



**HB 2692: MODERNIZE OREGON’S RULEMAKING SYSTEM**

Oregon businesses face an overwhelming, never-ending cycle of shifting laws and regulations and point to that as the number one barrier to growing their businesses in the state. A business may be regulated by multiple agencies, and the rulemaking process can vary drastically from one agency to another. While a small number of agencies prioritize developing helpful implementation resources, most do not. Many state regulators approach rulemaking and new compliance schemes as if every business has a team of lawyers and accountants ignoring the fact that 99% of businesses are small businesses.

Over a six-month period in 2024 agencies published over 500 proposed rulemaking notices. The current system simply isn’t designed for that volume of rulemaking. HB 2692 is an important first step in modernizing Oregon’s approach to rulemaking.

**Transparent. Consistent. Open. Fair. Accountable.**

**Transparent:** All rulemaking information should be posted publicly (see HB 3382). RAC meetings should be open to the public to observe. Statements of need must include a detailed description of the problem and how the rule is intended to resolve the problem. When posting a proposed rule, the agency must also identify alternatives considered and why they were not chosen.

**Consistent:** Require all agencies to use Rulemaking Advisory Committees for permanent rulemaking processes.

**Open:** Provide public comment opportunities at RAC meetings. Agencies should publish comments received but must summarize comments and provide agency responses to themes in comments and questions.

**Fair:** If a rule is going to change compliance requirements or impose additional costs on regulated entities, then representatives of regulated entities must have at least half of the representatives. Fiscal impacts should address the businesses impacted by the rule, and particularly the small businesses and what costs, including opportunity costs, the rule could impose on businesses. No rule can go into effect any earlier than 30 days after filing the permanent rule.

**Accountable:** Require agency to describe how small businesses were involved in the development of the rule. If a rule has a cost impact of \$250,000 on an individual or more than \$5 million impact on the public, the agency is required to submit a report to Ways & Means. Aligns state and federal judicial review standards to include the ability to require agencies to present facts sufficient to find “a rational connection between the facts found and the choice made”.