

BILL ANALYSIS

S.B. 14
By: King
Delivery of Government Efficiency
Committee Report (Unamended)

BACKGROUND AND PURPOSE

As the Governor's Small Business Freedom Council recently reported, Texas has long been recognized as the best state in the nation to start and grow a business. However, according to a 2024 report from the Mercatus Center at George Mason University, Texas remains the fifth most regulated state in the nation. The Freedom Council has also noted that overly burdensome regulations, high compliance costs, and outdated government processes create unnecessary burdens, making it more difficult for entrepreneurs to start and expand their businesses. Further, according to a 2025 Mercatus Center study, without a systematic approach to reviewing and removing outdated or redundant regulations, the steady buildup of government interventions eventually shows up in economic outcomes ranging from business activities such as investment decisions, startup rates, and productivity growth to household outcomes such as household income and consumer expenditure. That 2025 Mercatus Center study also concluded that systematic regulatory reform not only increases GDP growth but also fosters innovation, creates jobs, and enhances competitiveness. Similarly, a former Chief Justice of Texas' Third Court of Appeals concluded that reforming Texas' regulatory system—including by fixing outdated regulations and removing unnecessary barriers—is one of the most impactful steps legislators can take to improve state government and ensure Texas continues to lead the nation as a dominant economic force.

Additionally, in *Loper Bright Enterprises v. Raimondo*, 603 U.S. 369 (2024), the United States Supreme Court overruled *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984), and its *Chevron* deference, which often required courts to defer to agency interpretations of law. The U.S. Supreme Court concluded that courts may not defer to an agency interpretation of the law—even if that interpretation is based on a permissible construction of the statute—simply because a statute is ambiguous. Although Texas courts have never expressly adopted *Chevron* deference for consideration of state agencies' constructions of statutes, *R.R. Comm'n of Tex. v. Tex. Citizens for a Safe Future & Clean Water*, 336 S.W.3d 619 (Tex. 2011), Texas courts have stated that they will, in certain cases, defer to an agency's interpretation if it is reasonable and does not contradict the plain language of the statute. *Id.*; *TGS-NOPEC Geophysical Co. v. Combs*, 340 S.W.3d 432 (Tex. 2011).

S.B. 14, the Regulatory Reform and Efficiency Act, seeks to address these matters by, first, establishing the Texas Regulatory Efficiency Office to provide critical assistance and direction in identifying rules that are no longer necessary or useful, propose improvements to rules that can reduce their cost or improve their effectiveness, assist agencies in implementing best practices for cost-benefit and impact analyses during rulemaking, and increase accessibility of regulatory information to the public. Second, S.B. 14 reforms the Texas Administrative Procedure Act to ensure rules are written in plain language and that agencies comply with requirements to prepare local-employment-impact statements and government-growth-impact statements. Third, S.B. 14 codifies Texas' agency-deference standard by providing that courts are not required to defer to agencies' legal determinations.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 14 amends the Government Code to establish the Texas Regulatory Efficiency Office within the governor's office to perform the following duties:

- identify and expand opportunities for implementing efficiencies in the process by which state agencies adopt rules, the regulatory review process, and the processes by which contested cases are conducted;
- assist state agencies in identifying unnecessary and ineffective rules, the effect and cost to the 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;
- coordinate with the secretary of state, the Department of Information Resources (DIR), and other state agencies in the secretary of state's efforts under the bill's provisions to improve public access to information regarding state agency rules, forms, and filings and to create an interactive website for use by the public to search and obtain such information applicable to specific regulated occupations, industries, professions, and activities;
- coordinate with state agencies 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 doing the following:
 - reducing required training hours while protecting the health and safety of Texas residents;
 - reducing the number of forms a regulated person is required to complete;
 - reducing the amount of information required by forms that a regulated person is required to complete;
 - reducing the amount of or eliminating fees imposed by the rules;
 - reducing the number of activities covered by the rules; or
 - creating waivers for or exemptions from the rules under certain circumstances; and
- prepare and publish written manuals, guides, or other publications as required by the bill.

The bill requires the office to coordinate with the Texas Regulatory Efficiency Advisory Panel, as created by the bill, state agencies, and the governor's office, as applicable, to accomplish the efficiency office's purposes. The bill prohibits the Texas Regulatory Efficiency Office from recommending the repeal of a rule the purpose of which is to inform members of the public about the rulemaking process or facilitate participation in that process by members of the public.

S.B. 14 requires the Texas Regulatory Efficiency Office to prepare and publish the following documents:

- a regulatory economic analysis manual that identifies and describes best practices for state agencies related to, as prescribed under applicable state law, preparing a local employment impact statement, conducting a regulatory analysis, preparing a fiscal note, preparing a note regarding public benefits and costs, and preparing an economic impact statement; and

- a regulatory reduction guide to assist each state agency in reducing rules and other regulatory requirements and to document the agency's results.

The bill requires the office to ensure that the manual and guide are written in plain language that may be easily understood by the public. The bill authorizes the office to establish, as needed, a forum for interested persons who are Texas residents or business entities, governmental subdivisions, or non-state agency public or private organizations located in Texas to assist the office and the Texas Regulatory Efficiency Advisory Panel to accomplish the purposes of the office and panel.

S.B. 14 authorizes the office to establish, as needed, the Texas Regulatory Efficiency Advisory Panel to serve as an advisory panel to the governor's office, including the Texas Regulatory Efficiency Office. The bill requires the Texas Regulatory Efficiency Office to provide staff, facilities, and other administrative support necessary to assist the panel in performing the panel's duties. The bill authorizes the governor, in designating individuals to serve on the panel, to give priority 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.

S.B. 14 establishes the following with respect to the panel:

- members serve without compensation but may be reimbursed at the discretion of the office for actual and necessary expenses incurred in performing official duties;
- the governor may designate one member to serve as the panel's presiding officer; and
- the panel is required to meet at the call of the panel's presiding officer.

S.B. 14 establishes the following as the panel's purposes:

- to use the knowledge and expertise of regulated persons, small and large businesses, public institutions of higher education, and state agencies to identify and expand opportunities for implementing efficiencies in the process by which state agencies adopt rules, the regulatory review process, and the processes by which contested cases are conducted; and
- to assist the Texas Regulatory Efficiency Office and state agencies in identifying unnecessary and ineffective rules, the effect and cost to the 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.

The bill exempts the panel from the applicability of statutory provisions relating to state agency advisory committees.

S.B. 14 requires the Texas Regulatory Efficiency Office, not later than December 1 of each even-numbered year, to prepare and submit to the governor, lieutenant governor, speaker of the house of representatives, and the Legislative Budget Board (LBB) a written report that describes the following:

- the activities undertaken by the office during the two-year period preceding the date of the report to accomplish the purposes of the office; and
- any legislative recommendations of the office to accomplish and further those activities.

The bill authorizes the panel to assist the office in preparing the report and requires the office to post the report on a publicly accessible website in an easily identifiable and accessible location.

S.B. 14 establishes that definitions in the Administrative Procedure Act apply to the bill's provisions regarding the office and the panel.

S.B. 14 requires the secretary of state, DIR, and Texas Regulatory Efficiency Office to jointly coordinate with each other state agency to establish a website that allows a person to search the rules and related information made available by state agencies as required by law 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.

S.B. 14 requires the notice of a proposed rule as provided under the Administrative Procedure Act to include 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. The bill requires the text of a proposed rule that is currently required to be included in the notice to be written in plain language, to the extent practicable, and establishes that this means 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.

S.B. 14 expands the list of Administrative Procedure Act provisions with which a state agency adopted rule must be in substantial compliance to not be voidable by including provisions relating to the preparation of local employment impact statements and government growth impact statements. The bill requires a person initiating a proceeding to contest a rule on the ground of noncompliance with the procedural requirements of those newly included provisions to do so not later than the second anniversary of the effective date of the rule. The bill also includes those provisions among the Administrative Procedure Act provisions with which a state agency's substantial noncompliance, as found by a court, triggers the court's authority to remand the rule, or a portion of the rule, to the agency and the court's duty to provide a reasonable time for the agency to either revise or readopt the rule through established procedure. The bill accordingly repeals provisions establishing that a failure to comply with provisions relating to the preparation of local employment impact statements and government growth impact statements does not impair the legal effect of a rule adopted under the Administrative Procedure Act. These provisions amending and repealing provisions of that act apply only to a rule proposed by a state agency on or after the bill's effective date. A rule proposed before the bill's effective date is governed by the law in effect on the date the rule was proposed, and the former law is continued in effect for that purpose.

S.B. 14 establishes that a court, in a judicial proceeding in Texas, including an action subject to Administrative Procedure Act provisions governing a declaratory judgment, 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. This provision expressly 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.

S.B. 14 requires the reviewing court in any matter brought under Administrative Procedure Act provisions governing contested cases under judicial review 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. The bill establishes that this requirement 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. These provisions apply 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. The bill prohibits a law from exempting an action from the application of these provisions except by specific reference to these provisions. The bill's provisions regarding judicial review apply only to a petition for judicial review, action for declaratory judgment, contested case, or other proceeding initiated on or after the bill's effective date. Such a proceeding initiated before the bill's effective date is governed by the law in effect on the date the proceeding was initiated, and the former law is continued in effect for that purpose.

S.B. 14 requires the governor's office, DIR, the Texas Regulatory Efficiency Office, and the secretary of state to implement the bill's provisions regarding the Texas Regulatory Efficiency Office and Advisory Panel and the coordination of applicable entities in making a website that allows a person to search an agency's rules and related information only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, those entities may, but are not required to, implement those provisions using other appropriations available for that purpose.

S.B. 14 repeals Sections 2001.022(c) and 2001.0221(e), Government Code.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.