# First Regular Session Sixty-ninth General Assembly STATE OF COLORADO

## **INTRODUCED**

LLS NO. 13-0092.01 Esther van Mourik x4215

**HOUSE BILL 13-1075** 

## HOUSE SPONSORSHIP

Coram,

### SENATE SPONSORSHIP

(None),

#### **House Committees**

**Senate Committees** 

State, Veterans, & Military Affairs Appropriations

## A BILL FOR AN ACT

101	CONCERNING T	ГНЕ	LEGISLATIVE	REVIEW	OF	CERTAIN	RULES
102	PROMULG	SATEI	D BY EXECUTIVE	AGENCIES	THR	OUGH THE '	''STATE
103	ADMINIST	ΓRAT	IVE PROCEDUR	ES ACT".			

## **Bill Summary**

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://www.leg.state.co.us/billsummaries.)

**Section 1** of the bill creates the legislative rule review committee (committee) as a standing committee of the general assembly and establishes the procedures whereby the committee studies and reviews rules adopted on or after November 1, 2013, by an agency when:

- ! An agency notifies the committee that a written petition, submission, or comment was received setting forth a possible adverse effect on the economy, the environment, consumers, private markets, small businesses, job creation, or economic competitiveness as a result of the adoption of the rule:
- ! A member of the general assembly requests review of a rule in writing because the rule may have an adverse effect on the economy, the environment, consumers, private markets, small businesses, job creation, or economic competitiveness as a result of the adoption of the rule;
- ! A cost-benefit analysis was required of an adopted rule; or
- ! The committee is notified by the office of legislative legal services that a rule was adopted as a result of legislation enacted during any legislative session, regular or special, commencing on or after January 1, 2013.

Upon completion of the rule review process, the committee must recommend to the general assembly a bill, exempt from the 5-bill limitation, regarding the committee's determinations related to the expiration or postponement of the expiration of the rules reviewed by the committee.

**Section 2** of the bill makes mandatory a currently permissive statute regarding the completion of a cost-benefit analysis of a rule or amendment by an agency if the executive director of the department of regulatory agencies determines the rule or amendment could have a negative impact on economic competitiveness or on small business in Colorado.

Section 2 of the bill also requires the office of legislative legal services to identify rules adopted as a result of legislation that was enacted during any legislative session commencing on or after January 1, 2013. The bill requires that after such rules are identified, any sitting prime sponsors and cosponsors of the enacted legislation, the committee, and the current members of the committees of reference in the senate and house of representatives for that enacted legislation are notified that a rule has been adopted as a result of the legislation.

Section 2 of the bill also makes conforming amendments to the "State Administrative Procedures Act" to accommodate the new committee's rule review process.

- 1 Be it enacted by the General Assembly of the State of Colorado:
- 2 **SECTION 1.** In Colorado Revised Statutes, **add** part 16 to article
- 3 of title 2 as follows:

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1	PART 16
2	LEGISLATIVE RULE REVIEW COMMITTEE
3	2-3-1601. Legislative rule review committee established
4	(1) THERE IS HEREBY ESTABLISHED A JOINT COMMITTEE OF THE SENATE
5	AND HOUSE OF REPRESENTATIVES OFFICIALLY KNOWN AS THE LEGISLATIVE
6	RULE REVIEW COMMITTEE, CONSISTING OF THREE MEMBERS OF THE HOUSE
7	OF REPRESENTATIVES, TWO OF WHOM ARE APPOINTED BY THE SPEAKER OF
8	THE HOUSE OF REPRESENTATIVES AND ONE OF WHOM IS APPOINTED BY THE
9	MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES, AND THREE
10	MEMBERS OF THE SENATE, TWO OF WHOM ARE APPOINTED BY THE
11	PRESIDENT OF THE SENATE AND ONE OF WHOM IS APPOINTED BY THE
12	MINORITY LEADER OF THE SENATE. THE COMMITTEE FUNCTIONS DURING
13	THE LEGISLATIVE SESSIONS AND DURING THE INTERIM BETWEEN SESSIONS
14	(2) IN ORDER TO EXPEDITE THE WORK OF THE LEGISLATIVE RULE
15	REVIEW COMMITTEE, APPOINTEES MAY BE DESIGNATED AFTER THE
16	GENERAL ELECTION AND PRIOR TO THE CONVENING OF THE GENERAL
17	ASSEMBLY AT WHICH SUCH COMMITTEE IS TO SERVE, WHETHER SUCH
18	APPOINTEES ARE MEMBERS OF THE THEN-CURRENT GENERAL ASSEMBLY OR
19	MEMBERS-ELECT OF THE NEXT GENERAL ASSEMBLY, OR BOTH; AND SUCH
20	APPOINTEES HAVE ALL THE POWERS AND DUTIES AND ARE ENTITLED TO
21	THE SAME COMPENSATION AND EXPENSE ALLOWANCE AS MEMBERS DULY
22	APPOINTED UNDER THE PROVISIONS OF SUBSECTION (1) OF THIS SECTION
23	(3) THE LEGISLATIVE RULE REVIEW COMMITTEE SHALL ELECT A
24	CHAIR AND A VICE-CHAIR, ONE FROM THE SENATE MEMBERSHIP OF THE
25	COMMITTEE AND ONE FROM THE HOUSE MEMBERSHIP OF THE COMMITTEE.
26	THE CHAIR SO ELECTED SHALL SERVE AS CHAIR FOR THE FIRST REGULAR
27	SESSION OF THE GENERAL ASSEMBLY AT WHICH THE COMMITTEE IS TO

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1	SERVE, AND AS VICE-CHAIR FOR THE SECOND REGULAR SESSION; THE
2	VICE-CHAIR SO ELECTED SHALL SERVE AS CHAIR FOR THE SECOND
3	REGULAR SESSION OF SAID GENERAL ASSEMBLY.
4	2-3-1602. Organization, procedures, and meetings. The
5	LEGISLATIVE RULE REVIEW COMMITTEE MAY PRESCRIBE ITS OWN RULES OF
6	PROCEDURE AND SHALL MEET AS OFTEN AS IS NECESSARY TO PERFORM ITS
7	FUNCTIONS.
8	2-3-1603. Powers and duties of the legislative rule review
9	committee. (1) Commencing with the 2014 legislative session and
10	EACH LEGISLATIVE SESSION THEREAFTER, THE LEGISLATIVE RULE REVIEW
11	COMMITTEE SHALL STUDY AND REVIEW RULES ADOPTED BY AN AGENCY
12	PURSUANT TO THE "STATE ADMINISTRATIVE PROCEDURES ACT", ARTICLE
13	4 of title 24, C.R.S., as provided in this section. The legislative
14	RULE REVIEW COMMITTEE SHALL REVIEW RULES AND MAKE
15	RECOMMENDATIONS FOR LEGISLATION EXTENDING OR NOT EXTENDING
16	THE RULES BASED UPON THE ONE-YEAR RULE REVIEW PERIOD AND THE
17	AUTOMATIC EXPIRATION OF RULES UNDER SECTION 24-4-103 (8) (c),
18	C.R.S. This section applies to rules adopted on or after
19	NOVEMBER 1, 2013. THE LEGISLATIVE RULE REVIEW COMMITTEE HAS THE
20	POWER AND DUTY TO STUDY AND REVIEW RULES WHEN:
21	(a) An agency notifies the committee, as required in
22	SECTION 24-4-103 (8.1) (e), C.R.S., THAT A WRITTEN PETITION,
23	SUBMISSION, OR COMMENT WAS RECEIVED SETTING FORTH A POSSIBLE
24	ADVERSE EFFECT ON THE ECONOMY, THE ENVIRONMENT, CONSUMERS,
25	PRIVATE MARKETS, SMALL BUSINESSES, JOB CREATION, OR ECONOMIC
26	COMPETITIVENESS AS A RESULT OF THE ADOPTION OF THE RULE AND THE
27	LEGISLATIVE RULE REVIEW COMMITTEE MAKES A FINDING THAT SUCH

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1	POSSIBLE EFFECT IS REASONABLE;
2	(b) A MEMBER OF THE GENERAL ASSEMBLY REQUESTS REVIEW OF
3	A RULE IN WRITING BECAUSE THE RULE MAY HAVE AN ADVERSE EFFECT ON
4	THE ECONOMY, THE ENVIRONMENT, CONSUMERS, PRIVATE MARKETS,
5	SMALL BUSINESSES, JOB CREATION, OR ECONOMIC COMPETITIVENESS AS A
6	RESULT OF THE ADOPTION OF THE RULE;
7	(c) A COST-BENEFIT ANALYSIS AS DESCRIBED IN SECTION 24-4-103
8	(2.5), C.R.S., WAS REQUIRED OF AN ADOPTED RULE; OR
9	(d) THE COMMITTEE IS NOTIFIED BY THE OFFICE OF LEGISLATIVE
10	LEGAL SERVICES AS PROVIDED IN SECTION 24-4-103 (8) (e), C.R.S., THAT
11	A RULE WAS ADOPTED AS A RESULT OF LEGISLATION ENACTED DURING ANY
12	LEGISLATIVE SESSION, REGULAR OR SPECIAL, COMMENCING ON OR AFTER
13	January 1, 2013.
14	(2) THE LEGISLATIVE RULE REVIEW COMMITTEE MAY NOT REVIEW
15	RULES OF AGENCY ORGANIZATION OR GENERAL STATEMENTS OF POLICY
16	THAT ARE NOT MEANT TO BE BINDING AS RULES.
17	<b>2-3-1604. Rule review.</b> (1) The legislative rule review
18	COMMITTEE MUST REVIEW RULES THAT ARE SUBJECT TO REVIEW
19	PURSUANT TO SECTION 2-3-1603 (1) NO LATER THAN THE FORTY-FIFTH
20	DAY OF EACH LEGISLATIVE SESSION. AT A MINIMUM, THE LEGISLATIVE
21	RULE REVIEW COMMITTEE MUST HAVE AT LEAST ONE PUBLIC MEETING
22	REGARDING THE RULES AT ISSUE, TO BE HELD AFTER TIMELY NOTICE TO
23	THE PUBLIC AND AFFECTED AGENCIES, AT WHICH TIME THE COMMITTEE
24	SHALL BY MAJORITY VOTE EITHER APPROVE A RULE AT ISSUE AND
25	POSTPONE ITS EXPIRATION PURSUANT TO THE PROVISIONS OF SECTION
26	24-4-103 (8) (c) and (8) (d), C.R.S., or set the assigned rule for
27	HEARING FOR FURTHER INFORMATION. IF A RULE IS SET FOR HEARING, THE

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1	MATTER SHALL BE SCHEDULED ON THE LEGISLATIVE RULE REVIEW
2	COMMITTEE'S CALENDAR AFTER TIMELY NOTICE TO THE PUBLIC AND
3	AFFECTED AGENCIES. AT THE HEARING THE COMMITTEE SHALL EITHER
4	APPROVE A RULE AT ISSUE AND POSTPONE ITS EXPIRATION OR DISAPPROVE
5	A RULE BY ALLOWING SUCH RULE TO EXPIRE PURSUANT TO THE
6	PROVISIONS OF SECTION 24-4-103 (8) (c) AND (8) (d), C.R.S. THE
7	AFFECTED AGENCIES AND THE PUBLIC SHALL HAVE THE OPPORTUNITY TO
8	PRESENT MATTERS RELATED TO THE RULE AT THE HEARING.
9	(2) THE LEGISLATIVE RULE REVIEW COMMITTEE MAY DISAPPROVE
10	A RULE FOR ANY REASON, BUT ITS REVIEW MUST INCLUDE CONSIDERATION
11	OF, BUT NOT BE LIMITED TO, THE FOLLOWING:
12	(a) THE REASON FOR THE RULE;
13	(b) THE ECONOMIC BENEFITS OR BURDENS OF THE RULE;
14	(c) Any possible adverse effect on the economy, the
15	ENVIRONMENT, CONSUMERS, PRIVATE MARKETS, SMALL BUSINESSES, JOB
16	CREATION, AND ECONOMIC COMPETITIVENESS AS A RESULT OF THE
17	ADOPTION OF THE RULE;
18	(d) Whether the rule is required by federal or state law;
19	AND
20	(e) WHETHER THE PROMULGATING AGENCY COMPLETED A
21	COST-BENEFIT ANALYSIS PURSUANT TO SECTION 24-4-103 (2.5), C.R.S.,
22	AND, IF A COST-BENEFIT ANALYSIS WAS COMPLETED, WHETHER THE
23	ANALYSIS WAS SUFFICIENT.
24	(3) UPON COMPLETION OF THE RULE REVIEW PROCESS SPECIFIED IN
25	THIS SECTION, BUT NO LATER THAN THE SIXTIETH LEGISLATIVE DAY, THE
26	LEGISLATIVE RULE REVIEW COMMITTEE MUST RECOMMEND TO THE
27	GENERAL ASSEMBLY A BILL REGARDING THE COMMITTEE'S

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1	DETERMINATIONS RELATED TO THE EXPIRATION OR POSTPONEMENT OF THE
2	EXPIRATION OF RULES ASSIGNED TO AND REVIEWED BY THE COMMITTEE.
3	THE BILL IS EXEMPT FROM THE FIVE-BILL LIMITATION SPECIFIED IN RULE
4	24 of the joint rules of the senate and the house of
5	REPRESENTATIVES.
6	<b>2-3-1605. Staff assistance.</b> IN CARRYING OUT ITS DUTIES UNDER
7	THIS PART $16$ , THE LEGISLATIVE RULE REVIEW COMMITTEE SHALL RECEIVE
8	STAFF ASSISTANCE FROM THE OFFICE OF LEGISLATIVE LEGAL SERVICES,
9	ANDLEGISLATIVECOUNCILSTAFFSHALLPROVIDESTAFFINGANDCLERICAL
10	ASSISTANCE.
11	SECTION 2. In Colorado Revised Statutes, 24-4-103, amend
12	(2.5) (a) introductory portion, (2.5) (b), (2.5) (f) (I), (8) (d), and (11) (a);
13	and <b>add</b> (8) (e) and (8.1) (e) as follows:
14	24-4-103. Rule-making - procedure - definitions - repeal.
15	(2.5) (a) On and after the effective date of this subsection $(2.5)$ ,
16	AS AMENDED, at the time of filing a notice of proposed rule-making with
17	the secretary of state as the secretary may require, an agency shall submit
18	a draft of the proposed rule or the proposed amendment to an existing rule
19	and a statement, in plain language, concerning the subject matter or
20	purpose of the proposed rule or amendment to the office of the executive
21	director in the department of regulatory agencies. The executive director,
22	or his or her designee, may SHALL REVIEW THE PROPOSED RULE OR
23	PROPOSED AMENDMENT TO determine if the proposed rule or amendment
24	may have a negative impact on economic competitiveness or on small
25	business in Colorado. If the executive director, or his or her designee,
26	determines that the proposed rule or amendment may have such negative
27	impact, he or she may SHALL direct the submitting agency to perform a

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cost-benefit analysis of the rule or amendment. If the executive director, or his or her designee, makes such a request, it shall be made at least twenty days before the date of the hearing on the rule or amendment. The agency receiving such request shall complete a cost-benefit analysis at least five days before the hearing on the rule or amendment, shall make the analysis available to the public, SHALL POST THE ANALYSIS ON THE AGENCY'S OFFICIAL WEB SITE, and shall submit a copy to the executive director or his or her designee. The EXECUTIVE DIRECTOR OR HIS OR HER DESIGNEE SHALL POST THE ANALYSIS ON THE DEPARTMENT OF REGULATORY AGENCIES' OFFICIAL WEB SITE. Failure to complete a requested cost-benefit analysis pursuant to this subsection (2.5) shall preclude the adoption of such rule or amendment. Such cost-benefit analysis shall include the following:

- (b) The executive director, or his or her designee, shall study the cost-benefit analysis and may SHALL urge the agency to revise the rule or amendment to eliminate or reduce the negative economic impact. The executive director, or his or her designee, may SHALL inform the public about the negative impact of the proposed rule or the proposed amendment to an existing rule.
- 20 (f) (I) This subsection (2.5) is repealed, effective July 1, 2013 21 JULY 1, 2023.
  - (8) (d) All rules adopted or amended on or after July 1, 1976, including temporary or emergency rules, shall be submitted AND FILED by the adopting agency to WITH the office of legislative legal services in the form and manner prescribed by the committee on legal services. Said rules and amendments to existing rules shall be filed by and in such office and shall be first reviewed by the staff of said committee to determine

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whether said rules and amendments are within the agency's rule-making authority and for later review by the committee on legal services for its opinion as to whether the rules conform with paragraph (a) of this subsection (8). The committee on legal services shall direct the staff of the committee to review the rules submitted by adopting agencies using graduated levels of review based on criteria established by the committee. The criteria developed by the committee shall provide that every rule shall be reviewed as to form and compliance with filing procedures and that, upon request of any member of the committee or any other member of the general assembly, the staff shall provide full legal review of any rule during the time period that such rule is subject to review by the committee. The official certificate of the director of the office of legislative legal services as to the fact of submission or the date of submission of a rule as shown by the records of his office, as well as to the fact of nonsubmission as shown by the nonexistence of such records, shall be received and held in all civil cases as competent evidence of the facts contained therein. Records regarding the review of rules pursuant to this section shall be retained by the office of legislative legal services in accordance with policies established pursuant to section 2-3-303 (2), C.R.S. Any such rule or amendment to an existing rule issued by any agency without being so submitted within twenty days after the date of the attorney general's opinion rendered thereon to the office of legislative legal services for review by the committee on legal services shall be void. The staff's findings shall be presented to said committee at a public meeting held after timely notice to the public and affected agencies. The committee on legal services shall, on affirmative vote, submit such rules, comments, and proposed legislation at the next regular session of the

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general assembly. The committee on legal services shall be the committee of reference for any bill introduced pursuant to this paragraph (d). Any member of the general assembly may introduce a bill which rescinds or deletes portions of the rule. Rejection of such a bill does not constitute legislative approval of the rule. Only that portion of any rule specifically disapproved by bill shall no longer be effective, and that portion of the rule which remains after deletion of a portion thereof shall retain its character as an administrative rule. Each agency shall revise its rules to conform with the action taken by the general assembly PURSUANT TO THIS PARAGRAPH (d) AND PURSUANT TO SECTION 2-3-1604, C.R.S. A rule which has been allowed to expire by action of the general assembly pursuant to the provisions of paragraph (c) of this subsection (8) because such rule, in the opinion of the general assembly, is not authorized by the state constitution or statute, OR IS NOT APPROVED AS A RESULT OF THE LEGISLATIVE RULE REVIEW COMMITTEE'S REVIEW ESTABLISHED IN PART 16 OF ARTICLE 3 OF TITLE 2, C.R.S., shall not be repromulgated by an agency unless the authority to promulgate such rule has been granted to such agency by a statutory amendment or by the state constitution or by a judicial determination that statutory or constitutional authority exists. Any rule so repromulgated shall be void. Such revision shall be transmitted to the secretary of state for publication pursuant to subsection (11) of this section. Passage of a bill repealing a rule does not result in revival of a predecessor rule. This paragraph (d), and subsection (4.5) of this section, AND THE LEGISLATIVE RULE REVIEW COMMITTEE'S REVIEW ESTABLISHED IN PART 16 OF ARTICLE 3 OF TITLE 2, C.R.S., do not apply to rules of agency organization or general statements of policy which are not meant to be binding as rules. For the purpose of performing the functions

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assigned it by this paragraph (d), the committee on legal services, with the approval of the speaker of the house of representatives and the president of the senate, may appoint subcommittees from the membership of the general assembly.

(e) FOR RULES ADOPTED ON OR AFTER NOVEMBER 1, 2013, THE STAFF OF THE COMMITTEE ON LEGAL SERVICES SHALL IDENTIFY THE RULES THAT WERE ADOPTED DURING EACH APPLICABLE ONE-YEAR PERIOD AS A RESULT OF LEGISLATION ENACTED DURING ANY LEGISLATIVE SESSION, REGULAR OR SPECIAL, COMMENCING ON OR AFTER JANUARY 1, 2013. AFTER SUCH RULES HAVE BEEN IDENTIFIED, THE STAFF OF THE COMMITTEE ON LEGAL SERVICES SHALL NOTIFY IN WRITING ANY PRIME SPONSORS AND COSPONSORS OF THE ENACTED LEGISLATION WHO ARE STILL SERVING IN THE GENERAL ASSEMBLY, THE LEGISLATIVE RULE REVIEW COMMITTEE CREATED IN SECTION 2-3-1601, C.R.S., AND THE CURRENT MEMBERS OF THE APPLICABLE COMMITTEES OF REFERENCE IN THE SENATE AND HOUSE OF REPRESENTATIVES FOR THAT ENACTED LEGISLATION THAT A RULE HAS BEEN ADOPTED AS A RESULT OF THE LEGISLATION.

(8.1) (e) FOR RULES ADOPTED ON OR AFTER NOVEMBER 1, 2013, IF AN AGENCY RECEIVES A WRITTEN PETITION, SUBMISSION, OR COMMENT THAT SETS FORTH A POSSIBLE ADVERSE EFFECT ON THE ECONOMY, THE ENVIRONMENT, CONSUMERS, PRIVATE MARKETS, SMALL BUSINESSES, JOB CREATION, OR ECONOMIC COMPETITIVENESS AS A RESULT OF THE ADOPTION OF A RULE, AND THE RULE IS SUBSEQUENTLY ADOPTED WITHOUT MODIFICATION TO THE PROVISIONS THAT COULD CREATE SUCH ADVERSE EFFECT, THE AGENCY MUST PROVIDE THE LEGISLATIVE RULE REVIEW COMMITTEE CREATED IN SECTION 2-3-1601, C.R.S., WITH A COPY OF THE WRITTEN PETITION, SUBMISSION, OR COMMENT, AND CLEARLY DELINEATE

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## THE RULE IN QUESTION.

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There is hereby established the code of Colorado (11) (a) regulations for the publication of rules of agencies of the executive branch and the Colorado register for the publication of notices of rule-making, proposed rules, attorney general's opinions relating to such rules, and adopted rules. The code and the register shall be the sole official publications for such rules, notices of rule-making, proposed rules, and attorney general's opinions. The code and the register shall contain, where applicable, references to court opinions and recommendations of the legal services committee of the general assembly OR OF THE LEGISLATIVE RULE REVIEW COMMITTEE that relate to or affect such rules and references to any action of the general assembly relating to the extension, expiration, deletion, or rescission of such rules and may contain other items that, in the opinion of the editor, are relevant to such rules. The register may also include other public notices, including annual departmental regulatory agendas submitted by principal departments to the secretary of state pursuant to section 2-7-203, C.R.S.; however, except as specifically permitted by law, the inclusion of such notices in the register shall be in addition to and not in substitution for existing public notice requirements.

**SECTION 3. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

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