

1 HOUSE BILL NO. 739
2 INTRODUCED BY B. MERCER

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATED TO LEGISLATIVE OVERSIGHT OF
5 ADMINISTRATIVE RULES; PROVIDING AN EXCEPTION FOR THE ADOPTION OF RULES IN THE LAST
6 QUARTER OF A YEAR BEFORE A LEGISLATIVE SESSION; AMENDING SECTION 2-4-305, MCA; AND
7 PROVIDING AN APPLICABILITY DATE."

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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11 **Section 1.** Section 2-4-305, MCA, is amended to read:

12 **"2-4-305. Requisites for validity -- authority and statement of reasons.** (1) (a) The agency shall
13 fully consider written and oral submissions respecting the proposed rule, including comments submitted by the
14 primary sponsor of the legislation prior to the drafting of the substantive content and wording of a proposed rule
15 that initially implements legislation.

16 (b) (i) Upon adoption of a rule, an agency shall issue a concise statement of the principal reasons
17 for and against its adoption, incorporating in the statement the reasons for overruling the considerations urged
18 against its adoption. If substantial differences exist between the rule as proposed and as adopted and the
19 differences have not been described or set forth in the adopted rule as that rule is published in the register, the
20 differences must be described in the statement of reasons for and against agency action. When written or oral
21 submissions have not been received, an agency may omit the statement of reasons.

22 (ii) If an adopted rule that initially implements legislation does not reflect the comments submitted
23 by the primary sponsor, the agency shall provide a statement explaining why the sponsor's comments were not
24 incorporated into the adopted rule.

25 (2) Rules may not unnecessarily repeat statutory language. Whenever it is necessary to refer to
26 statutory language in order to convey the meaning of a rule interpreting the language, the reference must
27 clearly indicate the portion of the language that is statutory and the portion that is an amplification of the
28 language.

1 (3) Each proposed and adopted rule must include a citation to the specific grant of rulemaking
2 authority pursuant to which the rule or any part of the rule is adopted. In addition, each proposed and adopted
3 rule must include a citation to the specific section or sections in the Montana Code Annotated that the rule
4 purports to implement. A substantive rule may not be proposed or adopted unless:

5 (a) a statute granting the agency authority to adopt rules clearly and specifically lists the subject
6 matter of the rule as a subject upon which the agency shall or may adopt rules; or

7 (b) the rule implements and relates to a subject matter or an agency function that is clearly and
8 specifically included in a statute to which the grant of rulemaking authority extends.

9 (4) Each rule that is proposed and adopted by an agency and that implements a policy of a
10 governing board or commission must include a citation to and description of the policy implemented. Each
11 agency rule implementing a policy and the policy itself must be based on legal authority and otherwise comply
12 with the requisites for validity of rules established by this chapter.

13 (5) To be effective, each substantive rule adopted must be within the scope of authority conferred
14 and in accordance with standards prescribed by other provisions of law.

15 (6) Whenever by the express or implied terms of any statute a state agency has authority to adopt
16 rules to implement, interpret, make specific, or otherwise carry out the provisions of the statute, an adoption,
17 amendment, or repeal of a rule is not valid or effective unless it is:

18 (a) consistent and not in conflict with the statute; and

19 (b) reasonably necessary to effectuate the purpose of the statute. A statute mandating that the
20 agency adopt rules establishes the necessity for rules but does not, standing alone, constitute reasonable
21 necessity for a rule. The agency shall also address the reasonableness component of the reasonable necessity
22 requirement by, as indicated in 2-4-302(1) and subsection (1) of this section, stating the principal reasons and
23 the rationale for its intended action and for the particular approach that it takes in complying with the mandate
24 to adopt rules. Subject to the provisions of subsection (8), reasonable necessity must be clearly and thoroughly
25 demonstrated for each adoption, amendment, or repeal of a rule in the agency's notice of proposed rulemaking
26 and in the written and oral data, views, comments, or testimony submitted by the public or the agency and
27 considered by the agency. A statement that merely explains what the rule provides is not a statement of the
28 reasonable necessity for the rule.

1 (7) A rule is not valid unless notice of it is given and it is adopted in substantial compliance with 2-
2 4-302, 2-4-303, or 2-4-306 and this section, unless notice of adoption of the rule is published within 6 months of
3 the publishing of notice of the proposed rule, and unless the adoption is in compliance with the prohibitions of
4 subsection (11). The measure of whether an agency has adopted a rule in substantial compliance with 2-4-302,
5 2-4-303, or 2-4-306 and this section is not whether the agency has provided notice of the proposed rule,
6 standing alone, but rather must be based on an analysis of the agency's substantial compliance with 2-4-302,
7 2-4-303, or 2-4-306 and this section. If an amended or supplemental notice of either proposed or final
8 rulemaking, or both, is published concerning the same rule, the 6-month limit must be determined with
9 reference to the latest notice in all cases.

10 (8) (a) An agency may use an amended proposal notice or the adoption notice to correct
11 deficiencies in citations of authority for rules and in citations of sections implemented by rules.

12 (b) An agency may use an amended proposal notice but, except for clerical corrections, may not
13 use the adoption notice to correct deficiencies in a statement of reasonable necessity.

14 (c) If an agency uses an amended proposal notice to amend a statement of reasonable necessity
15 for reasons other than for corrections in citations of authority, in citations of sections being implemented, or of a
16 clerical nature, the agency shall allow additional time for oral or written comments from the same interested
17 persons who were notified of the original proposal notice, including from a primary sponsor, if primary sponsor
18 notification was required under 2-4-302, and from any other person who offered comments or appeared at a
19 hearing already held on the proposed rule.

20 (9) Subject to 2-4-112, if a majority of the members of the appropriate administrative rule review
21 committee notify the committee presiding officer that those members object to all or a portion of a notice of
22 proposed rulemaking, the committee shall notify the agency in writing that the committee objects to all or a
23 portion of the proposal notice and will address the objections at the next committee meeting. Following notice
24 by the committee to the agency, all or a portion of the proposal notice that the committee objects to may not be
25 adopted until publication of the last issue of the register that is published before expiration of the 6-month
26 period during which the adoption notice must be published, unless prior to that time, the committee meets and
27 does not make the same objection. A copy of the committee's notification to the agency must be included in the
28 committee's records.

