

1 HOUSE BILL NO. 2347

2 AMENDMENT IN THE NATURE OF A SUBSTITUTE

3 (Proposed by the Senate Committee on General Laws and Technology

4 on \_\_\_\_\_)

5 (Patron Prior to Substitute--Delegate Webert)

6 A BILL to amend the Code of Virginia by adding a section numbered 2.2-1501.2, relating to the  
7 Department of Planning and Budget; Regulatory Budget Program established; report.

8 **Be it enacted by the General Assembly of Virginia:**

9 **1. That the Code of Virginia is amended by adding a section numbered 2.2-1501.2 as follows:**

10 **§ 2.2-1501.2. Additional duties of Department; Regulatory Budget Program; report;**  
11 **guidance.**

12 A. As used in this section:

13 "Agency" means any executive branch agency or board subject to the Administrative Process Act  
14 (§ 2.2-4000 et seq.).

15 "Program" means the Regulatory Budget Program established in subsection B.

16 "Regulation" means the same as that term is defined in § 2.2-4001. "Regulation" does not include  
17 (i) regulations and associated regulatory requirements where no agency discretion is involved and that are  
18 necessary to conform to Virginia statutory law, the appropriation act, or federal law or regulations; (ii)  
19 regulations of the boards served by the Department of Health Professions or the Department of  
20 Professional and Occupational Regulation pursuant to Title 54.1 that are necessary to revise fees in  
21 accordance with § 54.1-113; (iii) statements or policies concerning the internal management of any  
22 agency; (iv) guidance documents; (v) declaratory rulings; or (vi) intra-agency or interagency memoranda.

23 "Regulatory requirement" means any action required to be taken or information required to be  
24 provided in accordance with a regulation. "Regulatory requirement" includes requirements contained in

25 documents incorporated by reference to other sources in accordance with the regulations of the Virginia  
26 Code Commission.

27 "Streamlining" means reducing the burden of a regulatory requirement without eliminating the  
28 requirement completely. The Department shall issue guidance describing how agencies account for  
29 reduced burdens resulting from regulatory streamlining.

30 B. The Department, under the direction of the Secretary of Finance, shall establish and administer  
31 a continuous Regulatory Budget Program. The Program shall consist of the following elements:

32 1. Agencies shall reduce overall regulatory requirements by 30 percent by January 1, 2027. The  
33 Department shall issue guidance setting forth the process by which agencies shall calculate their regulatory  
34 reductions for purposes of meeting the 30 percent reduction target.

35 2. The responsible Secretaries shall ensure that the agencies develop and maintain a baseline  
36 regulatory catalog, as required pursuant to Chapter 444 of the Acts of Assembly of 2018, that identifies  
37 (i) the total number and type of regulations and regulatory requirements currently promulgated or  
38 administered by the agencies and (ii) any specific federal or state mandates or statutory authority that  
39 require such regulations and associated regulatory requirements.

40 3. The catalog data shall be updated annually and reported to the Department, in a manner specified  
41 by the Department, and published on the Virginia Regulatory Town Hall.

42 4. Progress toward the 30 percent reduction target shall be measured by the number of regulations  
43 and regulatory requirements that are either increased, eliminated, or streamlined through regulatory or  
44 other action. Progress shall be reflected in the catalog and reported, in a manner specified by the  
45 Department, as part of all regulations promulgated by the agency. Each agency shall be responsible for  
46 ensuring that any information reported to the Department is accurate and complete.

47 C. When an agency identifies a regulation or regulatory requirement proposed for elimination or  
48 modification that requires a change in state law, the responsible Secretary shall report the recommendation  
49 to the Speaker of the House of Delegates, the Chairman of the Senate Committee on Rules, and the

50 Department. The Speaker of the House of Delegates and the Chairman of the Senate Committee on Rules  
51 shall assign recommendations to relevant committees that shall assess and may act, in consultation with  
52 the agency, upon these recommendations in the regular session of the General Assembly immediately  
53 following the year in which the recommendation was made.

54 D. If necessary to meet the 30 percent reduction target, each agency shall also initiate reforms  
55 through a rulemaking or nonregulatory action or through the legislative recommendation process to the  
56 General Assembly. If an agency is unable to reach the 30 percent reduction target, it shall provide a  
57 separate report to the Secretary of Finance and the Department stating the reasons for not meeting the  
58 goal.

59 E. The Secretary of Finance shall report to the Speaker of the House of Delegates and the Chairman  
60 of the Senate Committee on Rules on the progress of the Program no later than October 1 each year,  
61 beginning October 1, 2025.

62 If by October 1, 2026, the Program has achieved less than 75 percent of the 30 percent reduction  
63 target, either by initiating rulemaking actions or other streamlining actions or through the legislative  
64 recommendation process to the General Assembly, the Secretary of Finance shall include the reasons for  
65 not meeting the target reduction in the next available biennial report to the Speaker of the House of  
66 Delegates and the Chairman of the Senate Committee on Rules.

67 The Secretary of Finance shall include in the biennial report any additional information the  
68 Secretary determines may be helpful to support the General Assembly's regulatory reduction and reform  
69 efforts.

70 If by October 1 of each odd-numbered year, the Program has achieved less than 50 percent of the  
71 30 percent reduction target, either by initiating rulemaking actions or other streamlining actions or through  
72 the legislative recommendation process to the General Assembly, the Speaker of the House of Delegates  
73 and the Chairman of the Senate Committee on Rules may direct the House Committee on Appropriations  
74 and the Senate Committee on Finance and Appropriations to review the regulatory budget efforts of any

75 agency that has achieved less than 50 percent of the 30 percent reduction target and report to the General  
76 Assembly any findings and recommendations regarding any policies, practices, and methods that may be  
77 adopted by the agency to successfully achieve the 30 percent reduction target.

78 F. The Department shall track and report on the extent to which agencies comply with existing  
79 requirements to periodically review all regulations and regulatory requirements every four years. Agencies  
80 shall provide to the Department a schedule listing each regulation and regulatory requirement to be  
81 reviewed in each of the four years, to be published on the Virginia Regulatory Town Hall.

82 G. The Department shall, by March 1, 2024, issue guidance for agencies that addresses the  
83 following: (i) how to best measure regulatory requirements to promote consistency across agencies; (ii)  
84 how agencies may determine which regulatory requirements are discretionary and which are mandated by  
85 state or federal law; (iii) how documents incorporated by reference are to be treated in the baseline  
86 catalogs; (iv) how to count streamlining of regulatory requirements toward the 30 percent reduction target;  
87 and (v) how agencies shall report information to the Department, including progress toward the 30 percent  
88 reduction target. The Department shall seek input from the Office of the Attorney General and the  
89 Registrar of Regulations in the drafting of guidance pursuant to this subsection.

90 **2. That the provisions of this act shall expire on January 1, 2027.**

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