



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

**OFFICE of REGULATORY REFORM**

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FROM: Erik Godwin, Director of the Office of Regulatory Reform  
SUBJECT: Office of Regulatory Reform FY2017 Annual Report

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**ORR Annual Report: Making It Easier To Do Business in Rhode Island**

*July 1, 2016 to June 30, 2017*

**INTRODUCTION**

As part of the Office of Management and Budget, the Office of Regulatory Reform's (ORR) mission is to review new and amended regulations with a focus on minimizing adverse impacts on Rhode Island businesses, large and small. Under the leadership of Governor Gina Raimondo, the State's ability to minimize or eradicate regulatory burdens has been greatly enhanced through a rigorous, transparent process that inserts more accountability into the review of Rhode Island's regulatory environment.

The mechanism through which the Governor established that process was Executive Order 15-07, which requires all Executive Branch regulations to be reviewed by ORR using a model similar to the federal regulatory model. Signed in February 2015, EO 15-07 outlines a process to ensure regulations are not imposing unnecessary burdens on businesses and citizens.

Via the process outlined in the Executive Order, agencies must submit an economic impact statement to accompany their proposed rules to ORR and the Executive Office of Commerce (EOC). EOC then provides any input it deems necessary regarding potential adverse impacts that EOC believes proposed rule may have on Rhode Island's ability to attract new businesses to invest here, and to encourage existing businesses to grow. ORR reviews these items, and if approved, those proposed rules and impact statements go through a public comment process. Any input from that process goes directly back to ORR for final consideration.

In today's complex regulatory environment, it is more important than ever to have up-to-date, transparent regulations based on rigorous analysis to balance health, safety, welfare, and the environment with the need to minimize regulatory burdens on Rhode Island businesses and individuals. The EO 15-07 process has significant value across the regulatory landscape, particularly for the business community. During regulatory review, regulatory submissions are frequently revised to improve either regulatory language or the accompanying analyses. The bulk of those changes specifically address ways to reduce the burden on regulated communities like small businesses and specific sectors of the economy.

The EO empowers ORR to serve as a gatekeeper, holding agencies accountable and ensuring that both public testimony and sound scientific, technical, and economic analyses are all taken into account when considering a new or existing rule. The General Assembly's passage of the revised Administrative Procedures Act in June 2016 allowed ORR to begin taking its efforts to the next level.

## **ADMINISTRATIVE PROCEDURES ACT 2018**

### *Building a Better Business Environment for Rhode Island*

On June 29<sup>th</sup>, 2016, the General Assembly passed and Governor Raimondo signed an update to the Rhode Island Administrative Procedures Act.<sup>1</sup> The law requires all regulations to be resubmitted, reformatted, indexed, and published online in an easily searchable Rhode Island Code of Regulations (RICR). Any regulation not in the new RICR format by January 1, 2019 will no longer have the force of law.

This overhaul of the State’s regulatory landscape is different from past efforts for several reasons, including:

- The process established via Executive Order 15-07, which ensures thorough review of the regulation before and after public comment;
- A focus on turning regulations into plain language, which will be especially helpful for start-ups and small businesses that don’t have the resources to hire an attorney to “translate” regulations;
- Agency training to build capacity within the Departments to continue this work with new regulations and to ensure continuity long after the APA project has been completed; and
- A partnership with the Secretary of State’s Office that will allow for the very first time an easily searchable, indexed set of regulations, where businesses can find everything they need in one place.

#### **I. Project goals:**

- Reduce the costs and uncertainty to businesses and citizens of locating applicable laws by creating an organized, searchable online database of all state regulations.
- Provide individuals and businesses with clear information about the requirements for their activities and industries by streamlining and improving regulations.
- Make it easier to do business in Rhode Island by reducing regulatory red tape by 15% of the state’s regulatory volume. ORR is working to identify regulations that increase requirements beyond the statutory provisions.

#### **II. Types of reform efforts generated by the APA:**

- Consolidating and streamlining regulatory requirements
- Removing outdated and onerous requirements
- Aligning statutory and regulatory requirements
- Removing non-regulatory language

#### **III. ORR’s role in the APA effort:**

Pursuant to [R.I. General Laws § 42-35-5](#), ORR is responsible for coordinating this effort across executive branch agencies and for establishing a phased approach for codification. ORR is committed to accomplishing this effort and provides the following support to agencies to achieve this goal:

- Technical assistance in the structuring and writing of regulations,
- Policy analysis, specifically addressing unintended consequences of regulatory requirements, and

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<sup>1</sup> Rhode Island Public Law 2016, Chapters 203 and 206.

<http://webserver.rilin.state.ri.us/BillText/BillText16/SenateText16/S3015aa.pdf>.

<http://webserver.rilin.state.ri.us/BillText/BillText16/HouseText16/H7395A.pdf>.

- Assistance in analyzing the costs and benefits of proposed regulations.

#### **IV. Training and Preparation**

- September 2016:
  - ORR, in conjunction with SOS, trained 67 staff members from every regulatory agency on the APA process and implementation requirements.
  - With support from ORR, SOS published the first edition of the RICR Styling Manual, giving state agencies a step-by-step guide on how to comply with the new code requirements.
- February/March 2017:
  - ORR provided additional support to the Department of Health, which has the largest regulatory volume (4,968 pages of regulation).
  - ORR's analysts assisted RIDOH with regulatory review, how to assess cost and benefits, and trained program staff on the basics of regulatory writing.

#### **V. Agencies' Progress Statewide during July 1, 2016-June 30, 2017:**

- As of June 30, 2017, agencies submitted approximately 15% of their regulations to ORR.
- Agencies submitted 40 regulations to ORR for repeal out of approximately 1,500 regulations.
- Through regulatory repeals and amendments, agencies have reduced their regulatory volume by 4.3%, just under one third of the State's 15% regulatory volume reduction goal.

#### **VI. FY18 expectations for regulated entities and the general public:**

Stakeholders can expect to see an increase in the number of agency regulatory actions noticed through the APA process. Over the next year, agencies will be:

- Repealing outdated or obsolete rules
- Consolidating regulations to better present requirements to regulated entities
- Promulgating new regulations as required by new state laws and
- Amending regulations to improve the clarity of the requirements.

## **SUCCESS STORIES**

### **Post-EO Regulatory Action**

Under this Administration, ORR has been armed with the tools it needs for success, and has been a driving force behind reducing the number of and improving the quality of regulations that agencies promulgate, while ensuring all state agencies continue to meet statutory mandates to protect the health, safety, and welfare of Rhode Islanders. New regulations, amendments, and adoptions were reduced by 42% in the two years of the Executive Order, compared to the average of the past 4 years. Emergency regulations during this same time period were cut by 46%. (Emergency regulations go into effect immediately and do not go through the public comment process.)

### **Department of Children, Youth & Families – APA**

In June 2017, DCYF submitted proposed Child Care Center and School Age Program regulations for Licensure (214-RICR-40-05-1) following months of stakeholder engagement and review. DCYF combined two separate child care regulations, integrating the requirements for child care centers and school age programs into a consolidated, streamlined regulation for providers and families. DCYF's cost-benefit analysis showed a net benefit of \$28 million in savings to child care programs over the next five years. The new regulation aligns national standards with state requirements and strikes a balance between ensuring

the health and safety of children in licensed child care settings and offering centers more flexibility to meet the individual needs of the children and families they serve. The regulation is set to become effective in September 2017.

**Public Utilities Commission – APA**

In November 2016, the Public Utilities Commission (PUC) reviewed all of their regulations. During this review, they discovered a regulation that only applied to one telephone carrier in Rhode Island: Verizon. Verizon currently has only 14% of the lines in service to which these rules apply. Repealing the regulation, which mandated payment plans and collections procedures, put Verizon in the same competitive position as other telecommunications carriers.

**Department of Health – APA**

Many of RIDOH’s professional licensing applications require the use of a notary, which limits the ability for RIDOH to accept online applications. Through the APA process, RIDOH is removing notary requirements, where possible, from their professional licensing regulations to make it easier for online application submissions.

**Coastal Resources Management Council -- APA**

CRMC is in the process of removing background and scientific information from their major regulations: The Red Book and the Special Area Management Plans. This will help streamline the regulation, assisting property owners and builders with finding the regulatory requirements that they need.

**Department of Environmental Management – APA**

DEM has removed 10 defunct regulations that are no longer needed, easing navigation of DEM’s regulatory environment. Most of these regulations were regarding now-defunct grant programs, obsolete state programs, or non-regulatory information. Removing these old regulations will remove confusion and redundancy; the principles set forth in these regulations have been adopted by the various offices/divisions within DEM and their regulations.

**Department of Business Regulation – APA**

ORR worked with DBR on changes to their liquor licensing regulations. One of the changes eliminated a provision that prohibited businesses from serving alcohol before noon on Sundays. This provision, which was more restrictive than the statutory mandates, had been a concern for restaurants. Removing this provision has allowed Rhode Island businesses to be more competitive with neighboring states.