**BILL ANALYSIS**

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| Senate Research Center | S.B. 14 |
| 89R17002 CS-F | By: King et al. |
|  | Economic Development |
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|  | As Filed |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

While Texas is widely considered a top state to start and grow a business, there are improvements that can be made to the state's regulatory and compliance processes that will ensure Texas maintains its economic stature.

S.B. 14 establishes a Regulatory Efficiency Division within the Governor's Office to support state agencies in their review of rules and in developing cost benefit analyses of these rules. The bill also would create a new, user-friendly portal to give individuals and business owners the ability to search for rules and requirements applicable to their specific business activities and plans.

The bill will increase transparency in the rule review process by requiring more direct notice and solicitation of input on the cost and impact of such rules, and in addition, requires all rules be written in plain language. The bill allows a rule to be invalidated if an agency fails to properly perform the statutorily required cost benefit and impact analysis.

S.B. 14 codifies the standard for judicial review of state agency interpretations of law or rules by providing that courts are not required to give judicial deference to such agency interpretations.

As proposed, S.B. 14 amends current law 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.

**RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Authorizes this Act to be cited as the Regulatory Reform and Efficiency Act.

SECTION 2. Amends Subtitle E, Title 4, Government Code, by adding Chapter 465, as follows:

CHAPTER 465. REGULATORY AND RULEMAKING EFFICIENCY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 465.0001. DEFINITIONS. Defines "institution of higher education," "office," and "panel."

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

(b) Provides that, unless continued in existence as provided by Chapter 325, the office and panel are abolished September 1, 2037.

SUBCHAPTER B. TEXAS REGULATORY EFFICIENCY OFFICE.

Sec. 465.0051. ESTABLISHMENT OF OFFICE. Provides that the office is established as an office within the office of the governor.

Sec. 465.0052. PURPOSES OF OFFICE. (a) Provides that the office is established to:

(1) identify and expand opportunities for implementing efficiencies in the process by which state agencies adopt rules, the regulatory review process, and the manner in which contested cases are conducted;

(2) assist state agencies in identifying unnecessary and ineffective rules, the effect and cost to this state and regulated persons of the agencies' rules and proposed rules, and 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 (SOS), the Department of Information Resources (DIR), and other state agencies in SOS's efforts under Section 2001.007 (Certain Explanatory Information Made Available Through Internet) to improve public access to information regarding state agency rules, forms, and filings, and 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 eliminating unnecessary or ineffective rules or other regulatory requirements, and reducing the inefficiencies resulting from rules or other regulatory requirements adopted by the agency by reducing certain information and creating waivers or exemptions for certain circumstances; and

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

(b) Requires the office to 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) Requires the office to prepare and publish a regulatory economic analysis manual.

(b) Requires that the manual required by Subsection (a) identify and describe best practices for state agencies related to preparing a local employment impact statement under Section 2001.022 (Local Employment Impact Statements), conducting a regulatory analysis under Section 2001.0225 (Regulatory Analysis of Major Environmental Rules), preparing a fiscal note under Section 2001.024 (Content of Notice), and preparing a note regarding public benefits and costs under Section 2001.024.

(c) Requires the office to 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) Requires the office to prepare and publish a regulatory reduction guide.

(b) Provides that 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) Requires the office to 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. Requires the office to establish a forum for interested persons described by Section 2001.021(d) (relating to requiring an interested person to be a certain person or entity) to assist the office and the panel to accomplish the purposes of the office and panel.

SUBCHAPTER C. TEXAS REGULATORY EFFICIENCY PANEL

Sec. 465.0101. ESTABLISHMENT OF PANEL. Provides that the 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) Provides that the panel is administratively attached to the office of the governor.

(b) Requires the office established under this chapter to 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) Provides that 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 one member who represents regulated small businesses and one member of the public;

(2) two members appointed by the lieutenant governor, including one member who represents regulated large businesses and one member of the public; and

(3) three members appointed by the governor, including one member who holds an occupational license issued by a state agency, 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 one member who represents state agencies that adopt rules.

(b) Authorizes the governor to 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) Requires that, in making appointments under Subsection (a), priority 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) Provides that members of the panel serve two-year terms.

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

Sec. 465.0105. REIMBURSEMENT FOR EXPENSES. Provides that 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. Requires the governor to appoint one member of the panel to serve as the panel's presiding officer.

Sec. 465.0107. MEETINGS. Requires the panel to meet at the call of the panel's presiding officer.

Sec. 465.0108. PURPOSES OF PANEL. Sets forth the purposes of the panel.

Sec. 465.0109. APPLICATION OF OTHER LAW. Provides that Chapter 2110 (State Agency Advisory Committees) does not apply to the panel.

SUBCHAPTER D. REPORTING REQUIREMENT

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

(b) Authorizes the panel to assist the office in preparing the report required by Subsection (a).

SECTION 3. Amends Section 2001.007, Government Code, by adding Subsection (e), as follows:

(e) Requires SOS, DIR, and the office to 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) (relating to requiring a state agency to make certain information available through an Internet site) by the general topic of the rule, the type of activity or business regulated by the rule, and, if applicable, the North American Industry Classification System (NAICS) sector code for the type of activity or business regulated by the rule.

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

(a) Requires that the notice of a proposed rule include:

(1) makes no changes to this subdivision;

(2) the text of the proposed rule, except any portion omitted under Section 2002.014 (Omission of Information), 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)-(6) makes no changes to these subdivisions;

(7) makes a nonsubstantive change to this subdivision;

(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) redesignates existing Subdivision (8) as Subdivision (9).

(e) Provides that, 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. Amends Sections 2001.035(a) and (b), Government Code, as follows:

(a) Provides that a rule is voidable unless a state agency adopts it in substantial compliance with Sections 2001.022, rather than 2001.0225, through 2001.034 (Emergency Rulemaking).

(b) Makes a conforming change to this subsection.

SECTION 6. Amends Section 2001.040, Government Code, to make a conforming change.

SECTION 7. Amends Subchapter B, Chapter 2001, Government Code, by adding Section 2001.042, as follows:

Sec. 2001.042. JUDICIAL REVIEW OF STATE AGENCY LEGAL DETERMINATION REGARDING LAWS AND RULES. Provides that, notwithstanding any other law, in a judicial proceeding in this state, including an action subject to Section 2001.038 (Declaratory Judgment), 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. Provides that 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. Amends Subchapter G, Chapter 2001, Government Code, by adding Section 2001.1721, as follows:

Sec. 2001.1721. JUDICIAL REVIEW OF QUESTION OF LAW. (a) Requires the reviewing court, except as provided by Subsection (b), in any matter brought under this subchapter, to 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) Provides that 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) Provides that, 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) Prohibits a law from exempting an action from the application of this section except by specific reference to this section.

SECTION 9. Repealers: Sections 2001.022(c) (relating to providing that failure to comply with this section does not impair the legal effect of a rule adopted under Chapter 2001 (Administrative Procedure)) and 2001.0221(e) (relating to providing that failure to comply with Section 2001.0221 (Government Growth Impact Statements) does not impair the legal effect of a rule adopted under Chapter 2001), Government Code.

SECTION 10. (a) Requires the governor and lieutenant governor, as soon as practicable after the effective date of this Act, but not later than January 1, 2026, to appoint members to the panel as required by Section 465.0103, Government Code, as added by this Act.

(b) Requires the panel, not later than the 60th day after the date the last appointment is made to the panel under Subsection (a) of this section, to hold its first meeting.

SECTION 11. Makes application of 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, prospective.

SECTION 12. Makes application of Sections 2001.042 and 2001.1721, Government Code, as added by this Act, prospective.

SECTION 13. Effective date: upon passage or September 1, 2025.