Senate Bill 732

Sponsored by Senator GIROD (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Modifies existing administrative rule review process to require legislative approval of newly adopted administrative rules in order for rules to take effect. Establishes process by which rules receive legislative consideration and approval or rejection.

Takes effect only upon approval of constitutional amendment proposed by ______ Joint Resolution ______ (2023) (LC 3437), and applies to rules adopted by state agencies on or after January 1, 2025.

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A BILL FOR AN ACT

Relating to legislative approval of administrative rules; creating new provisions; amending ORS
 183.335, 183.710, 183.720 and 183.722; and prescribing an effective date.

4 Be It Enacted by the People of the State of Oregon:

5 <u>SECTION 1.</u> ORS 183.335, as amended by section 6, chapter 97, Oregon Laws 2022, is amended 6 to read:

183.335. (1) Prior to the adoption, amendment or repeal of any rule, the agency shall give notice
of its intended action:

9 (a) In the manner established by rule adopted by the agency under ORS 183.341 (4), which pro-10 vides a reasonable opportunity for interested persons to be notified of the agency's proposed action;

11 (b) In the bulletin referred to in ORS 183.360 at least 21 days prior to the effective date;

12 (c) At least 28 days before the effective date, to persons who have requested notice pursuant to 13 subsection (8) of this section; and

(d) Delivered only by electronic mail, at least 49 days before the effective date, to the persons
 specified in subsection (15) of this section.

16 (2)(a) The notice required by subsection (1) of this section must include:

(A) A caption of not more than 15 words that reasonably identifies the subject matter of the
agency's intended action. The agency shall include the caption on each separate notice, statement,
certificate or other similar document related to the intended action.

(B) An objective, simple and understandable statement summarizing the subject matter and purpose of the intended action in sufficient detail to inform a person that the person's interests may be affected, and the time, place and manner in which interested persons may present their views on the intended action.

(b) The agency shall include with the notice of intended action given under subsection (1) of thissection:

26 (A) A citation of the statutory or other legal authority relied upon and bearing upon the 27 promulgation of the rule;

28 (B) A citation of the statute or other law the rule is intended to implement;

29 (C) A statement of the need for the rule and a statement of how the rule is intended to meet the

1 need;

2 (D) A list of the principal documents, reports or studies, if any, prepared by or relied upon by 3 the agency in considering the need for and in preparing the rule, and a statement of the location 4 at which those documents are available for public inspection. The list may be abbreviated if neces-5 sary, and if so abbreviated there shall be identified the location of a complete list;

(E) A statement of fiscal impact identifying state agencies, units of local government and the 6 public that may be economically affected by the adoption, amendment or repeal of the rule and an 7 estimate of that economic impact on state agencies, units of local government and the public. In 8 9 considering the economic effect of the proposed action on the public, the agency shall utilize available information to project any significant economic effect of that action on businesses which shall 10 include a cost of compliance effect on small businesses affected. For an agency specified in ORS 11 12 183.530, the statement of fiscal impact shall also include a housing cost impact statement as described in ORS 183.534; 13

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(F) A statement identifying how adoption of the rule will affect racial equity in this state;

(G) If an advisory committee is not appointed under the provisions of ORS 183.333, an explanation as to why no advisory committee was used to assist the agency in drafting the rule; and

(H) A request for public comment on whether other options should be considered for achievingthe rule's substantive goals while reducing the negative economic impact of the rule on business.

(c) The Secretary of State may omit the information submitted under paragraph (b) of this sub section from publication in the bulletin referred to in ORS 183.360.

(d) When providing notice of an intended action under subsection (1)(c) of this section, the agency shall provide a copy of the rule that the agency proposes to adopt, amend or repeal, or an explanation of how the person may acquire a copy of the rule. The copy of an amended rule shall show all changes to the rule by striking through material to be deleted and underlining all new material, or by any other method that clearly shows all new and deleted material.

(3)(a) When an agency proposes to adopt, amend or repeal a rule, it shall give interested persons 2627reasonable opportunity to submit data or views. Opportunity for oral hearing shall be granted upon request received from 10 persons or from an association having not less than 10 members before the 28earliest date that the rule could become effective after the giving of notice pursuant to subsection 2930 (1) of this section. An agency holding a hearing upon a request made under this subsection shall give 31 notice of the hearing at least 21 days before the hearing to the person who has requested the hearing, to persons who have requested notice pursuant to subsection (8) of this section and to the 32persons specified in subsection (15) of this section. The agency shall publish notice of the hearing 33 34 in the bulletin referred to in ORS 183.360 at least 14 days before the hearing. The agency shall 35consider fully any written or oral submission.

(b) If an agency is required to conduct an oral hearing under paragraph (a) of this subsection, 36 37 and the rule for which the hearing is to be conducted applies only to a limited geographical area 38 within this state, or affects only a limited geographical area within this state, the hearing shall be conducted within the geographical area at the place most convenient for the majority of the resi-39 40 dents within the geographical area. At least 14 days before a hearing conducted under this paragraph, the agency shall publish notice of the hearing in the bulletin referred to in ORS 183.360 and 41 in a newspaper of general circulation published within the geographical area that is affected by the 42 rule or to which the rule applies. If a newspaper of general circulation is not published within the 43 geographical area that is affected by the rule or to which the rule applies, the publication shall be 44 made in the newspaper of general circulation published closest to the geographical area. 45

1 (c) Notwithstanding paragraph (a) of this subsection, the Department of Corrections and the 2 State Board of Parole and Post-Prison Supervision may adopt rules limiting participation by adults 3 in custody in the proposed adoption, amendment or repeal of any rule to written submissions.

4 (d) If requested by at least five persons before the earliest date that the rule could become ef-5 fective after the agency gives notice pursuant to subsection (1) of this section, the agency shall 6 provide a statement that identifies the objective of the rule and a statement of how the agency will 7 subsequently determine whether the rule is in fact accomplishing that objective.

8 (e) An agency that receives data or views concerning proposed rules from interested persons 9 shall maintain a record of the data or views submitted. The record shall contain:

(A) All written materials submitted to an agency in response to a notice of intent to adopt,amend or repeal a rule.

(B) A recording or summary of oral submissions received at hearings held for the purpose ofreceiving those submissions.

14 (C) Any public comment received in response to the request made under subsection (2)(b)(H) of 15 this section and the agency's response to that comment.

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(D) Any statements provided by the agency under paragraph (d) of this subsection.

(4) Upon request of an interested person received before the earliest date that the rule could become effective after the giving of notice pursuant to subsection (1) of this section, the agency shall postpone the date of its intended action no less than 21 nor more than 90 days in order to allow the requesting person an opportunity to submit data, views or arguments concerning the proposed action. Nothing in this subsection shall preclude an agency from adopting a temporary rule pursuant to subsection (5) of this section.

(5) Notwithstanding subsections (1) to (4) of this section, an agency may adopt, amend or suspend a rule without prior notice or hearing or upon any abbreviated notice and hearing that it finds
practicable, if the agency prepares:

(a) A statement of its findings that its failure to act promptly will result in serious prejudice to
the public interest or the interest of the parties concerned and the specific reasons for its findings
of prejudice;

(b) A citation of the statutory or other legal authority relied upon and bearing upon thepromulgation of the rule;

(c) A statement of the need for the rule and a statement of how the rule is intended to meet theneed;

(d) A list of the principal documents, reports or studies, if any, prepared by or relied upon by
the agency in considering the need for and in preparing the rule, and a statement of the location
at which those documents are available for public inspection; and

(e) For an agency specified in ORS 183.530, a housing cost impact statement as defined in ORS
183.534.

(6)(a) A rule adopted, amended or suspended under subsection (5) of this section is temporary and may be effective for a period of not longer than 180 days and may be effective in the absence of any legislative approval required under ORS 183.710 to 183.730. The adoption of a rule under this subsection does not preclude the subsequent adoption of an identical rule under subsections (1) to (4) of this section or for the next succeeding period of not longer than 180 days but does preclude the adoption of an identical or similar rule for any period thereafter, absent the legislative approval required under ORS 183.710 to 183.730.

45 (b) A rule temporarily suspended shall regain effectiveness upon expiration of the temporary

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1 period of suspension unless the rule is repealed under subsections (1) to (4) of this section.

2 (7) Notwithstanding subsections (1) to (4) of this section, an agency may amend a rule without 3 prior notice or hearing if the amendment is solely for the purpose of:

4 (a) Changing the name of an agency by reason of a name change prescribed by law;

5 (b) Changing the name of a program, office or division within an agency as long as the change

6 in name does not have a substantive effect on the functions of the program, office or division;

(c) Correcting spelling;

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8 (d) Correcting grammatical mistakes in a manner that does not alter the scope, application or 9 meaning of the rule;

10 (e) Correcting statutory or rule references;

11 (f) Correcting addresses or telephone numbers referred to in the rules; or

12 (g) Changing a term or phrase in order to conform with a change prescribed by law.

(8)(a) Any person may request in writing that an agency send to the person copies of the agency's notices of intended action issued under subsection (1) of this section. The person must provide an address where the person elects to receive notices. The address provided may be a postal mailing address or, if the agency provides notice by electronic mail, may be an electronic mailing address.

(b) A request under this subsection must indicate that the person requests one of the following:
(A) The person may request that the agency mail paper copies of the proposed rule and other
information required by subsection (2) of this section to the postal mailing address.

(B) If the agency posts notices of intended action on a website, the person may request that the agency mail the information required by subsection (2)(a) of this section to the postal mailing address with a reference to the website where electronic copies of the proposed rule and other information required by subsection (2) of this section are posted.

(C) The person may request that the agency electronically mail the information required by subsection (2)(a) of this section to the electronic mailing address, and either provide electronic copies of the proposed rule and other information required by subsection (2) of this section or provide a reference to a website where electronic copies of the proposed rule and other information required by subsection (2) of this section are posted.

(c) Upon receipt of any request under this subsection, the agency shall acknowledge the request,
establish a mailing list and maintain a record of all mailings made pursuant to the request. Agencies
may establish procedures for establishing the mailing lists and keeping the mailing lists current.
Agencies by rule may establish fees necessary to defray the costs of mailings and maintenance of
the lists.

(d) Members of the Legislative Assembly who receive notices under subsection (15) of this sec tion may request that an agency furnish paper copies of the notices.

(9) This section does not apply to rules establishing an effective date for a previously effective
 rule or establishing a period during which a provision of a previously effective rule will apply.

(10) This section does not apply to ORS 279.835 to 279.855, 279A.140 to 279A.161, 279A.250 to
279A.290, 279A.990, 279B.050 to 279B.085, 279B.200 to 279B.240, 279B.270, 279B.275, 279B.280,
279C.360, 279C.365, 279C.370, 279C.375, 279C.380, 279C.385, 279C.500 to 279C.530, 279C.540, 279C.545,
279C.550 to 279C.570, 279C.580, 279C.585, 279C.590, 279C.600 to 279C.625, 279C.650 to 279C.670 and
279C.800 to 279C.870 relating to public contracts and purchasing.

(11)(a) Except as provided in paragraph (c) of this subsection, a rule is not valid unless adopted
 in substantial compliance with the provisions of this section in effect on the date that the notice

required under subsection (1) of this section is delivered to the Secretary of State for the purpose
 of publication in the bulletin referred to in ORS 183.360.

3 (b) In addition to all other requirements with which rule adoptions must comply, a rule other 4 than a rule amended for a purpose described in subsection (7) of this section is not valid if the rule 5 has not been submitted to the Legislative Counsel in the manner required by ORS 183.355 and 6 183.715.

7 (c) A rule is not subject to judicial review or other challenge by reason of failing to comply with
8 subsection (2)(a)(A) of this section.

9 (12)(a) Notwithstanding the provisions of subsection (11) of this section, but subject to paragraph 10 (b) of this subsection, an agency may correct its failure to substantially comply with the require-11 ments of subsections (2) and (5) of this section in adoption of a rule by an amended filing, as long 12 as the noncompliance did not substantially prejudice the interests of persons to be affected by the 13 rule.

(b) An agency may use an amended filing to correct a failure to include a fiscal impact statement in a notice of intended action, as required by subsection (2)(b)(E) of this section, or to correct an inaccurate fiscal impact statement, only if the agency developed the fiscal impact statement with the assistance of an advisory committee or fiscal impact advisory committee appointed under ORS 183.333.

(13) Unless otherwise provided by statute, the adoption, amendment or repeal of a rule by an
 agency need not be based upon or supported by an evidentiary record.

(14) When an agency has established a deadline for comment on a proposed rule under the provisions of subsection (3)(a) of this section, the agency may not extend that deadline for another agency or person unless the extension applies equally to all interested agencies and persons. An agency shall not consider any submission made by another agency after the final deadline has passed.

26 (15) The notices required under subsections (1) and (3) of this section must be given by the 27 agency to the following persons:

(a) If the proposed adoption, amendment or repeal results from legislation that was passed
within two years before notice is given under subsection (1) of this section, notice shall be given to
the legislator who introduced the bill that subsequently was enacted into law, and to the chair or
cochairs of all committees that reported the bill out, except for those committees whose sole action
on the bill was referral to another committee.

(b) If the proposed adoption, amendment or repeal does not result from legislation that was passed within two years before notice is given under subsection (1) of this section, notice shall be given to the chair or cochairs of any interim or session committee with authority over the subject matter of the rule.

(c) If notice cannot be given under paragraph (a) or (b) of this subsection, notice shall be given
to the Speaker of the House of Representatives and to the President of the Senate who are in office
on the date the notice is given.

40 [(16)(a) Upon the request of a member of the Legislative Assembly or of a person who would be 41 affected by a proposed adoption, amendment or repeal, the committees receiving notice under subsection 42 (15) of this section shall review the proposed adoption, amendment or repeal for compliance with the 43 legislation from which the proposed adoption, amendment or repeal results.]

44 [(b) The committees shall submit their comments on the proposed adoption, amendment or repeal 45 to the agency proposing the adoption, amendment or repeal.]

may not take effect until the rule receives legislative approval under ORS 183.710 to 183.730. SECTION 2. ORS 183.710 is amended to read: 183.710. As used in ORS 183.710 to 183.730, unless the context requires otherwise: (1) "Adopted rule" means an entirely new rule that has been adopted by a state agency or a rule that existed prior to January 1, 2025, or that received legislative approval under ORS 183.710 to 183.730 on or after January 1, 2025, that is being amended by the state agency. [(1)] (2) "Interim committee" means a committee of the Legislative Assembly that is scheduled to meet when the Legislative Assembly is not in session and that has subject-matter jurisdiction over the state agency that has adopted a rule, as set forth in the subject-matter jurisdiction list developed under ORS 183.724. [(2)] (3) "Rule" has the meaning given that term in ORS 183.310. [(3)] (4) "State agency" means an agency as defined in ORS 183.310. SECTION 3. ORS 183.720 is amended to read: 183.720. (1) The Legislative Counsel may review, or shall review at the direction of the Legislative Counsel Committee, a proposed rule or an adopted rule of a state agency. [(2) The Legislative Counsel may review an adopted rule of a state agency upon the written request of any person affected by the rule. The Legislative Counsel shall review a proposed or adopted rule of a state agency upon the written request of any member of the Legislative Assembly. The written request for review must identify the specific objection or problem with the rule.] [(3)] (2) When reviewing a rule of a state agency pursuant to subsection (1) [or (2)] of this section, the Legislative Counsel shall: (a) Determine whether the rule appears to be within the intent and scope of the enabling legislation purporting to authorize its adoption; [and] (b) Determine whether the rule raises any constitutional issue other than described in paragraph (a) of this subsection, and if so, the nature of the issue; and (c) Determine whether the rule promotes, implements or otherwise carries out the legislative direction or policy of the subject of the rule. [(4)] (3) In making a determination under subsection [(3)(a)] (2)(a) of this section, the Legislative Counsel shall, wherever possible, follow generally accepted principles of statutory construction. [(5)] (4) The Legislative Counsel shall prepare written findings on a rule reviewed, setting forth the determinations made under subsection [(3)] (2) of this section. [(6)] (5) When a review of a rule is made by the Legislative Counsel, the Legislative Counsel shall send a copy of the determinations made under subsection [(3)] (2) of this section to the appropriate interim committee [or, if the review was requested by a member of the Legislative Assembly or by a person affected by the rule, to the person requesting the review]. If the Legislative Counsel determines that a rule is not within the intent and scope of the enabling legislation purporting to authorize the state agency's adoption of the rule, [or] that the rule raises a constitutional issue or that the rule fails to carry out a legislative direction or policy relating to the subject of the rule, the Legislative Counsel shall also send a copy of the determination to the agency. The Legis-

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(16) Unless subsections (5) and (6) of this section apply, a rule that is adopted or amended

41 lative Counsel [may] shall request that the state agency respond in writing to the determinations 42 or appear at the meeting of the interim committee at which the committee will consider the deter-43 minations. The interim committee may direct the Legislative Counsel to send a copy of the deter-44 minations to the presiding officer of a house of the Legislative Assembly, who may refer the 45 determinations to any legislative committee concerned.

1 $[(7)(\alpha)]$ (6)(a) A member of the Legislative Assembly may request that Legislative Counsel pre-2 pare a report on a rule adopted by a state agency that the member asserts is duplicative of or 3 conflicts with another rule. A person affected by a rule adopted by a state agency may request that 4 Legislative Counsel prepare a report on the rule if the person asserts that the rule is duplicative 5 of or conflicts with another rule. A request for a report must be in writing and contain copies of 6 the two rules that are claimed to be duplicative or conflicting. The second rule may be either a rule 7 adopted by a state agency or a rule or regulation adopted by a federal agency.

8 (b)(A) Upon receipt of a written request by a member of the Legislative Assembly, the Legisla-9 tive Counsel shall prepare a report to the interim committee that contains:

(i) A copy of the request, including copies of the two rules that the member asserts are con-flicting or duplicative; and

12 (ii) Legislative Counsel's analysis of the requirements of the two rules.

(B) Upon receipt of a written request by a person affected by a rule adopted by a state agency,
the Legislative Counsel may prepare a written report to the person and each state agency concerned
that contains the Legislative Counsel's analysis of the requirements of the two rules.

16 [(8)] (7) Upon receipt of a report under subsection [(7)(b)(A)] (6)(b)(A) of this section, the interim 17 committee may issue a determination that a rule is duplicative of or conflicts with the other cited 18 rule.

19 [(9)] (8) When a report on a rule is made by the Legislative Counsel under subsection 20 [(7)(b)(A)] (6)(b)(A) of this section, the Legislative Counsel shall send a copy of the report and any 21 determinations made under subsection [(8)] (7) of this section to each state agency concerned. The 22 interim committee may direct the Legislative Counsel to send a copy of the determinations to the 23 presiding officer of a house of the Legislative Assembly, who may refer the determinations to any 24 legislative committee concerned.

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SECTION 4. ORS 183.722 is amended to read:

183.722. (1)(a) If the Legislative Counsel determines under ORS 183.720 [(3)] (2) that a proposed 2627or adopted rule is not within the intent and scope of the enabling legislation purporting to authorize the rule's adoption, [or] that the rule is not constitutional or that the rule fails to carry out a 28legislative direction or policy relating to the subject of the rule, and the Legislative Counsel 2930 has provided a copy of that determination to the state agency pursuant to 183.720 [(6)] (5), the 31 agency shall either make a written response to the determination or appear at the meeting of the 32interim committee at which the committee will consider the determinations. The response of the state agency shall indicate if the agency intends to repeal, amend or take other action with respect 33 34 to the rule.

(b) The interim committee shall consider the Legislative Counsel determination described in
paragraph (a) of this subsection and any state agency response to the determination. If the interim
committee adopts the Legislative Counsel determination, the Legislative Counsel shall post the determination on the Legislative Counsel website[.] under the heading "Rules not approved by
Legislative Assembly." Adopted determinations that are posted on the website shall be organized
by OAR number and shall remain on the website until the earlier of the date that:

(A) The rule is modified and the [Legislative Counsel] interim committee that originally considered the rule, or its successor, determines that the modified rule is within the intent and scope of the enabling legislation, is otherwise constitutional and carries out the legislative direction or policy that relates to the subject of the rule;

45 (B) A court makes a final determination that the rule is within the intent and scope of the en-

abling legislation [and], is otherwise constitutional and carries out the legislative direction or 1

2 policy that relates to the subject of the rule, all appeals of the court's determination are exhausted and the state agency notifies the Legislative Counsel of the determination; or 3

(C) The Legislative Assembly modifies the enabling legislation so as to bring the rule within the 4 intent and scope of the enabling legislation and related legislative direction or policy, any other 5 constitutional defect in the rule is cured and the state agency notifies the Legislative Counsel of the 6 7 modification or cure.

(2) If the Legislative Counsel determines under ORS 183.720 [(3)] (2) that a proposed or adopted 8 9 rule is not within the intent and scope of the enabling legislation purporting to authorize the rule's adoption, [or] that the rule is not constitutional or that the rule fails to carry out a legislative 10 direction or policy relating to the subject of the rule, and the interim committee is not satisfied 11 12with the response to those issues made by the state agency, the committee may request that one or 13 more representatives of the agency appear at a subsequent meeting of the committee along with a representative of the Oregon Department of Administrative Services for the purpose of further ex-14 15 plaining the position of the agency.

16 (3) If a state agency is requested under subsection (2) of this section to appear at a subsequent meeting of the interim committee along with a representative of the Oregon Department of Admin-17 18 istrative Services, the agency shall promptly notify the department of the request. The notification to the department must be in writing, and must include a copy of the determinations made by the 19 Legislative Counsel and a copy of any written response made by the state agency to the determi-20nations. 21

22(4) An adopted rule that the Legislative Counsel has found to be within the intent and 23scope of the enabling legislation, constitutional and consistent with a legislative direction and policy shall be deemed to have received the approval of the interim committee, except that 24 if any member of the interim committee requests committee review of the rule, the rule may 25not be deemed approved by the committee. 26

27SECTION 5. Sections 6 and 7 of this 2023 Act are added to and made a part of ORS 183.710 to 183.730. 28

SECTION 6. (1) As soon as practicable after the start of each regular session of the 2930 Legislative Assembly, the Legislative Counsel Committee shall convene and consider a re-31 solution to approve all rules adopted by state agencies that have also been approved by an interim committee under ORS 183.722. 32

(2) The Legislative Counsel, in preparing the resolution for consideration by the Legisla-33 34 tive Counsel Committee under subsection (1) of this section, shall omit from the resolution those rules listed on the Legislative Counsel website under ORS 183.722. 35

(3) The Legislative Counsel Committee shall deliberate on the resolution and may amend 36 37 the resolution to exclude additional rules from receiving legislative approval or to include any 38 rule omitted from the resolution under subsection (2) of this section.

(4) Upon completing deliberations, the Legislative Counsel Committee may take action 39 on the resolution. A resolution prepared under this section that has been approved by both 40 chambers of the Legislative Assembly shall serve as the approval required by Article III, 41 section 5, of the Oregon Constitution. 42

SECTION 7. Section 6 of this 2023 Act applies to rules that meet the definition of 43 "adopted rule" under ORS 183.710. 44

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SECTION 8. Sections 6 and 7 of this 2023 Act and the amendments to ORS 183.335,

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1	183.710, 183.720 and 183.722 by sections 1 to 4 of this 2023 Act become operative on January
2	1, 2025.
3	SECTION 9. This 2023 Act does not take effect unless the amendment to the Oregon
4	Constitution proposed by Joint Resolution (2023) (LC 3437) is approved by the
5	people at the regular general election held in November 2024. This 2023 Act takes effect on
6	the effective date of that amendment.
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