

By: King, et al.

S.B. No. 14

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to reforming the procedure by which state agencies adopt  
3 rules and impose regulatory requirements and the deference given to  
4 the interpretation of laws and rules by state agencies in certain  
5 judicial proceedings.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. This Act may be cited as the Regulatory Reform  
8 and Efficiency Act.

9 SECTION 2. Subtitle E, Title 4, Government Code, is amended  
10 by adding Chapter 465 to read as follows:

11 CHAPTER 465. REGULATORY AND RULEMAKING EFFICIENCY

12 SUBCHAPTER A. GENERAL PROVISIONS

13 Sec. 465.0001. DEFINITIONS. (a) The definitions in  
14 Chapter 2001 apply to this chapter.

15 (b) In this chapter:

16 (1) "Institution of higher education" has the meaning  
17 assigned by Section 61.003, Education Code.

18 (2) "Office" means the Texas Regulatory Efficiency  
19 Office.

20 (3) "Panel" means the Texas Regulatory Efficiency  
21 Advisory Panel.

22 SUBCHAPTER B. TEXAS REGULATORY EFFICIENCY OFFICE

23 Sec. 465.0051. ESTABLISHMENT OF OFFICE. The Texas  
24 Regulatory Efficiency Office is established as an office within the

1 office of the governor.

2 Sec. 465.0052. PURPOSES OF OFFICE. (a) The office is  
3 established to:

4 (1) identify and expand opportunities for  
5 implementing efficiencies in:

6 (A) the process by which state agencies adopt  
7 rules;

8 (B) the regulatory review process; and

9 (C) the processes by which contested cases are  
10 conducted;

11 (2) assist state agencies in identifying:

12 (A) unnecessary and ineffective rules;

13 (B) the effect and cost to this state and  
14 regulated persons of the agencies' rules and proposed rules; and

15 (C) opportunities to repeal or amend rules to  
16 provide effective protection to the public with the least cost and  
17 inconvenience to regulated persons;

18 (3) coordinate with the secretary of state, the  
19 Department of Information Resources, and other state agencies in  
20 the secretary of state's efforts under Section 2001.007 to:

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

23 (B) create an interactive Internet website for  
24 use by the public to search and obtain information regarding rules,  
25 forms, and filings applicable to specific regulated occupations,  
26 industries, professions, and activities;

27 (4) coordinate with state agencies to reduce rules or

1 other regulatory requirements, including by:

2 (A) eliminating unnecessary or ineffective rules  
3 or other regulatory requirements; and

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

6 (i) reducing required training hours while  
7 protecting the health and safety of the residents of this state;

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

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

12 (iv) reducing the amount of or eliminating  
13 fees imposed by the rules;

14 (v) reducing the number of activities  
15 covered by the rules; or

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

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

20 (b) The office shall coordinate with the panel, state  
21 agencies, and the governor's office, as applicable, to accomplish  
22 the purposes of the office.

23 (c) Notwithstanding any other provision of this section,  
24 the office may not recommend the repeal of a rule the purpose of  
25 which is to inform members of the public about the rulemaking  
26 process or facilitate participation in that process by members of  
27 the public.

Sec. 465.0053. REGULATORY ECONOMIC ANALYSIS MANUAL. (a)

The office shall prepare and publish a regulatory economic analysis manual.

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

(1) preparing a local employment impact statement under Section 2001.022;

(2) conducting a regulatory analysis under Section 2001.0225;

(3) preparing a fiscal note under Section 2001.024;

(4) preparing a note regarding public benefits and costs under Section 2001.024; and

(5) preparing an economic impact statement under Section 2006.002.

(c) The office shall 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) The office shall prepare and publish a regulatory reduction guide.

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

(1) reduce rules and other regulatory requirements under Section 465.0052(a)(4); and

(2) document the agency's results under Subdivision (1).

(c) The office shall ensure that the guide required by Subsection (a) is written in plain language that may be easily

1 understood by the public.

2 Sec. 465.0055. RULEMAKING AND REGULATORY EFFICIENCY FORUM.  
3 The office may establish, as needed, a forum for interested persons  
4 described by Section 2001.021(d) to assist the office and the panel  
5 to accomplish the purposes of the office and panel.

6 SUBCHAPTER C. TEXAS REGULATORY EFFICIENCY ADVISORY PANEL

7 Sec. 465.0101. ESTABLISHMENT OF ADVISORY PANEL. The office  
8 may establish, as needed, the Texas Regulatory Efficiency Advisory  
9 Panel to serve as an advisory panel to the governor's office,  
10 including the office established under this chapter.

11 Sec. 465.0102. ADMINISTRATIVE SUPPORT. The office  
12 established under this chapter shall provide staff, facilities, and  
13 other administrative support necessary to assist the panel in  
14 performing the panel's duties under this chapter.

15 Sec. 465.0103. COMPOSITION OF PANEL. In designating  
16 individuals to serve on the panel, the governor may give priority to  
17 individuals with expertise in state agency rules and the rulemaking  
18 process, including expertise in regulatory research, compliance,  
19 cost, and impact analysis, and related law and procedure.

20 Sec. 465.0104. REIMBURSEMENT FOR EXPENSES. Members of the  
21 panel serve without compensation but may, at the discretion of the  
22 office, be reimbursed for actual and necessary expenses incurred in  
23 performing official duties under this chapter.

24 Sec. 465.0105. PRESIDING OFFICER. The governor may  
25 designate one member of the panel to serve as the panel's presiding  
26 officer.

27 Sec. 465.0106. MEETINGS. The panel shall meet at the call

1 of the panel's presiding officer.

2 Sec. 465.0107. PURPOSES OF PANEL. The panel is established  
3 to:

4 (1) use the knowledge and expertise of regulated  
5 persons, small and large businesses, institutions of higher  
6 education, and state agencies to identify and expand opportunities  
7 for implementing efficiencies in:

8 (A) the process by which state agencies adopt  
9 rules;

10 (B) the regulatory review process; and

11 (C) the processes by which contested cases are  
12 conducted; and

13 (2) assist the office and state agencies in  
14 identifying:

15 (A) unnecessary and ineffective rules;

16 (B) the effect and cost to this state and  
17 regulated persons of the agencies' rules and proposed rules; and

18 (C) opportunities to repeal or amend rules to  
19 provide effective protection to the public with the least cost and  
20 inconvenience to regulated persons.

21 Sec. 465.0108. APPLICATION OF OTHER LAW. Chapter 2110 does  
22 not apply to the panel.

23 SUBCHAPTER D. REPORTING REQUIREMENT

24 Sec. 465.0151. BIENNIAL REPORT. (a) Not later than  
25 December 1 of each even-numbered year, the office shall prepare and  
26 submit to the governor, lieutenant governor, speaker of the house  
27 of representatives, and Legislative Budget Board a written report

1 that describes:

2 (1) the activities undertaken by the office during the  
3 two-year period preceding the date of the report to accomplish the  
4 purposes of the office; and

5 (2) any legislative recommendations of the office to  
6 accomplish and further the activities described by Subdivision (1).

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

9 (c) The office shall post the biennial report on a publicly  
10 accessible Internet website in an easily identifiable and  
11 accessible location.

12 SECTION 3. Section 2001.007, Government Code, is amended by  
13 adding Subsection (e) to read as follows:

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

20 (1) the general topic of the rule;

21 (2) the type of activity or business regulated by the  
22 rule; and

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

26 SECTION 4. Section 2001.024, Government Code, is amended by  
27 amending Subsection (a) and adding Subsection (e) to read as

1 follows:

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

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

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

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

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

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

13 (C) if applicable, the bill number for the  
14 legislation that enacted the statutory authority under which the  
15 rule is proposed to be adopted if the legislation was enacted during  
16 the four-year period preceding the date notice of the proposed rule  
17 is given; and

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

21 (4) a fiscal note showing the name and title of the  
22 officer or employee responsible for preparing or approving the note  
23 and stating for each year of the first five years that the rule will  
24 be in effect:

25 (A) the additional estimated cost to the state  
26 and to local governments expected as a result of enforcing or  
27 administering the rule;



1 (B) the estimated reductions in costs to the  
2 state and to local governments as a result of enforcing or  
3 administering the rule;

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

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

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

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

16 (B) the probable economic cost to persons  
17 required to comply with the rule;

18 (6) the local employment impact statement prepared  
19 under Section 2001.022, if required;

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

22 (8) a request for information related to the cost,  
23 benefit, or effect of the proposed rule, including any applicable  
24 data, research, or analysis, from any person required to comply  
25 with the proposed rule or any other interested person; and

26 (9) any other statement required by law.

27 (e) For purposes of Subsection (a)(2), the text of a

1 proposed rule is written in plain language if the text is written  
2 using language the general public, including individuals with  
3 limited English proficiency, can readily understand because the  
4 language is concise and well-organized.

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

7 (a) A rule is voidable unless a state agency adopts it in  
8 substantial compliance with Sections 2001.022 [~~2001.0225~~] through  
9 2001.034.

10 (b) A person must initiate a proceeding to contest a rule on  
11 the ground of noncompliance with the procedural requirements of  
12 Sections 2001.022 [~~2001.0225~~] through 2001.034 not later than the  
13 second anniversary of the effective date of the rule.

14 SECTION 6. Section 2001.040, Government Code, is amended to  
15 read as follows:

16 Sec. 2001.040. SCOPE AND EFFECT OF ORDER INVALIDATING  
17 AGENCY RULE. If a court finds that an agency has not substantially  
18 complied with one or more procedural requirements of Sections  
19 2001.022 [~~2001.0225~~] through 2001.034, the court may remand the  
20 rule, or a portion of the rule, to the agency and, if it does so  
21 remand, shall provide a reasonable time for the agency to either  
22 revise or readopt the rule through established procedure. During  
23 the remand period, the rule shall remain effective unless the court  
24 finds good cause to invalidate the rule or a portion of the rule,  
25 effective as of the date of the court's order.

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

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

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

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

20       (b) Subsection (a) does not prohibit a reviewing court from  
21 giving consideration to a legal determination made by a state  
22 agency that is reasonable and does not conflict with the plain  
23 language of the statute.

24       (c) Notwithstanding any other law, this section applies in  
25 an action for judicial review of a contested case authorized by law  
26 and other court actions authorized by law that involve a state  
27 agency's legal determination of a constitutional or statutory

1 provision or a rule adopted by the state agency.

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

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

6 SECTION 10. Sections 2001.024, 2001.035, and 2001.040,  
7 Government Code, as amended by this Act, and the repeal by this Act  
8 of Sections 2001.022(c) and 2001.0221(e), Government Code, apply  
9 only to a rule proposed by a state agency on or after the effective  
10 date of this Act. A rule proposed before the effective date of this  
11 Act is governed by the law in effect on the date the rule was  
12 proposed, and the former law is continued in effect for that  
13 purpose.

14 SECTION 11. Sections 2001.042 and 2001.1721, Government  
15 Code, as added by this Act, apply only to a petition for judicial  
16 review, action for declaratory judgment, contested case, or other  
17 proceeding initiated on or after the effective date of this Act. A  
18 petition for judicial review, action for declaratory judgment,  
19 contested case, or other proceeding initiated before the effective  
20 date of this Act is governed by the law in effect on the date the  
21 proceeding was initiated, and the former law is continued in effect  
22 for that purpose.

23 SECTION 12. The office of the governor, the Department of  
24 Information Resources, the Texas Regulatory Efficiency Office, and  
25 the secretary of state are required to implement the changes in law  
26 made by Chapter 465, Government Code, and Section 2001.007(e),  
27 Government Code, as added by this Act, only if the legislature

1 appropriates money specifically for that purpose. If the  
2 legislature does not appropriate money specifically for that  
3 purpose, the office of the governor, the Department of Information  
4 Resources, the Texas Regulatory Efficiency Office, and the  
5 secretary of state may, but are not required to, implement those  
6 changes in law using other appropriations available for that  
7 purpose.

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