



This Bill Analysis reflects the contents of the bill as it was presented in committee.

HOUSE BILL 162: Amend Administrative Procedure Laws.

2017-2018 General Assembly

Committee:	Senate Judiciary. If favorable, re-refer to Rules and Operations of the Senate	Date:	June 20, 2017
Introduced by:	Reps. Jordan, Stevens, Hardister, Floyd	Prepared by:	Jeff Hudson
Analysis of:	PCS to Second Edition H162-CSSB-25		Staff Attorney

OVERVIEW: *The Proposed Committee Substitute for House Bill 162 (PCS) would make various changes to State administrative procedure laws.*

[As introduced, this bill was identical to S16, as introduced by Sens. Wells, Barringer, Daniel.]

BACKGROUND: Sections 1, 2, and 3 of the PCS for House Bill 162 comprise several recommendations from the Joint Legislative Administrative Procedure Oversight Committee (APO) to the 2017 Regular Session of the 2017 General Assembly. These recommendations were proposed to APO by the Office of Administrative Hearings and the Rules Review Commission.

BILL ANALYSIS:

Sections 1.(a) and 1.(b): Authorize Rule Technical Changes

Under current law, an agency can make certain types of technical changes to its rules without publishing notice of the text in the North Carolina Register or holding a public hearing, but such a change must still be submitted to the Rules Review Commission.

Section 1.a would provide that these technical changes would not need to be submitted to the Rules Review Commission.

Section 1.b would authorize the Codifier of Rules to make certain types of technical changes to an agency's rules. The Codifier could only do this after consulting with the agency.

Sections 2.(a) and 2.(b): Clarify Contested Case Policy

Under current law, a person aggrieved by an agency action is not required to petition the agency for rule making or to seek or obtain a declaratory ruling before seeking judicial review.

Section 2.(a) would provide that a person aggrieved by an agency action is not required to petition the agency for rule making or to seek or obtain a declaratory ruling before commencing a contested case.

Section 2.(b) would make a conforming change.

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Section 3: Amend Periodic Review of Rules Process

Under the current process for the periodic review of rules, agencies must classify their rules as necessary with substantive public interest, necessary without substantive public interest, or unnecessary. Agencies must then readopt the rules that were classified as necessary with substantive public interest. Such rules are subject to notice and public comment requirements and review by the Rules Review Commission. Rules that are classified as unnecessary or necessary without substantive public interest are not subject to readoption.

Section 3 would eliminate the category of necessary without substantive public interest so that all rules would be classified as either necessary or unnecessary. Rules that are classified as necessary would be subject to readoption.

Sections 4: Restrictions on Rules with Substantial Financial Costs

SECTION 4. would place the following restrictions on rules that would have a substantial projected financial cost:

- Prohibit an agency from adopting a rule or set of rules with a projected aggregate financial cost equal to or greater than one hundred million dollars during any five-year period.
- Place the following requirements on an agency adopting a rule or set of rules with a projected aggregate financial cost equal to or greater than ten million dollars during any five-year period.
 - If the agency is a board or commission, the rule or set of rules must be approved by at least sixty percent of those voting.
 - If the agency is headed by a member of the Council of State, the Council of State member must sign a certification indicating the review and support of the rule or set of rules.
 - For other agencies, the Governor must sign a certification indicating the review and support of the rule or set of rules.
- Provide that a rule or set of rules with a projected aggregate financial cost equal to or greater than ten million dollars during any five-year period is automatically subject to legislative review as if ten letters of objection had been received.

SECTION 5. would prohibit an agency from incorporating all or part of a code, standard, or regulation adopted by the federal government, unless the agency establishes a procedure by which any change by the federal government is reviewed and approved by the agency within 120 days of the change.

SECTION 6. would provide that a permanent rule adopted by an agency authorized to implement and enforce State and federal environmental laws that imposes a more restrictive standard, limitation, or requirement than imposed by federal law and that is adopted to address a serious and unforeseen threat to public health, safety, or welfare is subject to the same limitations and legislative review requirements set out in Section 4 of the PCS that apply to a rule or set of rules with a projected aggregate financial cost equal to or greater than ten million dollars during any five-year period.

EFFECTIVE DATE: House Bill 162 would be effective when it becomes law. Section 3 would apply to agency rule reports submitted to the Office of Administrative Hearings pursuant to G.S. 150B-21.3A(c)(1) on or after October 1, 2017. Sections 4 and 6 would apply to proposed permanent and readopted rules published in the North Carolina Register and proposed permanent rules posted on the Web site of the Office of Administrative Hearings on or after October 1, 2017.