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HOUSE BILL NO. 722

Offered January 10, 2024

Prefiled January 9, 2024

A *BILL to amend the Code of Virginia by adding a section numbered 2.2-1501.2, relating to Department of Planning and Budget; Regulatory Budget Program established; report.*

Patron—Webert

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. **That the Code of Virginia is amended by adding a section numbered 2.2-1501.2 as follows:**
§ 2.2-1501.2. Additional duties of Department; Regulatory Budget Program; guidance; report.

A. As used in this section:

"Agency" means any executive branch agency subject to the Administrative Process Act (§ 2.2-4000 et seq.). "Agency" does not include the Office of the Attorney General or the Department of Law.

"Catalog" means the document prepared by each agency that identifies (i) the total number and type of regulations and regulatory requirements currently promulgated or administered by the agency and (ii) any specific federal or state mandates or statutory authority that requires such regulations and associated requirements.

"Department" means the Department of Planning and Budget.

"Director" means the Director of the Department.

"Program" means the Regulatory Budget Program established in subsection B.

"Regulation" means the same as that term is defined in § 2.2-4001. "Regulation" does not include (i) regulations and associated regulatory requirements where no agency discretion is involved and that are necessary to conform to Virginia statutory law, the appropriation act, or federal law or regulations; (ii) regulations of the boards served by the Department of Health Professions or the Department of Professional and Occupational Regulation pursuant to Title 54.1 that are necessary to revise fees in accordance with § 54.1-113; (iii) statements or policies concerning the internal management of any agency; (iv) guidance documents; (v) declaratory rulings; or (vi) intra-agency or interagency memoranda.

"Regulatory requirement" means any action required to be taken or information required to be provided in accordance with a regulation. "Regulatory requirement" includes requirements contained in documents incorporated by reference to other sources in accordance with the regulations of the Virginia Code Commission.

"Streamlining" means reducing the burden of a regulatory requirement without eliminating the requirement completely. The Department shall issue guidance describing how agencies account for reduced burdens resulting from regulatory streamlining.

B. There is created within the Department the Regulatory Budget Program. The Program shall consist of the following elements:

1. Agencies shall reduce overall regulatory requirements by 30 percent by January 1, 2027. The Department shall issue guidance setting forth the process by which agencies shall calculate their regulatory reductions for purposes of meeting the 30 percent reduction target.

2. The catalog data shall be updated annually and reported to the Department, in a manner specified by the Department, and published on the Virginia Regulatory Town Hall.

3. Progress toward the 30 percent reduction target shall be measured by the number of regulations and regulatory requirements that are either increased, eliminated, or streamlined through regulatory or other action. Progress shall be reflected in the catalog and reported in a manner specified by the Department. Each agency shall be responsible for ensuring that any information reported to the Department is accurate and complete.

C. The Department shall issue guidance for agencies that addresses the following: (i) how to best measure regulatory requirements to promote consistency across agencies; (ii) how agencies may determine which regulatory requirements are discretionary and which are mandated by state or federal law; (iii) how documents incorporated by reference are to be treated in the baseline catalogs; (iv) how to count streamlining of regulatory requirements toward the 30 percent reduction target; and (v) how agencies shall report information to the Department, including progress toward the 30 percent reduction target. The Department shall seek input from the Office of the Governor in the drafting of guidance pursuant to this subsection.

D. When an agency identifies a regulation or regulatory requirement proposed for elimination or

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59 *modification that requires a change in state law, the agency shall report the recommendation to the*
60 *Department by September 1 of each year for inclusion in the Department's annual report to the Speaker*
61 *of the House of Delegates and the Chairman of the Senate Committee on Rules. The Speaker of the*
62 *House of Delegates and the Chairman of the Senate Committee on Rules shall assign recommendations*
63 *to relevant committees that shall assess and may act, in consultation with the agency, upon these*
64 *recommendations in the regular session of the General Assembly immediately following the year in*
65 *which the recommendation was made.*

66 *E. If necessary to meet the 30 percent reduction target, each agency shall also initiate reforms*
67 *through a rulemaking or nonregulatory action or through the legislative recommendation process to the*
68 *General Assembly. If an agency is unable to reach the 30 percent reduction target, it shall provide a*
69 *separate report to the Department stating the reasons for not meeting the goal.*

70 *F. The Department shall report to the Speaker of the House of Delegates and the Chairman of the*
71 *Senate Committee on Rules on the progress of the Program no later than October 1 each year,*
72 *beginning October 1, 2025.*

73 *If by October 1, 2025, the Program has achieved less than 50 percent of the 30 percent reduction*
74 *target, either by initiating rulemaking actions or other streamlining actions or through the legislative*
75 *recommendation process to the General Assembly, the Speaker of the House of Delegates and the*
76 *Chairman of the Senate Committee on Rules may direct the House Committee on Appropriations and the*
77 *Senate Committee on Finance and Appropriations to review the regulatory budget efforts of any agency*
78 *that has achieved less than 50 percent of the 30 percent reduction target and report to the General*
79 *Assembly any findings and recommendations regarding any policies, practices, and methods that may be*
80 *adopted by the agency to successfully achieve the 30 percent reduction target.*

81 *If by October 1, 2026, the Program has achieved less than 75 percent of the 30 percent reduction*
82 *target, either by initiating rulemaking actions or other streamlining actions or through the legislative*
83 *recommendation process to the General Assembly, the Department shall include the reasons for not*
84 *meeting the target reduction in the next available annual report to the Speaker of the House of*
85 *Delegates and the Chairman of the Senate Committee on Rules.*

86 *The Department shall include in the annual report any additional information the Department*
87 *determines may be helpful to support the General Assembly's regulatory reduction and reform efforts,*
88 *including any revisions or reforms that would improve the regulatory review functions of the*
89 *Administrative Process Act (§ 2.2-4000 et seq.).*

90 *G. The Department shall track and report on the extent to which agencies comply with existing*
91 *requirements to periodically review all regulations every four years. Agencies shall report to the*
92 *Department each regulation to be reviewed in each of the four years, to be published on the Virginia*
93 *Regulatory Town Hall.*

94 **2. That the provisions of this act shall expire on January 1, 2027.**