

1-1 By: Lucio S.B. No. 700
1-2 (In the Senate - Filed February 15, 2007; March 6, 2007,
1-3 read first time and referred to Committee on State Affairs;
1-4 May 3, 2007, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; May 3, 2007,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 700 By: Lucio

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to state agency rules affecting small businesses.
1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-12 SECTION 1. Subdivisions (2) and (3), Section 2006.001,
1-13 Government Code, are amended to read as follows:
1-14 (2) "Small business" means a legal entity, including a
1-15 corporation, partnership, or sole proprietorship, that:
1-16 (A) is formed for the purpose of making a profit;
1-17 (B) is independently owned and operated; and
1-18 (C) has fewer than 100 employees or less than \$6
1-19 [~~\$1~~] million in annual gross receipts.
1-20 (3) "State agency" means a department, board, bureau,
1-21 commission, division, office, council, or other agency of the state
1-22 and includes an officer who is authorized by law to determine
1-23 contested cases.
1-24 SECTION 2. Section 2006.002, Government Code, is amended by
1-25 amending Subsections (c) and (d) and adding Subsections (c-1) and
1-26 (g) to read as follows:
1-27 (c) Before adopting a rule that may [~~would~~] have an adverse
1-28 economic effect on small businesses, a state agency shall prepare:
1-29 (1) an economic impact statement that estimates the
1-30 number of small businesses subject to the proposed rule, projects
1-31 the economic impact of the rule on small businesses, and describes
1-32 alternative methods of achieving the purpose of the proposed rule;
1-33 and
1-34 (2) a regulatory flexibility analysis that includes
1-35 the agency's consideration of alternative methods of achieving the
1-36 purpose of the proposed rule.
1-37 (c-1) The analysis under Subsection (c) shall consider, if
1-38 consistent with the health, safety, and environmental and economic
1-39 welfare of the state, using regulatory methods that will accomplish
1-40 the objectives of applicable rules while minimizing adverse impacts
1-41 on small businesses. The state agency must include in the analysis
1-42 several proposed methods of reducing the adverse impact of a
1-43 proposed rule on a small business [a statement of the effect of the
1-44 rule on small businesses. The statement must include:
1-45 (1) an analysis of the cost of compliance with the
1-46 rule for small businesses; and
1-47 (2) a comparison of the cost of compliance for small
1-48 businesses with the cost of compliance for the largest businesses
1-49 affected by the rule, using at least one of the following standards:
1-50 [(A) cost for each employee,
1-51 [(B) cost for each hour of labor, or
1-52 [(C) cost for each \$100 of sales].
1-53 (d) The agency shall include the economic impact statement
1-54 and regulatory flexibility analysis [statement of effect] as part
1-55 of the notice of the proposed rule that the agency files with the
1-56 secretary of state for publication in the Texas Register and shall
1-57 provide copies to the standing committee of each house of the
1-58 legislature that is charged with reviewing the proposed rule.
1-59 (g) The attorney general, in consultation with the
1-60 comptroller, shall prepare guidelines to assist a state agency:
1-61 (1) in determining a proposed rule's potential adverse
1-62 economic effects on small businesses; and
1-63 (2) in identifying and evaluating alternative methods

2-1 of achieving the purpose of a proposed rule.

2-2 SECTION 3. Section 2006.002, Government Code, as amended by
2-3 this Act, applies only to a rule that is adopted on or after January
2-4 1, 2008. A rule adopted before that date is governed by the law in
2-5 effect when the rule was adopted, and the former law is continued in
2-6 effect for that purpose.

2-7 SECTION 4. This Act takes effect September 1, 2007.

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