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By the Committee on Governmental Oversight and Accountability; and Senators Joyner and Lynn

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A bill to be entitled

An act relating to administrative procedures; amending s. 120.54, F.S.; requiring an agency's notice of rule development to indicate whether the rule may have an adverse impact on small businesses; requiring that the agency also notify the Small Business Regulatory Advisory Council if the rule may have an adverse impact; authorizing the council to propose regulatory alternatives to the agency within a specified period; requiring an agency to send a statement to the council and the Administrative Procedures Committee if the agency does not adopt the proposed alternatives; revising the duties of the Office of Program Policy Analysis and Government Accountability with respect to its review of proposed alternative rules; revising certain procedures for an agency in filing a rule for final adoption; amending s. 120.541, F.S.; conforming provisions to changes made by the act; revising provisions relating to an agency's response to a proposal by a substantially affected person for a lower cost regulatory alternative to a proposed rule; revising the grounds for declaring a rule invalid due to the agency's failure to prepare a statement of estimated regulatory costs; providing that a rule that imposes regulatory costs that could be reduced under certain circumstances may be declared invalid if certain requirements are not met; requiring that a rule impact analysis for small businesses include the agency's basis for not implementing alternatives to a

proposed rule; amending s. 120.56, F.S.; providing for revised statements of estimated regulatory costs as a basis for challenging a rule; amending s. 120.60, F.S.; authorizing an agency to provide by rule for the time period for submitting additional information needed for a license application; requiring that certain requests to receive notice relating to a license application be submitted in writing; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraph (a) of subsection (2) and paragraphs (a), (b), and (e) of subsection (3) of section 120.54, Florida Statutes, are amended to read:

120.54 Rulemaking.-

- (2) RULE DEVELOPMENT; WORKSHOPS; NEGOTIATED RULEMAKING.-
- (a) Except when the intended action is the repeal of a rule, agencies shall provide notice of the development of proposed rules by publication of a notice of rule development in the Florida Administrative Weekly before providing notice of the a proposed rule as required by paragraph (3)(a). The notice of rule development must shall indicate the subject area to be addressed by rule development, provide a short, plain explanation of the purpose and effect of the proposed rule, cite the specific legal authority for the proposed rule, indicate that the rule does not have or that it may have an adverse impact on small businesses and briefly describe that impact, and include the preliminary text of the proposed rule rules, if

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available, or a statement of how a person may promptly obtain, without cost, a copy of the any preliminary text draft, if available. If the rule being developed may have an adverse impact on small businesses, the notice must also be sent electronically or in writing to the Small Business Regulatory Advisory Council.

- (3) ADOPTION PROCEDURES.-
- (a) Notices.-
- 1. Before Prior to the adoption, amendment, or repeal of any rule other than an emergency rule, an agency, upon approval of the agency head, shall give notice of its intended action, setting forth a short, plain explanation of the purpose and effect of the proposed action; the full text of the proposed rule or amendment and a summary thereof; a reference to the grant of rulemaking authority pursuant to which the rule is adopted; and a reference to the section or subsection of the Florida Statutes or the Laws of Florida being implemented or interpreted. The notice must include a summary of the agency's statement of the estimated regulatory costs, if one has been prepared, based on the factors set forth in s. 120.541(2), and a statement that any person who wishes to provide the agency with information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative as provided by s. 120.541(1), must do so in writing within 21 days after publication of the notice. The notice must state the procedure for requesting a public hearing on the proposed rule. Except when the intended action is the repeal of a rule, the notice must include a reference both to the date on which and to the place where the notice of rule development

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which that is required under by subsection (2) appeared.

- 2. The notice shall be published in the Florida

 Administrative Weekly at least not less than 28 days before

 prior to the intended action. The proposed rule must shall be available for inspection and copying by the public at the time of the publication of notice.
- 3. The notice shall be mailed to all persons named in the proposed rule and to all persons who, at least 14 days <u>before</u> prior to such mailing, have made a request to requests of the agency for advance notice of its proceedings. The agency shall also give such notice, as is prescribed by rule, to those particular classes of persons to whom the intended action is directed.
- 4. The adopting agency shall file with the committee, at least 21 days <u>before</u> prior to the proposed adoption date, a copy of each rule it proposes to adopt; a copy of any material incorporated by reference in the rule; a detailed written statement of the facts and circumstances justifying the proposed rule; a copy of any statement of estimated regulatory costs which that has been prepared pursuant to s. 120.541; a statement of the extent to which the proposed rule relates to federal standards or rules on the same subject; and the notice required by subparagraph 1.
 - (b) Special matters to be considered in rule adoption.-
- 1. Statement of estimated regulatory costs.—<u>Before Prior to</u> the adoption, amendment, or repeal of any rule other than an emergency rule, an agency is encouraged to prepare a statement of estimated regulatory costs of the proposed rule, as provided by s. 120.541. However, an agency <u>must shall</u> prepare a statement

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of estimated regulatory costs of the proposed rule, as provided by s. 120.541, if the proposed rule will have an <u>adverse</u> impact on small business.

- 2. Small businesses, small counties, and small cities.-
- a. Each agency, before the adoption, amendment, or repeal of a rule, shall consider the impact of the rule on small businesses as defined by s. 288.703 and the impact of the rule on small counties or small cities as defined by s. 120.52. If Whenever practicable, an agency shall tier its rules to reduce disproportionate impacts on small businesses, small counties, or small cities to avoid regulating small businesses, small counties, or small cities that do not contribute significantly to the problem the rule is designed to address. An agency may define "small business" to include businesses employing more than 200 persons, may define "small county" to include those with populations of more than 75,000, and may define "small city" to include those with populations of more than 10,000, if it finds that such a definition is necessary to adapt a rule to the needs and problems of small businesses, small counties, or small cities. The agency shall consider each of the following methods for reducing the impact of the proposed rule on small businesses, small counties, and small cities, or any combination of these entities:
- (I) Establishing less stringent compliance or reporting requirements in the rule.
- (II) Establishing less stringent schedules or deadlines in the rule for compliance or reporting requirements.
- (III) Consolidating or simplifying the rule's compliance or reporting requirements.

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(IV) Establishing performance standards or best management practices to replace design or operational standards in the rule.

(V) Exempting small businesses, small counties, or small cities from any or all requirements of the rule.

b.(I) If the agency determines that the proposed action will adversely impact affect small businesses as defined by the agency as provided in sub-subparagraph a., the agency shall send an electronic or written notice of the rule and a statement of the estimated regulatory costs of the proposed rule to the Small Business Regulatory Advisory Council and the Office of Tourism, Trade, and Economic Development, with a copy provided to the committee, at least 45 not less than 28 days before prior to the intended action.

(I)(II) The council may propose regulatory alternatives to the agency, electronically or in writing, with a copy provided to the committee, within 44 days after the council's receipt of the statement of estimated regulatory costs. The proposal may include the alternative of not adopting a rule if the proposal explains how the lower costs and objectives of the law will be achieved by not adopting a rule. The agency shall consider the proposed small business regulatory alternatives in a public hearing, revise its prior statement of estimated regulatory costs, if appropriate, and adopt the alternative or provide a statement of the reasons for rejecting the alternative in favor of the proposed rule. Each agency shall adopt those regulatory alternatives offered by the Small Business Regulatory Advisory Council and provided to the agency no later than 21 days after the council's receipt of the written notice of the rule which it

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finds are feasible and consistent with the stated objectives of the proposed rule and which would reduce the impact on small businesses. If When regulatory alternatives are offered by the Small Business Regulatory Advisory council or the agency issues a revised statement of estimated regulatory costs, the time 90-day period for filing the rule in subparagraph (e)2. is extended for 45 a period of 21 days.

(II) (III) If an agency does not adopt all alternatives offered pursuant to this sub-subparagraph, it must shall, prior to rule adoption or amendment and pursuant to subparagraph (d)1., file a detailed electronic or written statement with the committee explaining the reasons for not adopting failure to adopt such alternatives before rule adoption or amendment and pursuant to subparagraph (d)1. Within 3 working days after of the filing of such notice, the agency shall send an electronic or written a copy of such notice to the Small Business Regulatory Advisory Council. The Small Business Regulatory Advisory council may make a request of the President of the Senate and the Speaker of the House of Representatives that the presiding officers direct the Office of Program Policy Analysis and Government Accountability to determine whether the rejected alternatives substantially accomplish the objectives of the law being implemented and reduce the adverse impact on small businesses business while meeting the stated objectives of the proposed rule. Within 60 days after the date of the directive from the presiding officers, the office of Program Policy Analysis and Government Accountability shall report its findings to the Administrative Procedures committee its findings as to whether an alternative reduces the impact on small business

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while meeting the stated objectives of the proposed rule. The office must, at a minimum, of Program Policy Analysis and Government Accountability shall consider the proposed rule, the economic impact statement, the written statement of the agency, the proposed alternatives, and any comment submitted during the comment period on the proposed rule. The office of Program Policy Analysis and Government Accountability shall submit a report of its findings and recommendations to the Governor, the President of the Senate, and the Speaker of the House of Representatives, and the committee. The Administrative Procedures committee shall report such findings to the agency, and the agency shall respond in writing to the Administrative Procedures committee if the office of Program Policy Analysis and Government Accountability found that a rejected the alternative substantially accomplishes the objectives of the law being implemented and reduces reduced the adverse impact on small businesses business while meeting the stated objectives of the proposed rule. If the agency does will not adopt the alternative, it must also provide a detailed written statement to the committee as to why it is not adopting will not adopt the alternative.

- (e) Filing for final adoption; effective date.-
- 1. If the adopting agency is required to publish its rules in the Florida Administrative Code, the agency, upon approval of the agency head, shall file with the Department of State three certified copies of the rule it proposes to adopt; one copy of any material incorporated by reference in the rule, certified by the agency; a summary of the rule; a summary of any hearings held on the rule; and a detailed written statement of the facts

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and circumstances justifying the rule. Agencies not required to publish their rules in the Florida Administrative Code shall file one certified copy of the proposed rule, and the other material required by this subparagraph, in the office of the agency head, and such rules shall be open to the public.

2. A rule may not be filed for adoption less than 28 days or more than 90 days after the notice required by paragraph (a), until 21 days after the notice of change required by paragraph (d), until 14 days after the final public hearing, until 45 $\frac{21}{21}$ days after a statement of estimated regulatory costs or a revised statement of estimated regulatory costs has been prepared and made available as required under s. 120.541 has been provided to all persons who submitted a lower cost regulatory alternative and made available to the public, or until the administrative law judge has rendered a decision under s. 120.56(2), whichever applies. If a statement of estimated regulatory costs or a revised statement of estimated regulatory costs has been prepared and made available as provided in s. 120.541(1)(d), the period during which a rule may be filed for adoption is extended to 45 days after the statement has been made available. If When a required notice of change is published before prior to the expiration of the time for filing to file the rule for adoption has expired, the period during which a rule must be filed for adoption is extended to 45 days after the date of publication. If notice of a public hearing is published before prior to the expiration of the time for filing to file the rule for adoption has expired, the period during which a rule must be filed for adoption is extended to 45 days after adjournment of the final hearing on the rule, 21 days after

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receipt of all material authorized to be submitted at the hearing, or 21 days after receipt of the transcript, if one is made, whichever is latest. The term "public hearing" includes any public meeting held by any agency at which the rule is considered. If a petition for an administrative determination under s. 120.56(2) is filed, the period during which a rule must be filed for adoption is extended to 60 days after the administrative law judge files the final order with the clerk or until 60 days after subsequent judicial review is complete.

- 3. At the time a rule is filed, the agency shall certify that the time limitations prescribed by this paragraph have been complied with, that all statutory rulemaking requirements have been met, and that there is no administrative determination pending on the rule.
- 4. At the time a rule is filed, the committee shall certify whether the agency has responded in writing to all material and timely written comments or written inquiries made on behalf of the committee. The Department of State shall reject any rule that is not filed within the prescribed time limits; that does not comply with all statutory rulemaking requirements and rules of the department; upon which an agency has not responded in writing to all material and timely written inquiries or written comments; upon which an administrative determination is pending; or which does not include a statement of estimated regulatory costs, if required.
- 5. If a rule has not been adopted within the time limits imposed by this paragraph or has not been adopted in compliance with all statutory rulemaking requirements, the agency proposing the rule shall withdraw the rule and give notice of its action

in the next available issue of the Florida Administrative Weekly.

6. The proposed rule shall be adopted on being filed with the Department of State and become effective 20 days after being filed, on a later date specified in the notice required by subparagraph (a)1., or on a date required by statute. Rules not required to be filed with the Department of State are shall become effective when adopted by the agency head or on a later date specified by rule or statute. If the committee notifies an agency that an objection to a rule is being considered, the agency may postpone the adoption of the rule to accommodate review of the rule by the committee. If When an agency postpones adoption of a rule to accommodate committee review by the committee, the 90-day period for filing the rule is tolled until the committee notifies the agency that it has completed its review of the rule.

For the purposes of this paragraph, the term "administrative determination" does not include subsequent judicial review.

Section 2. Subsection (1) and paragraphs (d) and (f) of subsection (2) of section 120.541, Florida Statutes, are amended to read:

120.541 Statement of estimated regulatory costs.-

(1) (a) A substantially affected person, Within 21 days after publication of the notice required provided under s. 120.54(3)(a), a substantially affected person may submit to an agency a good faith written proposal for a lower cost regulatory alternative to a proposed rule which substantially accomplishes the objectives of the law being implemented. The proposal may

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include the alternative of not adopting any rule if, so long as the proposal explains how the lower costs and objectives of the law will be achieved by not adopting any rule. If such a proposal is submitted, the time period for filing the rule under s. 120.54(3)(e)2. 90-day period for filing the rule is extended 45 21 days.

(b) Upon the submission of the lower cost regulatory alternative, the agency shall prepare a statement of estimated regulatory costs as provided in subsection (2), or shall revise its prior statement of estimated regulatory costs, and either adopt the alternative or provide give a statement of the reasons for rejecting the alternative in favor of the proposed rule. The failure of the agency to prepare or revise the statement of estimated regulatory costs as provided in this paragraph is a material failure to follow the applicable rulemaking procedures or requirements set forth in this chapter. An agency required to prepare or revise a statement of estimated regulatory costs as provided in this paragraph shall make it available to the person who submits the lower cost regulatory alternative and to the public prior to filing the rule for adoption.

- (b) If a proposed rule will have an adverse impact on small businesses, the agency shall prepare a statement of estimated regulatory costs as required by s. 120.54(3)(b).
- (c) The agency shall revise a statement of estimated regulatory costs if any change to the rule made under s. 120.54(3)(d) increases the regulatory costs of the rule.
- (d) At least 45 days before filing the rule for adoption, an agency that is required to prepare or revise a statement of estimated regulatory costs shall provide the statement to the

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person who submitted the lower cost regulatory alternative and to the committee, and provide notice on the agency's website that it is available to the public.

- (e) The failure of the agency to prepare or revise the statement of estimated regulatory costs as provided in this subsection is a material failure to follow the applicable rulemaking procedures or requirements set forth in this chapter.
- (f) (c) A rule that is challenged pursuant to s.

 120.52(8)(a) because of the failure to prepare or revise the No rule shall be declared invalid because it imposes regulatory costs on the regulated person, county, or city which could be reduced by the adoption of less costly alternatives that substantially accomplish the statutory objectives, and no rule shall be declared invalid based upon a challenge to the agency's statement of estimated regulatory costs may not be declared invalid, unless:
- 1. The issue is raised in an administrative proceeding within 1 year after the effective date of the rule; and
- 2. The agency's failure to prepare or revise the statement of estimated regulatory costs materially affects the substantial interests of the person challenging the agency. The substantial interests of the person challenging the agency's rejection of, or failure to consider, the lower cost regulatory alternative are materially affected by the rejection; and
- 3.a. The agency has failed to prepare or revise the statement of estimated regulatory costs as required by paragraph (b); or
- b. the challenge is to the agency's rejection under paragraph (b) of a lower cost regulatory alternative submitted

under paragraph (a).

- (g) A rule that is challenged by a substantially affected person pursuant to s. 120.52(8)(f) because the rule imposes regulatory costs on the regulated person, county, or city which could be reduced by the adoption of less costly alternatives that substantially accomplish the statutory objectives may not be declared invalid unless:
- 1. The issue is raised in an administrative proceeding within 1 year after the effective date of the rule;
- 2. The challenge is to the agency's rejection of a lower cost regulatory alternative offered under paragraph (a) or s. 120.54(3)(b)2.b.; and
- 3. The substantial interests of the person challenging the agency are materially affected by the rejection.
- (2) A statement of estimated regulatory costs shall include:
- (d) An analysis of the impact on small businesses as defined by s. 288.703, and an analysis of the impact on small counties and small cities as defined in by s. 120.52. The impact analysis for small businesses must include the basis for the agency's decision not to implement alternatives that would reduce adverse impacts on small businesses.
- (f) In the statement or revised statement, whichever applies, a description of any <u>regulatory alternatives</u> good faith written proposal submitted under paragraph (1)(a) and either a statement adopting the alternative or a statement of the reasons for rejecting the alternative in favor of the proposed rule.
- Section 3. Paragraph (a) of subsection (2) and paragraph (d) of subsection (4) of section 120.56, Florida Statutes, are

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120.56 Challenges to rules.-

- (2) CHALLENGING PROPOSED RULES; SPECIAL PROVISIONS.-
- (a) A Any substantially affected person may seek an administrative determination of the invalidity of a any proposed rule by filing a petition seeking such a determination with the division within 21 days after the date of publication of the notice required by s. 120.54(3)(a); τ within 10 days after the final public hearing is held on the proposed rule as provided by s. 120.54(3) (e) $2.;_{7}$ within 44 $\frac{20}{20}$ days after the statement of estimated regulatory costs or revised statement of estimated regulatory costs, if applicable, has been prepared and made available as provided in s. 120.541(1)(d); required pursuant to s. 120.541, if applicable, has been provided to all persons who submitted a lower cost regulatory alternative and made available to the public, or within 20 days after the date of publication of the notice required by s. 120.54(3)(d). The petition must shall state with particularity the objections to the proposed rule and the reasons that the proposed rule is an invalid exercise of delegated legislative authority. The petitioner has the burden of going forward. The agency then has the burden to prove by a preponderance of the evidence that the proposed rule is not an invalid exercise of delegated legislative authority as to the objections raised. A Any person who is substantially affected by a change in the proposed rule may seek a determination of the validity of such change. A Any person who is not substantially affected by the proposed rule as initially noticed, but who is substantially affected by the rule as a result of a change, may challenge any provision of the rule and

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436 is not limited to challenging the change to the proposed rule.

- (4) CHALLENGING AGENCY STATEMENTS DEFINED AS RULES; SPECIAL PROVISIONS.—
- (d) If an administrative law judge enters a final order that all or part of an agency statement violates s.

 120.54(1)(a), the agency <u>must shall</u> immediately discontinue all reliance upon the statement or any substantially similar statement as a basis for agency action. This paragraph shall not be construed to impair the obligation of contracts existing at the time the final order is entered.

Section 4. Subsections (1) and (3) of section 120.60, Florida Statutes, are amended to read:

120.60 Licensing.-

(1) Upon receipt of an application for a license application, an agency shall examine the application and, within 30 days after such receipt, notify the applicant of any apparent errors or omissions and request any additional information the agency is permitted by law to require. An agency may shall not deny a license for failure to correct an error or omission or to supply additional information unless the agency timely notified the applicant within this 30-day period. The agency may establish by rule the time period for submitting any additional information requested by the agency. For good cause shown, the agency shall grant a request for an extension of time for submitting the additional information. If the applicant believes the agency's request for additional information is not authorized by law or rule, the agency, at the applicant's request, shall proceed to process the application. An application is shall be considered complete upon receipt of all

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requested information and correction of any error or omission for which the applicant was timely notified or when the time for such notification has expired. An Every application for a license must shall be approved or denied within 90 days after receipt of a completed application unless a shorter period of time for agency action is provided by law. The 90-day time period is shall be tolled by the initiation of a proceeding under ss. 120.569 and 120.57. Any application for a license which that is not approved or denied within the 90-day or shorter time period, within 15 days after conclusion of a public hearing held on the application, or within 45 days after a recommended order is submitted to the agency and the parties, whichever action and timeframe is latest and applicable, is considered approved unless the recommended order recommends that the agency deny the license. Subject to the satisfactory completion of an examination if required as a prerequisite to licensure, any license that is considered approved shall be issued and may include such reasonable conditions as are authorized by law. Any applicant for licensure seeking to claim licensure by default under this subsection shall notify the agency clerk of the licensing agency, in writing, of the intent to rely upon the default license provision of this subsection, and may shall not take any action based upon the default license until after receipt of such notice by the agency clerk.

(3) Each applicant shall be given written notice, either personally or by mail, that the agency intends to grant or deny, or has granted or denied, the application for license. The notice must state with particularity the grounds or basis for the issuance or denial of the license, except when issuance is a

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ministerial act. Unless waived, a copy of the notice shall be delivered or mailed to each party's attorney of record and to each person who has made a written request for requested notice of agency action. Each notice must shall inform the recipient of the basis for the agency decision, shall inform the recipient of any administrative hearing pursuant to ss. 120.569 and 120.57 or judicial review pursuant to s. 120.68 which may be available, shall indicate the procedure that which must be followed, and shall state the applicable time limits. The issuing agency shall certify the date the notice was mailed or delivered, and the notice and the certification must shall be filed with the agency clerk.

Section 5. This act shall take effect July 1, 2010.