prepare a small business economic impact analysis before implementing regulations, and requires state agencies to consider alternatives that are less burdensome for small businesses to meet agency objectives.

RULEMAKING AUTHORITY

It is the opinion of the committee that this bill does not expressly grant any additional rulemaking authority to any state officer, department, institution, or agency.

ANALYSIS

SECTION 1. Amends Subdivisions (2) and (3), Section 2006.001, Government Code, to redefine "small business" and "state agency."

SECTION 2. Amends Section 2006.002, Government Code, by amending Subsections (c) and (d) and adding Subsections (c-1) and (g), as follows:

(c) Requires a state agency to prepare an economic impact statement estimating certain information and a regulatory flexibility analysis including the agency's consideration of alternative methods of achieving the purpose of the proposed rule prior to adopting a rule that may, rather than would, have an adverse economic affect on small businesses.
Makes a conforming change.

(c-1) Requires the analysis under Subsection (c) to consider, if consistent with the health, safety, environmental, and economic welfare of the state, using regulatory methods to accomplish the objectives of applicable rules while minimizing adverse impacts on small businesses. Requires the state agency to include in the analysis several proposed methods of reducing the adverse impact of a proposed rule on small business, rather than a statement of the effect of the rule on small business. Deletes certain information the statement must include.

(d) Requires the agency to include the economic impact statement and regulatory flexibility analysis, rather than statement of effect, in the notice of the proposed rule that the agency files with the secretary of state for publication in the Texas Register and to provide copies to the standing committee of each legislative house that is charged with reviewing the proposed rule.

(g) Requires the attorney general, in consultation with the comptroller of public accounts, to prepare guidelines to assist a state agency in determining a proposed rule's potential adverse economic effects on small businesses and in identifying and evaluating alternative methods of achieving the purpose of a proposed rule.

SECTION 3. Makes application of Section 2006.002, Government Code, as amended by this Act, prospective to January 1, 2008.

SECTION 4. States the effective date for this Act.

EFFECTIVE DATE

September 1, 2007.