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HOUSE BILL NO. 1934

Offered January 11, 2023

Prefiled January 10, 2023

A BILL to amend and reenact § 2.2-4007.04 of the Code of Virginia, relating to Administrative Process Act; certain regulations to require legislative approval.

Patrons—Fowler and Webert

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That § 2.2-4007.04 of the Code of Virginia is amended and reenacted as follows:

§ 2.2-4007.04. Economic impact analysis; costly regulations; legislative approval.

A. Before delivering any proposed regulation under consideration to the Registrar as required in § 2.2-4007.05, the agency shall submit on the Virginia Regulatory Town Hall a copy of that regulation to the Department of Planning and Budget. In addition to determining the public benefit, the Department of Planning and Budget in coordination with the agency shall, within 45 days, prepare an economic impact analysis of the proposed regulation, as follows:

1. The economic impact analysis shall include but need not be limited to the projected number of businesses or other entities to which the regulation would apply; the identity of any localities and types of businesses or other entities particularly affected by the regulation; the projected number of persons and employment positions to be affected; the impact of the regulation on the use and value of private property, including additional costs related to the development of real estate for commercial or residential purposes; and the projected costs to affected businesses, localities, or entities of implementing or complying with the regulations, including the estimated fiscal impact on such localities and sources of potential funds to implement and comply with such regulation. A copy of the economic impact analysis shall be provided to the Joint Commission on Administrative Rules; and

2. If the regulation may have an adverse effect on small businesses, the economic impact analysis shall also include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. As used in this subdivision, "small business" has the same meaning as provided in subsection A of § 2.2-4007.1.

B. In the event the Department cannot complete an economic impact statement within the 45-day period, it shall advise the agency and the Joint Commission on Administrative Rules as to the reasons for the delay. In no event shall the delay exceed 30 days beyond the original 45-day period.

C. Agencies shall provide the Department with such estimated fiscal impacts on localities and sources of potential funds. The Department may request the assistance of any other agency in preparing the analysis. The Department shall deliver a copy of the analysis to the agency drafting the regulation, which shall comment thereon as provided in § 2.2-4007.05, a copy to the Registrar for publication with the proposed regulation, and an electronic copy to each member of the General Assembly. No regulation shall be promulgated for consideration pursuant to § 2.2-4007.05 until the impact analysis has been received by the Registrar. For purposes of this section, the term "locality, business, or entity particularly affected" means any locality, business, or entity that bears any identified disproportionate material impact that would not be experienced by other localities, businesses, or entities. The analysis shall represent the Department's best estimate for the purposes of public review and comment on the proposed regulation. The accuracy of the estimate shall in no way affect the validity of the regulation, nor shall any failure to comply with or otherwise follow the procedures set forth in this subsection create any cause of action or provide standing for any person under Article 5 (§ 2.2-4025 et seq.) or otherwise to challenge the actions of the Department hereunder or the action of the agency in adopting the proposed regulation.

D. In the event the economic impact analysis completed by the Department reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance and Appropriations within the 45-day period. The Joint Commission on Administrative Rules shall review such rule or regulation and issue a statement containing the

INTRODUCED

HB1934

59 Commission's findings in accordance with § 30-73.3.

60 E. The Department shall revise and reissue its economic impact analysis within the time limits set
61 forth for the Department's review of regulations at the final stage pursuant to the Governor's executive
62 order for executive branch review if any of the following conditions is present that would materially
63 change the Department's analysis:

64 1. Public comment timely received at the proposed stage indicates significant errors in the economic
65 impact analysis; or

66 2. There is significant or material difference between the agency's proposed economic impact analysis
67 and the anticipated negative economic impacts to the business community as indicated by public
68 comment.

69 The determination of whether a condition is present under this subsection shall be made by the
70 Department and shall not be subject to judicial review.

71 *F. In addition to submitting an economic impact analysis in accordance with this section, if the*
72 *agency estimates that the proposed regulation will (i) have an adverse impact on economic growth or*
73 *(ii) increase regulatory costs by more than \$500,000 within five years of such regulation's*
74 *implementation, the agency shall advise the Joint Commission on Administrative Rules, the House*
75 *Committee on Appropriations, and the Senate Committee on Finance and Appropriations no later than*
76 *30 days prior to the next regular legislative session. The Joint Commission on Administrative Rules*
77 *shall review such regulation and issue a statement containing the Commission's findings in accordance*
78 *with § 30-73.3. No such regulation shall be effective if such regulation conflicts with any joint resolution*
79 *expressing the sense of the General Assembly with respect thereto.*