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**HOUSE BILL NO. 1192**

Offered January 10, 2018

Prefiled January 10, 2018

A BILL to amend and reenact §§ 2.2-4007.1 of the Code of Virginia and to amend the Code of Virginia by adding in Article 2 of Chapter 40 of Title 2.2 sections numbered 2.2-4005.1 and 2.2-4017.1, and to repeal § 2.2-4017 of the Code of Virginia, relating to the Administrative Process Act; development and periodic review of regulations; report.

Patron—Cline

Referred to Committee on General Laws

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 2.2-4007.1 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Article 2 of Chapter 40 of Title 2.2 a sections numbered 2.2-4005.1 and 2.2-4017.1 as follows:**

**§ 2.2-4005.1. General provisions regarding the development of regulations.**

All regulations proposed by each agency shall be promulgated in the least burdensome and least intrusive manner possible. The following principles shall guide the development and adoption of all regulations that pertain to citizens engaged in otherwise constitutional and lawful activities:

1. Regulations shall be tailored to achieve the least possible interference in private enterprise and in the lives of citizens of the Commonwealth.

2. Regulations shall be essential to protect the health, safety, and welfare of citizens or for the efficient and cost effective performance of an important government function.

3. Regulations shall be clearly written in a manner that is easily understood by the citizens, professions, and occupations that the regulation governs.

4. No regulation shall be promulgated or remain in effect if there is a less burdensome or intrusive manner to satisfy any state or federal law and achieve the primary purpose of the law for which the regulation was adopted.

5. Regulations shall not be presumed by any agency of government to be perpetual and shall be subjected to regular and recurring agency review as required by § 2.2-4017 to determine if a regulation should be retained in its existing form, amended, or repealed.

6. To the extent practical and feasible, regulations shall set forth the specific and measurable goals that a regulation is designed to achieve. The attainment or nonattainment of these goals shall be considered in the regular and recurring review process to determine if the regulation should be retained in its existing form, amended, or repealed.

7. When a regulation is determined to be inconsequential, irrelevant, or unnecessary in protecting the health, safety, and welfare of citizens or for the efficient and economic performance of an important government function, it shall be terminated.

8. The proposal, development, and promulgation process of regulations shall ensure that public participation is not abridged or inhibited in any manner and shall ensure the right of the public to have reasonable access to such process in order that they may provide comment and concerns related to regulations that may be imposed on them.

**§ 2.2-4007.1. Regulatory flexibility for small businesses.**

A. As used in this section, "small business" means a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.

B. In addition to the requirements of §§ 2.2-4007 through 2.2-4007.06, prior to the adoption of any proposed regulation, the agency proposing a regulation shall prepare a regulatory flexibility analysis in which the agency shall consider utilizing alternative regulatory methods, consistent with health, safety, environmental, and economic welfare, that will accomplish the objectives of applicable law while minimizing the adverse impact on small businesses. The agency shall consider, at a minimum, each of the following methods of reducing the effects of the proposed regulation on small businesses:

1. The establishment of less stringent compliance or reporting requirements;

2. The establishment of less stringent schedules or deadlines for compliance or reporting requirements;

3. The consolidation or simplification of compliance or reporting requirements;

4. The establishment of performance standards for small businesses to replace design or operational standards required in the proposed regulation; and

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59 5. The exemption of small businesses from all or any part of the requirements contained in the  
60 proposed regulation.

61 C. Prior to the adoption of any proposed regulation that may have an adverse effect on small  
62 businesses, each agency shall notify the Joint Commission on Administrative Rules, through the Virginia  
63 Regulatory Town Hall, of its intent to adopt the proposed regulation. The Joint Commission on  
64 Administrative Rules shall advise and assist agencies in complying with the provisions of this section.

65 D. In addition to other requirements of § 2.2-4017, all regulations shall be reviewed every four years  
66 to determine whether they should be continued without change or be amended or repealed, consistent  
67 with the stated objectives of applicable law, to minimize the economic impact on small businesses in a  
68 manner consistent with the stated objectives of applicable law. When a regulation has undergone a  
69 comprehensive review as part of a regulatory action that included the solicitation of public comment on  
70 the regulation, a periodic review shall not be required until four years after the effective date of the  
71 regulatory action.

72 E. The regulatory review required by this section shall include consideration of:

73 1. The continued need for the rule;

74 2. The nature of complaints or comments received concerning the regulation from the public;

75 3. The complexity of the regulation;

76 4. The extent to which the regulation overlaps, duplicates, or conflicts with federal or state law or  
77 regulation; and

78 5. The length of time since the regulation has been evaluated or the degree to which technology,  
79 economic conditions, or other factors have changed in the area affected by the regulation.

80 F. Prior to commencement of the regulatory review required by subsection D, the agency shall  
81 publish a notice of the review in the Virginia Register of Regulations and post the notice on the  
82 Virginia Regulatory Town Hall. The agency shall provide a minimum of 21 days for public comment  
83 after publication of the notice. No later than 120 days after close of the public comment period, the  
84 agency shall publish a report of the findings of the regulatory review in the Virginia Register of  
85 Regulations and post the report on the Virginia Regulatory Town Hall.

86 **§ 2.2-4017.1 Regular and recurring review of regulations; report to the Governor and General  
87 Assembly.**

88 A. Each agency within the executive branch of state government shall establish a schedule for  
89 regular and recurring review over a 10-year period encompassing all regulations for which the agency  
90 is the primary agency responsible. Such schedule shall require the annual review of at least 10 percent  
91 of the regulations by July 1 of each year and contain the information required by subsection C. In  
92 reviewing any regulation, the agency shall ensure the participation of any other agencies with an  
93 interest in the regulation during the regular and recurring agency review. Notwithstanding the schedule  
94 developed pursuant to this section, an agency may review any regulation at any time and as many times  
95 as it deems necessary.

96 B. Each agency shall submit the proposed schedule for the regular and recurring review of the  
97 agency's regulations for the upcoming year to the Department of Planning and Budget by September 1  
98 of each year. The Department of Planning and Budget shall (i) ensure that each proposed schedule  
99 complies with the requirements of this section and (ii) consolidate the agency review schedules for  
100 submission to the Governor for review and approval by November 1 of each year. After approval of the  
101 schedule by the Governor, each agency shall proceed to conduct the annual review of the agency's  
102 regulations in compliance with the approved schedule.

103 C. The results of the annual agency review shall be incorporated into a report containing the  
104 following information:

105 1. A summary of each regulation reviewed, the legal authority requiring the regulation, when the  
106 regulation went into force, and the last time the regulation was reviewed.

107 2. For each regulation, a statement citing (i) whether there is a continued need for the rule; (ii) the  
108 nature of complaints or comments received concerning the regulation from the public; (iii) the  
109 complexity of the regulation; (iv) the extent to which the regulation overlaps, duplicates, or conflicts  
110 with federal or state law or regulation; (v) the length of time since the regulation has been evaluated or  
111 the degree to which technological advancement, economic conditions, or other factors have changed in  
112 the area affected by the regulation; and (vi) whether the regulation should be continued without change  
113 or be amended or repealed, consistent with the stated objectives of applicable law, to minimize the  
114 economic impact on small businesses in a manner consistent with the stated objectives of applicable  
115 law.

116 3. The total number of regulations the agency reviewed for that year, including (i) the number that  
117 were retained and the rationale for their retention, (ii) the number that were amended and the reason  
118 for the amendments, and (iii) the number that were repealed and the rationale for repeal.

119 4. An assessment by the reviewing agency of whether or not the regulation attained the specific and  
120 measurable goals it was designed to achieve. If no specific and measurable goals were identified when

121 *the regulation was developed or amended, such specific and measurable goals shall be developed for*  
122 *any regulation retained or amended. Specific and measurable goals shall not be required for any*  
123 *regulation that is repealed.*

124 *5. In conjunction with the Department of Planning and Budget, an estimated cost of enforcing the*  
125 *retained, amended, or repealed regulations by the Commonwealth and to the extent possible and*  
126 *feasible, the estimated cost to citizens, professions, trades, or occupations to comply with the regulation*  
127 *that can be reasonably determined. In estimating such cost to citizens, professions, trades, or*  
128 *occupations, such costs shall be expressed in the following categories:*

129 *a. Low: an estimated cost of not more than \$100;*

130 *b. Moderate: an estimated cost of more than \$100 but not more than \$500; or*

131 *c. High: an estimated cost in excess of \$500.*

132 *6. A validation by the reviewing agency that (i) regulations retained or amended have been adopted*  
133 *in the least burdensome and intrusive manner and are written in a clear and understandable manner*  
134 *and (ii) the public was provided an opportunity to provide comments and concerns during the review.*

135 *7. Any comments or concerns by the Attorney General concerning the retention, amendment, or*  
136 *repeal of a regulation.*

137 *8. A certification by the reviewing agency that any regulation retained or amended meets the*  
138 *principles that guide the development and adoption of regulations for citizens, professions, and*  
139 *occupations engaged in otherwise constitutional and lawful activities.*

140 *D. The report shall be submitted to the Department of Planning and Budget by July 1 of each year*  
141 *for consolidation into an overall report containing all agency regulations reviewed in the current year.*  
142 *The final consolidated report shall be approved by the Governor by August 1 of each year. Upon*  
143 *approval, the Governor shall submit the report to the Chairmen of the standing committees of the House*  
144 *of Delegates and the Senate.*

145 *2. That § 2.2-4017 of the Code of Virginia is repealed.*