

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 389

Session of
1977

INTRODUCED BY MESSRS. RITTER, PARKER, McCLATCHY, DOMBROWSKI,
ZORD, D. S. HAYES, ZWIKL, PITTS, WILT, ARMSTRONG, MELUSKEY,
ZITTERMAN, PYLES, CASSIDY AND MRS. KERNICK, MARCH 1, 1977

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
APRIL 19, 1978

AN ACT

1 Creating a temporary Joint Legislative Committee on Regulatory
2 Reform; prescribing its powers and duties; and making an
3 appropriation.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the "Legislative
8 Regulatory Reform Act."

9 Section 2. Legislative Findings.

10 It is hereby determined and declared as a matter of
11 legislative findings:

12 (1) That there currently exists in the State of
13 Pennsylvania a vast and pervasive network of statutes and
14 administrative determinations which direct, shape, limit, and
15 supervise private business activity in the State.

16 (2) That this State government regulation of private
17 business may be beneficial to the public interest in order

1 to:

- 2 (i) control the actions of natural monopolists;
- 3 (ii) prevent destructive competition;
- 4 (iii) allocate public resources;
- 5 (iv) protect consumers, workers, or disadvantaged
- 6 market participants;
- 7 (v) redistribute income; and
- 8 (vi) to protect the vitality of free competition.

9 (3) That despite the pervasiveness of current State
10 regulatory activity, and despite the numerous situations in
11 which regulation is justified, the fundamental health of our
12 economy, our prospects for growth and prosperity, and the
13 full exercise of personal freedoms, depends upon the strength
14 and vitality of our free market system.

15 (4) That in order to protect the vigor of free economic
16 competition, regulation must be strictly limited to those
17 circumstances and times during which the benefits of
18 regulation clearly outweigh the damage to free competition.
19 Because the threat to the fiber of our market system from
20 regulation is so great, there must be a strong presumption
21 against regulation and in favor of solving economic problems
22 using free market mechanisms.

23 (5) That unchecked, regulatory activities tend to
24 outlive the rationales upon which they are based, and tend to
25 broaden their scope to include the control of activities not
26 justified using a cost benefit analysis.

27 (6) That regulation no longer justified by a careful
28 cost-benefit analysis tends to produce the following economic
29 maladjustments:

- 30 (i) it restricts vigorous and essential private

investment activity;

(ii) it maintains artificially high consumer prices,
or else fosters dangerous product shortages;

(iii) it builds unnecessary barriers to entry;

(iv) it maldistributes inputs and outputs both
regionally and between producing sectors;

(v) it contributes to unemployment and
underemployment; and

(vi) it sets up situations in which a self
perpetuating and degenerating cycle of regulation feeds
upon itself and produces new regulatory needs.

Section 3. Definitions.

The following words and phrases when used in this act shall
have, unless the context clearly indicates otherwise, the
meanings given to them in this section:

"Efficiency analysis." An explicit evaluation of the aims of
economic regulation, as discussed above in section 2, and an
estimation of the costs of regulation, as discussed above in
section 2 but not limited to the costs listed above. This cost-
benefit analysis must be both short run and long, and must
compare actual current methods of regulation with alternative
modes of control.

"Regulation." Any act of the General Assembly and any
administrative determination which: imposes costs upon the
performance of business activity; sets wages, hours, or working
conditions; controls conditions of entry into an occupation or
certification of participants in an occupation or industry; sets
prices or designates product quality; controls the quantity of
any business output; pertains to environmental performance;
directs or controls geographical location of an industry; or

1 substantially infringes upon the free exercise of business
2 judgment in any substantial manner.

3 Section 4. Establishment of the Joint Legislative Committee on
4 Regulatory Reform.

5 There is hereby created for the General Assembly a Joint
6 Legislative Committee on Regulatory Reform which shall be a
7 temporary committee of both houses of the General Assembly.

8 Section 5. Joint Legislative Committee on Regulatory Reform
9 Membership.

10 (a) The Joint Legislative Committee on Regulatory Reform
11 hereinafter often referred to as the joint committee shall
12 consist of six members of the Senate and six members of the
13 House of Representatives and 12 members drawn from the general
14 public. Three of the members from the Senate shall be appointed
15 by the President pro tempore, and three shall be appointed by
16 the Senate Minority Leader. Three of the members from the House
17 shall be appointed by the Speaker, and three shall be appointed
18 by the House Minority Leader. The members of the General
19 Assembly serving on the committee shall meet and select 12
20 persons from the general public to serve on the committee. These
21 12 members shall be individuals who are specially qualified to
22 serve on the committee by virtue of their education, training,
23 or experience, but who are not officers or employees of any
24 government. At least two of these 12 individuals must represent
25 each of the following groups:

- 26 (1) business;
- 27 (2) labor;
- 28 (3) consumers; and
- 29 (4) the academic community.

30 (b) At the first meeting of the full committee a chairperson

1 and vice chairperson shall be elected by the committee
2 membership.

3 (c) The terms of legislators appointed to the committee
4 shall end by resignation with the termination of service of
5 elected membership in the Legislature.

6 (d) The terms of members drawn from the general public shall
7 end upon submission of a letter of resignation to the committee
8 chairperson, or upon death or incapacity.

9 (e) Vacancies among legislators on the committee between
10 legislative sessions shall be filled in the same manner as
11 provided for standing joint committees but shall not be in
12 violation of the provisions herein specified. Vacancies among
13 members drawn from the general public shall be filled within ten
14 days by the legislative members in the same manner indicated for
15 original appointment.

16 (f) The joint committee shall prescribe its own rules of
17 procedure for the conduct of its affairs. A quorum shall consist
18 of 16 members but hearings may be conducted by six members.

19 Section 6. Responsibilities.

20 The joint committee shall IMMEDIATELY ESTABLISH ITS
21 PRIORITIES FOR THE COMMITTEE'S ACTIVITIES FROM THE FOLLOWING
22 LIST AND MAY ACCORDING TO THOSE ESTABLISHED PRIORITIES:

23 (1) Compile a comprehensive list of each and every
24 regulatory activity currently conducted by any branch of the
25 Pennsylvania State Government.

26 (2) Prepare an efficiency analysis for each economic
27 regulatory activity.

28 (3) Report on the impact of each regulatory activity
29 upon our current economic recession and recovery.

30 (4) Report on the impact of each regulatory activity

1 upon the rate of price inflation.

2 (5) Report on the interrelationships among State
3 regulatory activities, and between State and local or Federal
4 activity in each regulatory area. The committee shall
5 investigate and report the existence of any overlapping or
6 inconsistent regulatory activity.

7 (6) Report on the possibility of increasing public
8 participation in regulatory decisions, insuring agency
9 independence from both undue political interference and
10 improper pressures by the regulated industries, and methods,
11 if necessary, to upgrade the quality of regulatory personnel.

12 (7) Make recommendations concerning any needed
13 modifications to each regulatory activity which are required
14 to promote economic efficiency, growth and cyclical
15 stability, price stability, and efficient interaction with
16 local and Federal regulatory activities.

17 (8) Consider the need and advisability of a permanent
18 mechanism to continuously review and evaluate the efficiency
19 of all economic regulatory activity.

20 (9) Present a single comprehensive report on all above
21 mentioned duties not later than October 1, 1978, and other
22 preliminary or supplementary reports as may be deemed
23 appropriate by the joint committee. The comprehensive report
24 will contain draft legislation to implement all joint
25 committee recommendations.

26 Section 7. Powers of the joint legislative committee.

27 The joint legislative committee shall have the power to:

28 (1) Hold meetings as often as may be necessary, during
29 and between legislative sessions, to perform its duties and
30 functions.

1 (2) Conduct hearings relevant to performance of its
2 duties.

3 (3) Subpoena witnesses to testify before the committee,
4 to produce documents, or to answer written interrogatories of
5 the committee.

6 (4) Issue oaths and affirmations.

7 (5) Appoint an executive director of research for the
8 committee and an assistant director of research. These
9 individuals shall be employed full time until 30 days after
10 submission of the final report of the joint committee, or
11 until December 30, 1978, whichever is earlier. These persons
12 shall be paid salaries competitive with their previous
13 occupations to the extent of available appropriations.

14 (6) Hire other full time professional or clerical staff
15 members as may be deemed necessary by the joint committee.
16 These professional employees may include a professional
17 economist, accountant, counsel, and statistician. The joint
18 committee may also hire on an intermittent basis whatever
19 consultants or special clerical help it deems appropriate to
20 the extent of available appropriations. The joint committee
21 shall establish regulations governing appointment, promotion,
22 dismissal, termination, layoff, suspension, and compensation
23 of employees.

24 (7) The members of the joint committee shall serve
25 without compensation, except that the ordinary and necessary
26 expenses incident to the conduct of joint committee duties
27 shall be reimbursed out of the joint committee appropriation.

28 (8) The joint committee shall have full access to all
29 executive data sources which are relevant to the performance
30 of the duties of the joint committee. Nothing in this

1 section, however, shall violate the privacy guarantees
2 provided in other statutes of the General Assembly.

3 Section 8. Extension of deadlines.

4 The General Assembly may extend all deadlines listed above
5 for performance of joint committee duties and the employment of
6 the joint committee personnel, by up to 365 days. In any case,
7 the joint committee shall cease to exist 30 days after the
8 submission of its final report.

9 Section 9. State agencies to advise and assist.

10 The Joint Legislative Committee on Regulatory Reform may
11 require comprehensive written reports from any agency or
12 official of the Commonwealth concerning any regulatory activity
13 that such agency or official is engaged in, or is concerned
14 with. Whenever requested by the joint committee, the head of any
15 Commonwealth department or agency shall give such advice and
16 assistance and submit such written reports as the joint
17 committee may request.

18 Section 10. Appropriation.

19 The sum of \$100,000, or as much thereof as may be necessary,
20 is hereby appropriated to the Joint Legislative Committee on
21 Regulatory Reform for the performance of its duties.

22 Section 11. Effective date.

23 This act shall take effect immediately.