

House Engrossed

GRRC; continuation

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HOUSE BILL 2594

AN ACT

AMENDING SECTIONS 41-1033, 41-1051 AND 41-1052, ARIZONA REVISED STATUTES; REPEALING SECTION 41-3025.05, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3027.09; RELATING TO THE GOVERNOR'S REGULATORY REVIEW COUNCIL.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 41-1033, Arizona Revised Statutes, is amended to

3 read:

4 41-1033. Petition for a rule or review of an agency practice,

5 substantive policy statement, final rule or unduly

6 burdensome licensing requirement; notice

7 A. Any person may petition an agency to do either of the following:

8 1. Make, amend or repeal a final rule.

9 2. Review an existing agency practice or substantive policy

10 statement that the petitioner alleges to constitute a rule.

11 B. An agency shall prescribe the form of the petition and the

12 procedures for the petition's submission, consideration and disposition.

13 The person shall state on the petition the rulemaking to review or the

14 agency practice or substantive policy statement to consider revising,

15 repealing or making into a rule.

16 C. Not later than sixty days after submission of the petition, the

17 agency shall either:

18 1. Reject the petition and state its reasons in writing for

19 rejection to the petitioner.

20 2. Initiate rulemaking proceedings in accordance with this chapter.

21 3. If otherwise lawful, make a rule.

22 D. The agency's response to the petition is open to public

23 inspection.

24 E. If an agency rejects a petition pursuant to subsection C of this

25 section, the petitioner has thirty days to appeal to the council to review

26 whether the existing agency practice or substantive policy statement

27 constitutes a rule. The petitioner's appeal may not be more than five

28 double-spaced pages.

29 F. A person may petition the council to request a review of a final

30 rule based on the person's belief that the final rule does not meet the

31 requirements prescribed in section 41-1030. A petition submitted under

32 this subsection may not be more than five double-spaced pages.

33 G. A person may petition the council to request a review of an

34 existing agency practice, substantive policy statement, final rule or

35 regulatory licensing requirement that the petitioner alleges is not

36 specifically authorized by statute, exceeds the agency's statutory

37 authority, is unduly burdensome, **VIOLATES A PERSON'S FUNDAMENTAL LEGAL**

38 **RIGHTS** or is not demonstrated to be necessary to specifically fulfill a

39 public health, safety or welfare concern. On receipt of a properly

40 submitted petition pursuant to this section, the council shall review the

41 existing agency practice, substantive policy statement, final rule or

42 regulatory licensing requirement as prescribed by this section. A

43 petition submitted under this subsection may not be more than five

44 double-spaced pages. This subsection does not apply to an individual or

1 institution that is subject to title 36, chapter 4, article 10 or
2 chapter 20.

3 H. If the council receives information that alleges an existing
4 agency practice or substantive policy statement may constitute a rule,
5 that a final rule does not meet the requirements prescribed in section
6 41-1030 or that an existing agency practice, substantive policy statement,
7 final rule or regulatory licensing requirement exceeds the agency's
8 statutory authority, is not specifically authorized by statute or does not
9 meet the guidelines prescribed in subsection G of this section, or if the
10 council receives an appeal under subsection E of this section, and at
11 least three council members request of the chairperson that the matter
12 shall be heard in a public meeting:

13 1. Within ninety days after receiving the third council member's
14 request, the council shall determine whether any of the following applies:

15 (a) The agency practice or substantive policy statement constitutes
16 a rule.

17 (b) The final rule meets the requirements prescribed in section
18 41-1030.

19 (c) An existing agency practice, substantive policy statement,
20 final rule or regulatory licensing requirement exceeds the agency's
21 statutory authority, is not specifically authorized by statute or ~~meets~~
22 **DOES NOT MEET** the guidelines prescribed in subsection G of this section.

23 2. Within ten days after receiving the third council member's
24 request, the council shall notify the agency that the matter has been or
25 will be placed on the council's agenda for consideration on the merits.

26 3. Not later than thirty days after receiving notice from the
27 council, the agency shall submit a statement of not more than five
28 double-spaced pages to the council that addresses whether any of the
29 following applies:

30 (a) The existing agency practice or substantive policy statement
31 constitutes a rule.

32 (b) The final rule meets the requirements prescribed in section
33 41-1030.

34 (c) An existing agency practice, substantive policy statement,
35 final rule or regulatory licensing requirement exceeds the agency's
36 statutory authority, is not specifically authorized by statute or **meets**
37 the guidelines prescribed in subsection G of this section.

38 I. At the hearing, the council shall allocate the petitioner and
39 the agency an equal amount of time for oral comments not including any
40 time spent answering questions raised by council members. The council may
41 also allocate time for members of the public who have an interest in the
42 issue to provide oral comments.

43 J. For the purposes of subsection H of this section, the council
44 meeting shall not be scheduled until the expiration of the agency response
45 period prescribed in subsection H, paragraph 3 of this section.

1 K. An agency practice, substantive policy statement, final rule or
2 regulatory licensing requirement considered by the council pursuant to
3 this section shall remain in effect while under consideration of the
4 council. If the council determines that the agency practice, substantive
5 policy statement or regulatory licensing requirement exceeds the agency's
6 statutory authority, is not authorized by statute or constitutes a rule or
7 that the final rule does not meet the requirements prescribed in section
8 41-1030, the practice, policy statement, rule or regulatory licensing
9 requirement shall be void. If the council determines that the existing
10 agency practice, substantive policy statement, final rule or regulatory
11 licensing requirement is unduly burdensome or is not demonstrated to be
12 necessary to specifically fulfill a public health, safety or welfare
13 concern, the council shall modify, revise or declare void any such
14 existing agency practice, substantive policy statement, final rule or
15 regulatory licensing requirement. If an agency decides to further pursue
16 a practice, substantive policy statement or regulatory licensing
17 requirement that has been declared void or has been modified or revised by
18 the council, the agency may do so only pursuant to a new rulemaking.

19 L. A council decision pursuant to this section shall be made by a
20 majority of the council members who are present and voting on the
21 issue. Notwithstanding any other law, the council may not base any
22 decision concerning an agency's compliance with the requirements of
23 section 41-1030 in issuing a final rule or substantive policy statement on
24 whether any party or person commented on the rulemaking or substantive
25 policy statement.

26 M. A decision by the council pursuant to this section is not
27 subject to judicial review, except that, in addition to the procedure
28 prescribed in this section or in lieu of the procedure prescribed in this
29 section, a person may seek declaratory relief pursuant to section 41-1034.

30 N. Each agency and the secretary of state shall post prominently on
31 their websites notice of an individual's right to petition the council for
32 review pursuant to this section.

33 Sec. 2. Section 41-1051, Arizona Revised Statutes, is amended to
34 read:

35 41-1051. Governor's regulatory review council: membership;
36 terms: compensation: powers

37 A. ~~The governor's regulatory review council is established~~
38 ~~consisting of six members who are appointed by the governor pursuant to~~
39 ~~section 38-211 and who are subject to sections 38-291 and 38-295 and the~~
40 ~~director of the department of administration or the assistant director of~~
41 ~~the department of administration who is responsible for administering the~~
42 ~~council. The director or assistant director is an ex officio member and~~
43 ~~chairperson of the council. The council shall elect a vice-chairperson to~~
44 ~~serve as chairperson in the chairperson's absence. The governor shall~~
45 ~~appoint at least one member who represents the public interest, at least~~

1 ~~one member who represents the business community, at least one member who~~
2 ~~is a small business owner, one member from a list of three persons who are~~
3 ~~not legislators submitted by the president of the senate and one member~~
4 ~~from a list of three persons who are not legislators submitted by the~~
5 ~~speaker of the house of representatives. At least one member of the~~
6 ~~council shall be an attorney licensed to practice law in this state. The~~
7 ~~governor shall appoint the members of the council for staggered terms of~~
8 ~~three years. A vacancy occurring during the term of office of any member~~
9 ~~shall be filled by appointment by the governor for the unexpired portion~~
10 ~~of the term in the same manner as provided in this section.~~

11 A. THE GOVERNOR'S REGULATORY REVIEW COUNCIL IS ESTABLISHED
12 CONSISTING OF THE FOLLOWING MEMBERS:

13 1. THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION OR THE
14 ASSISTANT DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION WHO IS RESPONSIBLE
15 FOR ADMINISTERING THE COUNCIL. THE ASSISTANT DIRECTOR MAY NOT BE THE
16 GENERAL COUNSEL OF THE DEPARTMENT OF ADMINISTRATION. THE DIRECTOR OR
17 ASSISTANT DIRECTOR IS THE CHAIRPERSON OF THE COUNCIL AND SHALL OVERSEE THE
18 LEGAL AND ECONOMIC ANALYSIS OF ANY RULES RECEIVED BY THE COUNCIL.

19 2. TWO MEMBERS WHO ARE APPOINTED BY THE GOVERNOR PURSUANT TO
20 SECTION 38-211.

21 3. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR FROM A LIST OF FIVE
22 PERSONS WHO ARE NOT LEGISLATORS AND WHO ARE SUBMITTED JOINTLY BY THE
23 PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

24 4. ONE MEMBER WHO IS APPOINTED BY THE PRESIDENT OF THE SENATE.

25 5. ONE MEMBER WHO IS APPOINTED BY THE SPEAKER OF THE HOUSE OF
26 REPRESENTATIVES.

27 6. ONE MEMBER WHO IS APPOINTED JOINTLY BY THE PRESIDENT OF THE
28 SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

29 B. MEMBERS OF THE COUNCIL WHO ARE APPOINTED PURSUANT TO SUBSECTION
30 A OF THIS SECTION SHALL BE APPOINTED FOR STAGGERED TERMS OF THREE YEARS
31 AND MAY BE REAPPOINTED. THE COUNCIL SHALL ELECT A VICE CHAIRPERSON TO
32 SERVE AS CHAIRPERSON IN THE CHAIRPERSON'S ABSENCE. A VACANCY OCCURRING
33 DURING THE TERM OF OFFICE OF ANY MEMBER SHALL BE FILLED FOR THE UNEXPIRED
34 PORTION OF THE TERM IN THE SAME MANNER AS THE INITIAL APPOINTMENT.

35 C. The council shall meet at least once a month at a time and
36 place set by the chairperson and at other times and places as the
37 chairperson deems necessary.

38 D. Members of the council are eligible to receive compensation
39 in an amount of ~~two hundred dollars~~ \$200 for each day on which the council
40 meets and reimbursement of expenses pursuant to title 38, chapter 4,
41 article 2.

42 E. The chairperson, subject to chapter 4, article 4 and, as
43 applicable, articles 5 and 6 of this title, shall employ, determine the
44 conditions of employment of and specify the duties of administrative,
45 secretarial and clerical employees as the chairperson deems necessary.

1 ~~F.~~ F. The council may make rules pursuant to this chapter to carry
2 out the purposes of this chapter.

3 ~~F.~~ G. The council shall make a list of agency rules approved or
4 returned pursuant to sections 41-1027 and 41-1052 and section 41-1056,
5 subsection C for the previous twelve-month period available to the public
6 on request and on the council's website.

7 H. COUNCIL STAFF SHALL DO BOTH OF THE FOLLOWING:

8 1. INDEPENDENTLY REVIEW THE CONSTITUTION OF THIS STATE AND ANY
9 RELEVANT STATUTES AND ADVISE THE COUNCIL ON THE CONSTITUTIONALITY OF A
10 RULE INDEPENDENT OF AN AGENCY'S STATUTORY JUSTIFICATION FOR THE RULE.

11 2. DISTRIBUTE ALL COUNCIL MEETING MATERIALS TO THE PRESIDENT OF THE
12 SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AT THE SAME TIME
13 THE MATERIALS ARE DISTRIBUTED TO THE MEMBERS OF THE COUNCIL.

14 Sec. 3. Section 41-1052, Arizona Revised Statutes, is amended to
15 read:

16 41-1052. Council review and approval; rule expiration;
17 definition

18 A. Before filing a final rule subject to this section with the
19 secretary of state, an agency shall prepare, transmit to the council and
20 the committee and obtain the council's approval of the rule and its
21 preamble and economic, small business and consumer impact statement that
22 meets the requirements of section 41-1055. The office of economic
23 opportunity shall prepare the economic, small business and consumer impact
24 statement.

25 B. The council shall accept an early review petition of a proposed
26 rule, in whole or in part, if the proposed rule is alleged to violate any
27 of the criteria prescribed in subsection D of this section and if the
28 early petition is filed by a person who would be adversely impacted by the
29 proposed rule. The council may determine whether the proposed rule, in
30 whole or in part, violates any of the criteria prescribed in subsection D
31 of this section.

32 C. Within one hundred twenty days after receipt of the rule,
33 preamble and economic, small business and consumer impact statement, the
34 council shall review and approve or return, in whole or in part, the rule,
35 preamble or economic, small business and consumer impact statement. An
36 agency may resubmit a rule, preamble or economic, small business and
37 consumer impact statement if the council returns the rule, PREAMBLE OR
38 economic, small business and consumer impact statement ~~or preamble~~, in
39 whole or in part, to the agency.

40 D. The council shall not approve the rule unless:

41 1. The economic, small business and consumer impact statement
42 contains information from the state, data and analysis prescribed by this
43 article.

44 2. The economic, small business and consumer impact statement is
45 generally accurate.

1 3. The probable benefits of the rule outweigh within this state the
2 probable costs of the rule and the agency has demonstrated that it has
3 selected the alternative that imposes the least burden and costs to
4 persons regulated by the rule, including paperwork and other compliance
5 costs, necessary to achieve the underlying regulatory objective.

6 4. The rule is written in a manner that is clear, concise and
7 understandable to the general public.

8 5. The rule is not illegal, inconsistent with legislative intent or
9 beyond the agency's statutory authority and meets the requirements
10 prescribed in section 41-1030.

11 6. The agency adequately addressed, in writing, the comments on the
12 proposed rule and any supplemental proposals.

13 7. The rule is not a substantial change, considered as a whole,
14 from the proposed rule and any supplemental notices.

15 8. The preamble discloses a reference to any study relevant to the
16 rule that the agency reviewed and either did or did not rely on in the
17 agency's evaluation of or justification for the rule.

18 9. The rule is not more stringent than a corresponding federal law
19 unless there is statutory authority to exceed the requirements of that
20 federal law.

21 10. If a rule requires a permit, the permitting requirement
22 complies with section 41-1037.

23 E. The council shall verify that a rule with new fees does not
24 violate section 41-1008. The council shall not approve a rule that
25 contains a fee increase unless two-thirds of the voting quorum present
26 votes to approve the rule.

27 F. The council shall verify that a rule with an immediate effective
28 date complies with section 41-1032. The council shall not approve a rule
29 with an immediate effective date unless two-thirds of the voting quorum
30 present votes to approve the rule. **THE COUNCIL MAY NOT VOTE TO APPROVE A**
31 **RULE DURING A STUDY SESSION MEETING AND MAY ONLY VOTE TO APPROVE A RULE AT**
32 **A COUNCIL MEETING FOLLOWING EACH STUDY SESSION MEETING.**

33 G. If the rule relies on scientific principles or methods,
34 including a study disclosed pursuant to subsection D, paragraph 8 of this
35 section, and a person submits an analysis to the council questioning
36 whether the rule is based on valid scientific or reliable principles or
37 methods, the council shall not approve the rule unless the council
38 determines that the rule is based on valid scientific or reliable
39 principles or methods that are specific and not of a general nature. In
40 making a determination of reliability or validity, the council shall
41 consider the following factors as applicable to the rule:

42 1. The authors of the study, principle or method have subject
43 matter knowledge, skill, experience, training and expertise.

44 2. The study, principle or method is based on sufficient facts or
45 data.

1 3. The study is the product of reliable principles and methods.
2 4. The study and its conclusions, principles or methods have been
3 tested or subjected to peer reviewed publications.

4 5. The known or potential error rate of the study, principle or
5 method has been identified along with its basis.

6 6. The methodology and approach of the study, principle or method
7 are generally accepted in the scientific community.

8 H. The council may require a representative of an agency whose rule
9 is under examination to attend a council meeting and answer
10 questions. The council may also communicate to the agency its comments on
11 any rule, preamble or economic, small business and consumer impact
12 statement and require the agency to respond to its comments in writing.

13 I. FOR ALL COUNCIL MEETINGS THAT ARE OPEN TO THE PUBLIC FOR
14 COMMENT, THE COUNCIL SHALL ALLOT AN EQUAL AMOUNT OF TIME TO THE AGENCY AND
15 INDIVIDUALS WHO SUPPORT OR OPPOSE A RULE.

16 J. At any time during the thirty days immediately following
17 receipt of the rule, a person may submit written comments to the council
18 that are within the scope of subsection D, E, F or G of this section. The
19 council may allow testimony at a council meeting within the scope of
20 subsection D, E, F or G of this section.

21 K. If the agency makes a good faith effort to comply with the
22 requirements prescribed in this article and has explained in writing the
23 methodology used to produce the economic, small business and consumer
24 impact statement, the rule may not be invalidated after it is finalized on
25 the ground that the contents of the economic, small business and consumer
26 impact statement are insufficient or inaccurate or on the ground that the
27 council erroneously approved the rule, except as provided by section
28 41-1056.01.

29 L. The absence of comments pursuant to subsection D, E, F or G
30 of this section or article 4.1 of this chapter does not prevent the
31 council from acting pursuant to this section.

32 M. The council shall review and approve or reject a notice of
33 proposed expedited rulemaking pursuant to section 41-1027.

34 N. An agency that seeks to expire a rule or rules may file a
35 notice of intent to expire with the council. The notice shall describe
36 the rule or rules to be expired and the reasons for expiration. The
37 council shall place the notice on the agenda for the next scheduled
38 council meeting for consideration. If a quorum of the council approves
39 the notice, the council shall cause a notice of rule expiration to be
40 prepared and provide the notice of rule expiration to the agency for
41 filing with the secretary of state.

42 O. FOR THE PURPOSES OF THIS SECTION, "STUDY SESSION MEETING" MEANS
43 A PUBLIC MEETING WHERE COUNCIL MEMBERS MEET WITH AGENCY REPRESENTATIVES,
44 THE PUBLIC AND COUNCIL STAFF TO DISCUSS PROPOSED RULES AND REVIEW REPORTS.

Sec. 4. Repeal

Section 41-3025.05, Arizona Revised Statutes, is repealed.

Sec. 5. Title 41, chapter 27, article 2, Arizona Revised Statutes, is amended by adding section 41-3027.09, to read:

41-3027.09. Governor's regulatory review council; termination

July 1, 2027

A. THE GOVERNOR'S REGULATORY REVIEW COUNCIL TERMINATES ON JULY 1, 2027.

B. TITLE 41, CHAPTER 6, ARTICLE 5 AND THIS SECTION ARE REPEALED ON JANUARY 1, 2028.

Sec. 6. Purpose

Pursuant to section 41-2955, subsection B, Arizona Revised Statutes, the legislature continues the governor's regulatory review council to review and approve or reject rules, preambles, economic, small business and consumer impact statements and summary rule packages that are submitted by agencies.

Sec. 7. Retention of members

Notwithstanding section 41-1051, Arizona Revised Statutes, as amended by this act, all persons serving as members of the governor's regulatory review council on the effective date of this act may continue to serve until the expiration of their normal terms. The member appointed by the president of the senate shall be appointed first, the member appointed by the speaker of the house of representatives shall be appointed second, the member appointed jointly by the president of the senate and the speaker of the house of representatives shall be appointed third, the member appointed by the governor from a list submitted by the president of the senate and the speaker of the house of representatives shall be appointed fourth and the members appointed by the governor pursuant to section 38-211, Arizona Revised Statutes, shall be appointed fifth. All subsequent appointments shall be as prescribed by statute.

Sec. 8. Retroactivity

Sections 4 and 5 of this act apply retroactively to from and after July 1, 2025.