Legislative Study Group (LSG) Floor Report — Tuesday, April 8, 2025

General State Calendar

HB 10 By: Capriglione | Hunter | Leach | Bhojani | Curry	Relating to reforming the procedure by which state agencies adopt rules and impose regulatory requirements and the deference given to the interpretation of laws and rules by state agencies in certain judicial proceedings.	Delivery of Government Efficiency 9 Ayes 1 Nay 0 PNV 3 Absent	HB 10 is about politics, not policy; it wastes taxpayer money and undermines efficiency. Despite existing mechanisms that work to ensure state agency efficiency, the bill introduces unnecessary redundancy, creates more opportunities for hyperpartisan influence through an unelected advisory panel, and prioritizes rule elimination above all else. It also unnecessarily moves away from the Chevron Deference in Texas, dismantling agency expertise and further reducing efficiency. While HB 10 includes several changes that could enhance transparency in rulemaking — namely, strengthening enforcement of existing agency requirements and creating a website to better access rules by industry and occupation — the negative aspects of the bill far outweigh the positive ones. HB 10 invites further political interference in essential state functions, jeopardizing efficiency and safety — all while carrying a $10 million price tag. **SUMMARY** **Launches an Office with its own Advisory Panel within the Office of the Governor** HB 10 establishes the Texas Regulatory Efficiency Office (TREO) within the Office of the Governor. Its primary purpose is to collaborate with state agencies to improve efficiency in their rulemaking processes by identifying opportunities to eliminate, reduce, or amend rules. The Office would prioritize “the least cost and inconvenience to regulated persons.” Some proposed actions to reduce inefficiencies identified in HB 10 include reducing training hours, eliminating activities from regulatory coverage, and creating more rule exemptions. The Office would also be responsible for: • Collaborating with state agencies to create a website that allows users to search for and obtain information on regulations by occupation, industry, profession, and activity. • Developing a "Regulatory Economic Analysis Manual" to direct agencies in fulfilling existing requirements, including local employment impact statements, economic impact statements, and fiscal notes. • Publish a “Regulatory Reduction Guide” on how to reduce rules and regulations in plain language that the public could easily understand. • Prepare a Biennial Report by December 1 of each even-numbered year for the Governor, and Legislature, and the Legislative Budget Board that details the Office’s activities and legislative recommendations. • Establishing a forum, as needed, of "interested persons," which could include residents, businesses, public or private organizations, or government entities to provide input on efficiency strategies. HB 10 permits the establishment of an Advisory Panel to advise the Efficiency Office. The Governor would choose who makes up the panel and its presiding officer; however, HB 10 does not specify the number of members who would make up the panel, just that the Governor may give priority to individuals with certain expertise in rules. A primary purpose of the panel is to draw expertise from	**Unfavorable**

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			"regulated persons," small and large businesses, higher education institutions, and state agencies. Panel members would not receive compensation, but could get reimbursed for "necessary expenses." **Changes to Agency Rulemaking** HB 10 strengthens enforcement of existing agency requirements, a beneficial step, so long as the agency has the necessary resources to execute them. Currently, certain steps in the rulemaking process—such as holding a public comment period—must be completed for a rule to be valid. However, a few requirements lack this enforcement mechanism, meaning that failure to complete them does not affect the rule's validity. HB 10 would add enforcement mechanisms for these provisions. Specifically, during the rulemaking process agencies must post a summary of the rule online in plain language for the general public, including individuals with limited English proficiency. Failure to complete this would not void the rule, but under HB 10, it would. HB 10 also requires the content of the notice outlining the rule changes (stricken and underlined version) also be written in plain language to the extent possible and makes the rule voidable if agencies do not. It also requires that the notice inform the public of their current ability to request information on the costs, benefits, and supporting research behind the proposed rule change. Additionally, HB 10 would make a rule voidable if an agency fails to complete a "Local Employment Impact Statement" and a "Government Growth Impact Statement." These impact statements are not among the requirements that can currently invalidate a rule. **Rejection of the Chevron Deference in Texas** Traditionally, courts have given special consideration to regulatory agencies for their interpretations of vague laws/statutes, a principle known as the Chevron deference; the idea being that regulatory agencies are subject matter experts better suited to interpret ambiguities in the enforcement of the law. For example, when Congress passed the Clean Water Act, it mandated clean water but did not specify the criteria for it. As a result, those standards were set by the Environmental Protection Agency. This precedent remained the standard until it was overturned last year by the U.S. Supreme Court in a 6–3 decision in *Loper Bright Enterprises v. Raimond*, leaving these interpretations up to federal courts. Although the Texas Supreme Court has neither formally adopted nor rejected the Chevron doctrine, it has granted similar deference to state agencies in *Railroad Commission v. Texas Citizens for a Safe Future & Clean Water* in 2011. HB 10 reflects a move away from agency deference: it states that courts are not required to defer to a state agency's legal interpretation of a law or rule — though they still may. **<u>IMPACT</u>** **Political Theater at Taxpayers' Expense** HB 10 creates a new Office and an optional Advisory Panel to do something the Governor can already do — make recommendations to improve the efficiency of state agencies. The Governor appoints nearly all agency heads, who already align with his views. Additionally, any proposed rule changes already pass through the Governor's office, either informally or through his Regulatory Compliance Division. After nearly 30 years of Republican control of the executive branch, if efficiency was truly the goal, the Governor already has had the	

			tools to act. HB 10 isn't about efficiency — it's about politics. It reflects the national partisan playbook, aimed at appeasing President Trump. All HB 10 does is formalize political influence, invite more big-money and industry interference through an unelected advisory panel, and cost the taxpayers millions. **Duplicates existing mechanisms and creates unnecessary redundancy** Texas already has robust accountability mechanisms in place including the Texas Sunset Advisory Commission, a 12-member legislative commission tasked with identifying and eliminating waste, duplication, and inefficiency for more than 130 Texas state agencies; the State Auditor's Office, which conducts various audits, including efficiency audits; and the Legislative Budget Board, which conducts performance reviews and cost analysis; and the Legislature and the Governor, who work in conjunction with agencies to modernize and improve programs. Agencies, themselves, are also required to review and consider re-adoption of all rules every four years to evaluate whether the reasons for initially adopting the rule continue to exist. The functions proposed for the new Office — many of which are unnecessary — could easily be absorbed by the Sunset Commission, integrated into existing frameworks, or strengthened within current law to improve compliance and outcomes. **Eliminating rules does not equal efficiency or safety** While there's always room for improvement in efficiency and transparency, HB 10's language suggests that efficiency is mainly about removing rules, even if it compromises public health and safety. The bill's focus on the "least cost and inconvenience" doesn't always align with real-world needs. In some cases, ongoing education is essential to keep people safe. Other times, codes and standards are necessary to prevent disasters like electrical fires. Prioritizing rule elimination could prove dangerous to all Texans. **Dismantling agency expertise will likely reduce efficiency** HB 10's rejection of the Chevron deference creates unnecessary complications and risks less effective governance. There is no reason for the State to adopt the U.S. Supreme Court's decision on deference. The Supreme Court that established the Chevron precedent recognized that judges were not better equipped to set water quality standards than environmental engineers. They recognized that many laws are vague to allow for flexible interpretation by agencies — because legislatures understand the limits of their own expertise. Texas courts should focus on interpreting the law; agencies should focus on implementing it with their technical expertise.	
HB 12 By: Bell | Keith | Capriglione | Hunter | Spiller | Canales	Relating to the review and audit of certain state agency operations.	Delivery of Government Efficiency 13 Ayes 0 Nays 0 PNV 0 Absent	HB 12 enhances the Sunset Review Process to improve oversight, transparency, and evaluations of state agencies. **Increases Transparency and Encourages Public Participation in Sunset Reviews** Currently, the Sunset Commission must conduct public hearings after it reviews an agency. HB 12 requires state agencies under review to post notices on their websites informing the public of the review and how to participate in the process. Regulatory agencies must also notify all licensees or individuals under their jurisdiction to solicit feedback. **Adds to Sunset Reporting Requirements** HB 12 seeks to enhance state agencies' targets and metrics and build on the Sunset Commission's already established, thorough reporting. Currently, each session, the Sunset Commission must report its findings on the agencies and	**Favorable**

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			advisory committees that it has reviewed to the Legislature and the Governor. The report includes many checks on a reviewed agency, such as: • Its efficiency and effectiveness • Whether less restrictive or alternative methods could protect or provide its service to the public • Whether agency activities overlap or are duplicative of other agencies • Whether its mission, goals, and objectives have been achieved Under HB 12, Sunset Commission Reports will now include a detailed analysis of how well agencies have met their performance measure targets since their last review and whether those internally set targets are reasonable for the agency. The report will also include recommendations on how to improve these metrics. **Additional and Enhanced Reviews for Regulatory Agencies In-Between Their Next Sunset Review** In addition to the Sunset Commission's established review process, HB 12 would mandate a smaller follow-up review six years after a regulatory agency is renewed. The review would be focused on the regulatory agency's rulemaking process, including how well the agency encourages public participation in their process, how they avoid conflicts of interest, and whether their rules are effective or still necessary. Currently, agencies are reviewed every 12 years. **Creates Mandatory Efficiency Audits for State Agencies** HB 12 would require all state agencies (except river authorities) to undergo efficiency audits four years before their scheduled Sunset Review. These audits, conducted by the State Auditor or an approved external firm, will assess how well agencies use resources, identify inefficiencies, and recommend ways to improve operations, reduce costs, and eliminate duplication. Agencies must cover audit costs and respond with an implementation plan within 90 days of review.	
HB 147 By: Guillen	Relating to the establishment of an electronic registry of livestock marks and brands.	Agriculture & Livestock 6 Ayes 0 Nays 0 PNV 3 Absent	HB 147 creates an electronic registry for livestock marks and brands, replacing the outdated paper system and improving access to records for livestock owners, county clerks, and law enforcement. Currently, livestock owners must register their livestock's identification marks and brands with the county clerk of the county where the animals reside. Many Texas livestock owners reside far from their county clerk's office, often requiring significant travel to register, renew, or update their brands. While this registration process is crucial for deterring livestock theft, reliance on paper records creates challenges; sharing information, verifying ownership, and tracking stolen animals can be difficult.	**<u>Favorable</u>**

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			HB 147 would direct the Texas Animal Health Commission (TAHC) to establish an electronic registry to record livestock marks and brands. Creating these digital records will allow livestock owners to register, renew, and/or update their branding online instead of in person. While this registry must be publicly available and searchable on the TAHC website, it must not disclose any personal identifying information associated with the recorded marks or brands. Counties currently incur the cost of caring for lost or stolen animals recovered by law enforcement while waiting to identify their owners. Implementing an easier digital method for owner identification would alleviate this financial strain on counties.	
HB 1522 By: Gerdes	Relating to notice of a meeting held under the open meetings law.	Delivery of Government Efficiency 10 Ayes 0 Nays 0 PNV 3 Absent	HB 1522 would require that public notices be posted at least three business days before the day a government body is scheduled to meet, rather than 72 hours, which is the current requirement. The current rule may hinder public awareness and engagement, especially if a notice is posted near a weekend. Additionally, public notices relating to government budgets must include a physical copy of the budget unless a digital copy is easily accessible online. Higher Educational institutions are exempt from this requirement.	**Favorable**
HB 422 By: González, Mary | Harris | Walle | Guillen | Lopez, Janie	Relating to limitations on the issuance of bonds by the Texas Water Development Board for the development of certain projects in economically distressed areas.	Natural Resources 13 Ayes 0 Nays 0 PNV 0 Absent	HB 422 aims to strengthen water supply and sewer infrastructure services in economically distressed areas, where such systems are either nonexistent or fail to meet the state's minimum standards, by increasing funding through higher-value bonds for water projects. Currently, the Texas Water Development Board may only issue up to $50 million through bonds per fiscal year for precincts, counties, and other beneficiaries in economically distressed areas. HB 422 increases the bond limit to $100 million per fiscal year.	**Favorable**
HB 675 By: Vasut	Relating to the imposition of charges by a governmental body for providing copies of public information under the public information law.	Delivery of Government Efficiency 13 Ayes 0 Nays 0 PNV 0 Absent	HB 675 seeks to enhance campaign transparency by prohibiting government bodies from charging for copies of publicly available campaign finance reports unless those reports have already been available online for 3 years. It also allows the Attorney General to cancel or reduce those charges.	**Favorable**

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HB 204 By: Tepper | Johnson	Relating to the total annual salary from state and county sources for certain state prosecutors.	Judiciary & Civil Jurisprudence 8 Ayes 0 Nays 0 PNV 3 Absent	HB 204 strengthens smaller counties' ability to recruit and retain district attorneys (DAs) by allowing them to use county funds to increase their annual salary. DAs' salaries are currently capped at or below those of district judges, an unintended consequence of HB 2384 (86R). Currently, counties can provide DAs salary raises, but if this results in their salary exceeding that of a district judge, the Comptroller will reduce the state's contribution to the DA's salary. This prevents DAs from receiving county-funded raises without losing state funding. HB 204 allows for civil and criminal DAs, in addition to county felony prosecutors, in counties with a population of less than 400,000, to be eligible for county-supplemented salary increases without forgoing their state funding. HB 204 would help smaller counties retain state prosecutors and recruit additional prosecutors to alleviate staffing shortages.	**Favorable**
HB 748 By: Leach | Johnson | Little | Cook | Meyer	Relating to the enforceability of certain nondisclosure or confidentiality provisions with respect to an act of sexual abuse.	Judiciary & Civil Jurisprudence 10 Ayes 0 Nays 0 PNV 1 Absent	HB 748, or Trey's Law, makes nondisclosure or confidentiality agreements unenforceable if they prevent a party from disclosing an act of sexual abuse, allowing for survivors under agreements to report their abuse without fear of repercussions. HB 748 was prompted by cases like Trey Carlock's, whose abuse as a child was kept hidden by an NDA. He died by suicide at 28. Sexual abuse survivors like Trey are discouraged from speaking up for fear that they might violate their agreement and forfeit the compensation they need to aid their healing. HB 748 takes a positive step by invalidating nondisclosure agreement provisions in sexual abuse case settlements that prevent survivors from disclosing details of their abuse. Other provisions, such as the settlement amount, can still be protected under a confidentiality or nondisclosure agreement. This reduces the risk of survivors being punished for speaking out against their abusers and helps expose hidden sexual abuse within organizations that protect perpetrators	**Favorable**
Bill 912 By: Moody	Relating to the compensation of a distributed renewable generation owner in certain areas outside of ERCOT.	State Affairs 15 Ayes 0 Nays 0 PNV 0 Absent	HB 912 would allow El Paso Electric and the Public Utilities Commission (PUC) to collaborate on alternative billing arrangements for customers with rooftop solar systems. **El Paso Electric is currently unable to explore alternative billing mechanisms for customers with rooftop solar.** Rooftop solar panels often produce more energy than a home consumes during daylight hours. Net metering is a billing mechanism that reimburses customers for this excess energy provided to the grid. Under current statute, El Paso Electric	**Favorable**

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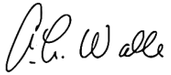
			must reimburse this excess power at its retail electric rate. However, there are concerns that retail-rate compensation may be too high because it includes costs associated with transmission and distribution, infrastructure construction, fuel, and labor. To account for this, PUC has directed El Paso Electric to charge a $30.25 monthly fee to rooftop solar customers. There are also concerns that 90% of El Paso ratepayers without rooftop solar may be shouldering costs associated with the 10% of El Paso Electric's customers currently utilizing rooftop solar. El Paso Electric is currently studying an avoided-cost model for reimbursement, which may more accurately reflect the costs saved by installing rooftop solar. **HB 912 would allow El Paso Electric to propose an alternative to net metering, which would then need to be approved by the PUC.** HB 912 does not mandate anything, but it would allow El Paso Electric to explore alternative reimbursement mechanisms for rooftop solar customers. Any rate change proposed by El Paso Electric must be approved by the PUC. The energy landscape has rapidly evolved in recent years, and El Paso Electric should be able to evaluate billing models that best support their entire customer base. Although HB 912 could risk disincentivizing customers from installing climate-friendly residential solar moving forward, it gives the option of a more fair electric rate for all El Pasoans. Ultimately, the PUC maintains control of how these changes would be implemented, and there is a chance that no electric rate changes result from this bill.	



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