



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
**DEPARTMENT OF ADMINISTRATION**

**OFFICE of REGULATORY REFORM**

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TO: Governor Gina M. Raimondo, House Speaker Nicholas A. Mattiello, and Senate President Dominick J. Ruggerio  
FROM: Erik Godwin, Director of the Office of Regulatory Reform  
SUBJECT: FY2015 Annual Report on the Activities of the Office of Regulatory Reform

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**REGULATORY REFORM EFFORTS UNDER GOVERNOR CHAFEE**

[January 2014 – December 2014]

**ACCELERATED REGULATORY REVIEW**

Under Governor Lincoln D. Chafee’s administration, the Rhode Island Office of Regulatory Reform (ORR) completed an accelerated review of all state regulations. The review tasked each state agency with determining how their regulations affected small businesses, as well as to consider the removal or reduction of burdensome regulatory requirements. This review concluded in the middle of FY2015 with ORR’s *Accelerated Regulatory Review Final Report: Results and Next Steps*,<sup>1</sup> issued on December 23, 2014.

ORR’s Final Report highlighted the Office’s achievements during the review process. Agencies completed the review in record time, reviewing in 17 months about 26,000 pages contained in more than 1,600 regulations. The effort cut 2½ years off of the original review timeline. During the review, agencies identified more than 250 changes to improve the state’s regulatory system. Changes included 48 repeals of outdated, unnecessary, or obsolete regulations, 73 amendments or modifications to improve the regulatory environment, and 133 consolidations or rejoining of regulations.

One example of a successful outcome of this effort was the Department of Health’s repeal of duplicative state regulations covered by federal poison prevention rules on product packaging. The agencies also completed meaningful regulatory changes, such as the Coastal Resources Management Council’s amendment of the rule that allows for the restoration of tidal water views to hospitality businesses that meet certain criteria.

ORR’s work under the Chafee Administration demonstrated a strong commitment to Rhode Island’s small businesses and economic development, and provided a solid foundation from which to launch continued reform of the state’s regulatory system.

**REGULATORY REFORM EFFORTS UNDER GOVERNOR RAIMONDO**

February 2015 to June 2015

**EXECUTIVE ORDER 15-07**

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<sup>1</sup> Office of Regulatory Reform. (2014). *Accelerated Regulatory Review Final Report: Results and Next Steps*. <http://www.omb.ri.gov/documents/reform/regulatory-review/ORRFinalReport2014.pdf>

On February 17, 2015, Governor M. Raimondo issued Executive Order 15-07 -- *Improving Rhode Island's Regulatory Climate to Create Opportunity* (EO 15-07).<sup>2</sup> As part of Governor Raimondo's continuing efforts to attract new businesses to Rhode Island and to encourage the state's existing businesses to expand and grow, EO 15-07 changed the state's regulatory review responsibilities by adding rigor and oversight to the process for generating new regulatory content. Previously, ORR filled a consulting role, as it was statutorily only able to provide recommendations to state agencies on how regulatory content could be improved. EO 15-07 changed ORR's regulatory role to that of a proactive regulatory review office. Agencies are now required to submit a draft and any necessary benefit-cost and statistical analyses to ORR for review and approval. During that review process, ORR works closely with the Executive Office of Commerce (EOC) to carefully consider the impacts of regulatory outcomes on businesses.

From the issuance of EO 15-07 to June 30, 2015, ORR reviewed 69 regulatory actions, including 36 proposals, 27 final actions, and 6 emergency regulations. ORR averaged 12 days of review for each action – 16 days on average for proposals, 10 days on final actions, and 6 days on emergency regulations. ORR's review speed is considerably faster than the two 30-day review periods allotted under EO 15-07. During the review process, 5 regulations were withdrawn by state agencies for additional work and consideration.

To support and streamline the review process for state agencies, ORR developed an online regulatory submission portal, released in July 2015. This new portal will accelerate the review process. In addition, ORR provided state agencies with a number of training and instructional materials related to best practices in the development of regulations, benefit-cost analyses, and regulatory process improvements.

### **PROFESSIONAL LICENSURE REFORM**

During its regulatory review, ORR discovered a significant number of regulations related to professional licensure. National reports, as well as recent media reports, have suggested that Rhode Island has overly burdensome licensure requirements when compared to other states. Rhode Island's licensure requirements can pose substantial barriers for those seeking work or attempting to start a small business.

To better understand which requirements might be burdensome, ORR consulted two national studies on professional licensure: "License to Work: A National Study of Burdens from Occupational Licensing" and "Occupational Licensing: Ranking the States and Exploring Alternatives."<sup>3</sup> ORR then compiled data from both reports to generate a list of licenses that exist in Rhode Island, but not a majority of other states, as well as a list of Rhode Island licenses identified as overly burdensome. Each responsible state agency reviewed these lists and provided ORR with a final list of licenses recommended for repeal. More than 300 professional licenses were reviewed during this process.

As part of her FY2016 budget proposal, Governor Raimondo recommended the repeal of 35 professional licenses. Ultimately, the General Assembly approved 30 of these licenses for repeal<sup>4</sup>. Over the next two

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<sup>2</sup> RI Exec. Order No. 15-07. (2015). [http://www.governor.ri.gov/documents/orders/ExecOrder%2015-07\\_02172015.pdf](http://www.governor.ri.gov/documents/orders/ExecOrder%2015-07_02172015.pdf)

<sup>3</sup> Carpenter, D., Knepper, L., Erickson, A., & Ross, J. (2012). License to Work: A National Study of Burdens from Occupational Licensing. Institute for Justice.

Summers, A. (2007). Occupational Licensing: Ranking the States and Exploring Alternatives. Reason Foundation.

<sup>4</sup> Rhode Island Public Laws 2015, Chapter 141-20. <http://webserver.rilin.state.ri.us/PublicLaws/law15/law15141-20.htm>

fiscal years, these repeals will save Rhode Islanders almost \$500,000 in fees alone, not including the time and energy involved in successfully navigating the licensing process. This effort represented a significant step forward in reducing barriers to employment and making Rhode Island's economic climate more competitive.

### **E-PERMITTING**

Throughout Rhode Island, permitting departments are confronted with overextended staff, increased demands, and pressure to improve the taxpayer (including business users) experience. Jumpstarted under Governor Chafee, the e-permitting initiative seeks to establish a streamlined, uniform web-based system to be used by the State, its municipalities, and taxpayers for statewide permit management, inspection management and electronic plan review.

The first phase of the initiative will include common trade permits (e.g. building, fire, electrical, plumbing) from the State Building Commissioner, the State Fire Marshal, and 10 pilot municipalities. Pilot communities include Cranston, Newport, North Kingstown, North Providence, North Smithfield, Pawtucket, Warwick, West Warwick, Westerly and Woonsocket.

### **FUTURE CHALLENGES**

By highlighting the importance of small businesses to Rhode Island's economy, ORR will keep the spotlight on progress in this important sector. Looking forward, however, two key challenges exist that may impede the state's ability to achieve the ambitious business-oriented goals of the legislature and the administration:

First, the analytical rigor required by E.O. 15-07 is a difficult hurdle for some agencies. Benefit-cost analyses are critical for identifying and reducing the unnecessary regulatory impacts on small businesses. In many cases, however, agencies lack the internal capacity necessary to conduct rigorous economic analyses. Building the regulatory expertise at the agency level may take some time, but it is a vital link in the efforts to reduce unnecessarily burdensome impacts from regulation.

Second, the balkanized nature of the municipal ordinance/licensure/inspection/taxation systems generates tremendous confusion and uncertainty among both large and small businesses. The overlapping federal, state, and local laws create byzantine requirements that businesses struggle to locate and comply with each year. As the state writes statutes and regulations, consideration needs to be given as to how both types of law dovetail with municipal requirements. As of now, no formal structure exists to allow the legislature and executive branch to accomplish this goal.

ORR looks forward to working with legislature, executive branch, and other state entities as Rhode Island continues to work toward a more business-friendly environment that fosters economic growth across the state.