

## **BILL ANALYSIS**

C.S.H.B. 1924  
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State Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Concerns have been raised that regulatory penalties and fines may disproportionately burden small businesses since small businesses usually have fewer resources than large businesses to dedicate to compliance and implementation of new regulations. C.S.H.B. 1924 seeks to address these concerns by requiring a state agency to adopt and implement a policy that allows a small business an opportunity to cure a first regulatory violation before an administrative penalty is imposed.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 1924 amends the Government Code to prohibit an applicable state agency with regulatory authority over a small business from imposing an administrative penalty against a small business for a first violation of a statute or a rule administered by the agency, other than a violation committed knowingly or intentionally, unless the agency first provides the small business written notice of the violation and an opportunity to remedy the violation within a reasonable time after receiving the notice. The bill establishes that such a violation is not considered to be a continuing violation during the reasonable time in which the small business attempts in good faith to remedy the violation. The bill requires each state agency subject to the bill's provisions, not later than January 1, 2020, to adopt and implement a policy consistent with those provisions and requires the policy to provide that the agency will not attempt to recover an administrative penalty during the reasonable time the small business is attempting in good faith to remedy the violation. These provisions do not apply to an action taken by a state agency to protect public health and safety or the environment or by certain state officials in connection with the regulation of financial services.

### **EFFECTIVE DATE**

September 1, 2019.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 1924 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee

substitute versions of the bill.

The substitute does not include provisions relating to an agency's authority to request the imposition of a civil penalty.

The substitute includes an exemption for a first violation committed knowingly or intentionally from the prohibition against penalizing a first violation.

The substitute includes provisions requiring that the business be notified of the violation and specifying that the time allowed to attempt to remedy the violation is within a reasonable time after receiving the notice.

The substitute includes exemptions from its provisions for a state agency acting to protect public health and safety or the environment and for certain officials in connection with the regulation of financial services.