

Office of Regulatory Reform: Period Three Regulatory Look Back Report

Report to Governor Lincoln D. Chafee
and the Rhode Island General Assembly

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ABSTRACT

This report reviews the cumulative findings and recommendations as of Period Three of Rhode Island's regulatory reform initiative. It provides detail around the Office of Regulatory Reform's Period Three deployment of a new small business impact model.

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EXECUTIVE SUMMARY

Creating an environment in Rhode Island where small businesses can grow and thrive is vital to the health of our state economy and the well-being of its citizens. Small businesses are the engine of that growth. Efforts to improve the state’s economy must therefore place small businesses at the forefront. However, many small firms cite overly burdensome regulations as a key impediment to their success.

To improve the overall climate for businesses, Governor Lincoln D. Chafee and the Rhode Island General Assembly have tasked the Office of Management and Budget’s (OMB) Office of Regulatory Reform (ORR) with coordinating a comprehensive review of the state’s regulations in order to identify, streamline, and minimize the adverse impact of regulation on the small business community. This effort is a critical piece of the work being done on numerous fronts to improve economic conditions in Rhode Island. In fact, Governor Chafee accelerated this review, acknowledging how important it is to be responsive to Rhode Island’s small business concerns.

ORR’s Period Three findings on the regulatory reform process reinforce and expand upon those from Period Two. Reform efforts have continued to advance. Regulatory entities have identified 98 regulations with small business impact to either repeal or modify.

During the third period, ORR deployed its new small business impact model. The updated model now considers not just Direct, but also Indirect and Decision-Based impacts of regulations on small business (see Table 1).

Direct	Regulations that a small business must adhere to in order to operate
Decision-Based	Regulations that are triggered by a business decision
Indirect	Regulations whose impacts reach small businesses indirectly
None	Regulations with none of the above impacts on small business

This enhanced model demonstrates the interconnectedness of regulation, as well as the various ways regulation can have an impact – both positive and negative – on the state economy. The model also highlights the need to carefully consider the different types of impact that both legislation and regulation can have on businesses.

ORR now has all submissions, as entities submitted all requirements by their final Period Four deadline. For its next period, ORR will review these remaining submissions, and incorporate them into this enhanced model to create a comprehensive baseline picture of Rhode Island’s regulatory landscape. This baseline will provide a solid foundation for continued monitoring and refinement. ORR will also continue to follow up with regulatory entities to implement the recommendations of this report and work toward bold solutions.

Regulatory reform is a complex issue. Rhode Island is heading in the right direction; however, there is much more work to be done. ORR remains committed to realizing the vision of a clear, predictable, and reliable regulatory system for Rhode Island, and to reviewing the state’s existing regulations in the accelerated manner called for by Governor Chafee.

KEY FIGURES FOR PERIOD THREE

Data Element	P1	P2	P3	Cumulative
Submissions (including those no longer on file)	837	252	199	1,288 of 1,646
Submissions (including only those still on file)	808	228	187	1,223 of 1,588

ORR has received 1,288 of the 1,646 regulations that were on file with the Secretary of State for Period Two. After incorporating Period Three regulatory changes, 1,588 remain on file, of which ORR has received 1,223 (77.0 percent).

Of these 1,223, 180 submissions (14.7 percent) were exempt from review; these were submitted voluntarily by 6 fully exempt and 16 partially exempt entities.

Regulations with <i>Direct</i> business impact – P1 Model	249	161	94	504
Regulations with <i>any</i> business impact – P3 Model	463	209	165	837

In Period Three, ORR implemented its improved small business impact (SBI) model. These figures compare the original model (Direct impact alone) and the improved model (including the categories of Decision-Based and Indirect impact). These new categories are detailed in the “Small Business Impact: An Improved Model” section of this report.

As of Period Three, using its enhanced model, ORR identified 837 regulations with any impact (68.4 percent of 1,223). Of these, 504 (41.2 percent of 1,223) had Direct impact, 163 had Decision-Based impact (13.3 percent of 1,223), and 170 had Indirect impact (13.9 percent of 1,223).

Regulations to be maintained without change	780	238	120	1,138
Regulations identified for amendment	45	13	8	66
Regulations identified for repeal	12	3	14	29

As of Period Three, when asked to amend, repeal, or maintain regulations based on its review, entities recommended to amend 66 regulations, repeal 29 regulations, and maintain 1,138 regulations. Note that 10 of the 29 regulations identified for repeal have completed the repeal process, and therefore are not included in the current Period Three dataset of 1,223 submissions that are still on file.

Within these proposed reforms, 57 amendments (86.4 percent of 66) and 25 repeals (86.2 percent of 29) were identified as having small business impact. All 10 completed repeals had small business impact.

Potential accommodations for small business	11	5	5	21
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In a separate question from the Amend/Maintain/Repeal recommendations above, entities have identified 21 regulations (2.5 percent of 837 with small business impact) for which they could provide a potential accommodation for small businesses.

Compliant entities per period	28	33	41	-
Noncompliant entities per period	19	16	8	-

Eight entities came into compliance for Period Three, for a total of 41 compliant entities. The remaining eight were smaller boards, commissions, and authorities that had fewer regulations. ORR is pleased to report that all entities are now at 100 percent compliance for Period Four.

EXECUTIVE SUMMARY OF RECOMMENDATIONS – PERIODS ONE, TWO, & THREE

#1 Map the Regulatory Environment: Small businesses’ success – especially when starting or growing a business – is tied to the ability to navigate the regulatory environment. ORR has found no up-to-date map of state government. A map provides direction to outside users on where to obtain information and best resolve concerns. Mapping also provides an opportunity to identify areas of duplication, conflict, or overlap. ORR is developing an interactive, web-based system map.

#2 Eliminate Statutory Exemptions: Regulatory review’s enabling statute excludes certain business types from ORR’s review, because it does not define them as small businesses. These include financial companies, developers, architects, building designers, utilities, and nonprofit institutions. Exemptions create a significant barrier to comprehensive review. Legislation has been developed (2014 – H 7520, S 2480) to address this issue, as it is important to understand the regulatory landscape in its entirety.

#3 Improve Accessibility to Regulations: Small businesses report needing professional help in order to navigate the more than 26,000 pages of regulation (equal to about 10 copies of *War and Peace*). An estimated one-third of regulation is written at a college level. Additionally, public access is limited when regulatory entities adopt copyrighted material, or material with restrictions on duplication and printing. ORR is developing a “Regulation Manual” to standardize certain regulatory elements, and will work with entities to promote public access where needed.

#4 Remove Duplicative Regulations and “Non-Regulations”: The regulatory environment is cluttered with duplicative regulations and non-regulations (i.e. internal policies). Duplicative regulations should be streamlined, and alternative avenues should be sought for non-regulations. This report presents sources that agree with this assertion. However, legal challenges are present, as the law – in some cases – directs entities to adopt these policies as regulations. ORR is consulting with legal staff at the Department of Administration to determine the best approaches to resolving these issues.

#5 Rejoin Separated Regulation: There are several instances of a lengthy regulation being divided into multiple smaller regulations. While this practice makes rulemaking procedures easier, it creates challenges for small businesses that have to seek out and reconstruct the separated pieces into a logical whole. Since ORR first issued this recommendation, some entities have begun the process of rejoining regulations where appropriate; for example, the Coastal Resources Management Council rejoined its 63-regulation “Red Book” back to one single regulation.

#6 Reform the Audit, Inspection, and Enforcement Process: Small businesses report having their greatest difficulties with enforcement. ORR’s vision for success calls for reforming the enforcement system to place a greater emphasis on providing advice, education, and training to secure compliance. Within this system, risk assessment would be used to actively direct enforcement to where it can have the most impact on outcomes.

#7 Promote Lawmaker and Small Business Participation in Reform: Regulations are derived from the statutes that empower them. Understanding statutory impact is critical to effective reform. Thus, lawmakers need to become involved in reform efforts. Likewise, the perspective of the business community will prove invaluable in providing regulatory balance. ORR recommends that entities actively

seek out small businesses for input. ORR is ramping up its own outreach efforts through ongoing surveying and the development of a web-based “suggestion box.”

#8 Support Improved Cost-Benefit Analysis: Data quality is an ongoing concern. Regulatory entities have had difficulty quantifying the number and types of businesses they regulate. ORR is looking for ways to promote better cost-benefit analysis, including researching training options and enhancing its economic impact tool.

#9 Promote Continuous Process Improvement: Regulatory reform needs to be ongoing to achieve long-term goals. ORR drew from the field of quality improvement for best practices in process improvement. As a result, Lean consultation services are now available for state agencies and municipalities through a Master Price Agreement (MPA). Concurrently, the Department of Environmental Management turned to Lean to streamline its site remediation, wetland, and air resource permits, as well as its underground storage tank fund. These efforts must spread throughout all of government. ORR encourages lawmakers to promote, support, and fund these quality improvement efforts.

#10 Push Regulatory Reform Efforts Beyond Current Performance Levels: ORR commends those entities that have begun the hard work of reform. However, ORR believes that Rhode Island can do better. Thus far, the proposals for reform only address a small portion of overall regulation. As it continues its review, ORR will work with entities to consider small business amendments or accommodations in more areas.

#11 Adjust the APA: Rulemaking Clarifications: There is a need to strengthen the legislative foundation for regulatory reform in the state’s Administrative Procedures Act (APA; RIGL § 42-35). ORR has developed a legislative package that eliminates statutory exemptions and reinstates the requirement for the Governor’s Office to review regulatory proposals. In addition, ORR recommends requiring regulatory entities to post their economic impact statements online alongside their proposed regulatory changes.

#12 Adjust the APA: Synchronize the Five-Year Periodic Review and Five-Year Refiling of Rules and Regulations: In Period Two, ORR pointed out that Rhode Island has two separate periodic regulatory review requirements. Each occurs at different 5-year intervals. ORR recommends synchronizing both requirements to complement each other, reinforce reform efforts, simplify regulatory entity processes, and free up regulatory entity resources. Legislation has been introduced to address these synchronization efforts (H 7703, S 2457).

NEW #13 Promote Performance-Based Regulatory Approaches: Regulation should focus on achieving the desired results. Business leaders have shared with ORR that they could achieve regulatory goals more efficiently and effectively. They argue that some entities seem more concerned with following specific rules, rather than achieving results. ORR believes that Rhode Island needs to shift the balance from command-and-control regulatory approaches to performance-based regulation. Performance-based regulation holds businesses accountable for results, but allows them greater flexibility in choosing the best means in achieving those results. This new recommendation is inherently linked to the previous recommendations around enforcement reform, continuous process improvement, and pushing reform efforts beyond current performance.

INTRODUCTION

Small businesses are critical to Rhode Island’s economic prosperity. They are the engines of growth and innovation, contributing significantly to the local economy. Data from the United States Small Business Administration (SBA) suggest that small businesses represent over 95 percent of employers, and employ over half of the private-sector labor force in Rhode Island.

To promote the small business sector and to make government more efficient, the Rhode Island General Assembly passed, and Governor Lincoln D. Chafee signed into law, a measure aimed at creating a **clear, predictable, and reliable** regulatory system (see Appendix C).

State regulations play a key role in the health and safety of Rhode Islanders. However, small businesses, due to their size and scale, often bear a disproportionate share of the costs and burdens of regulation. For that reason, both lawmakers and regulatory entities must ensure that laws and regulations achieve public goals as effectively and efficiently as possible, while not imposing unnecessary burdens on small employers. Failure to recognize the scale and resources of regulated industries can adversely affect marketplace competition, innovation, and productivity. This failure can create barriers to business entry, discouraging entrepreneurship and ultimately hindering the state’s economy.

The Office of Regulatory Reform (ORR) is overseeing the efforts of state regulatory entities¹ as they evaluate their regulations for impact on small businesses. Governor Chafee has directed regulatory entities to accelerate their review and offer “bold and proactive solutions” to address the complexity, volume, and compliance costs associated with Rhode Island’s regulatory landscape.

This report presents a cumulative update of the review as of the conclusion of Period Three of this four-period process. It includes updates on reform recommendations, regulatory entity compliance, and small business impacts. Additionally, it provides detail around ORR’s Period Three deployment of its new small business impact model, into which it reclassified all submissions received through Period Three.

This effort represents a new approach to regulatory reform in Rhode Island. As it works with regulatory entities, ORR has adopted a flexible, innovative, and entrepreneurial ethic that seeks to continually refine and strengthen reform efforts. Each report reflects real-time analysis of the regulatory environment, coupled with ongoing communication with the small business community and regulatory entities. In this spirit, ORR retains the right to review and analyze all submissions, regardless of submission date, for continuing analysis and recommendations. ORR anticipates releasing a cumulative report on this four-period process later this year. Table 2 summarizes the major focus areas of each of ORR’s reports.

¹ For the purposes of this report, the phrases “regulatory entities” and “entities” interchangeably refer to any rulemaking body, including agencies, authorities, boards, commissions, committees, corporations, councils, divisions, departments, and offices.

Table 2: Major Areas of Focus for ORR’s Period Reports

Period One	Making the regulatory system easier to navigate; promoting reform efforts
Period Two	Improving the legal rulemaking and review process
Period Three	Fully developing a small business impact model
Period Four	Providing a comprehensive baseline picture of Rhode Island’s regulatory landscape
Final Report	Solidifying recommendations; reviewing achievements; identifying next steps

FINDINGS AND RECOMMENDATION AREAS

ORR continues to develop and address its recommendations issued in Period Oneⁱ and Period Twoⁱⁱ. Each Recommendation Area below simultaneously summarizes findings from these periods and includes process and data updates. These summaries and updates are interwoven to present overall recommendations for the benefit of new readers, as well as a refresher for returning readers.

Recommendation Area #1: Map the Regulatory Environment

Summary: In Period One, ORR found that Rhode Island lacked an up-to-date map of state government. Small business success – especially when starting or growing a business – is tied to the ability to identify and navigate through all applicable regulations and regulators. A map provides the first step to answering questions of “where should I go” and “who should I talk to.”

Over time, interagency relationships have changed relative to autonomy and authority. These fluctuating relationships make the regulatory environment difficult to navigate, especially when entities have areas of jurisdictional overlap.

ORR will create a clear picture of government organization, and is currently gathering tools and data from various entities to create a government map from the perspective of outside users. The end goal is to develop a tool that small businesses can use to get efficiently from “Point A” to “Point B” in the system.

Beyond the external perspective, ORR believes that a clear and accurate map would also increase communication and efficiency within government. Municipalities and state employees have communicated to ORR their own difficulties in navigating the system. Hearing navigability issues from all sides, ORR firmly believes that system mapping is the first step in solving these issues. ORR will include a web-based, interactive map with its 2014 Final Report for this review cycle.

Parallel to mapping, ORR is exploring potential areas of regulatory duplication, conflict and overlap. As of Period Three, regulatory entities have identified 164 (13.4 percent of 1,223) regulations that affect another government entity. They have also identified 44 (3.6 percent of 1,223) regulations where duplication or conflict may exist. ORR will work toward creating a clear regulatory system by helping entities to resolve these regulatory issues.

Recommendation Area #2: Eliminate Statutory Exemptions

Summary: The regulatory review statute that empowers ORR to assist and oversee entity efforts on identifying small business impacts includes a number of business exclusions or exemptions (RIGL § 42-35.1-3(c)). Industries not statutorily considered to be small business include banks, insurance companies, developers, architects, building designers, utility providers, and nonprofit institutions. These exemptions have created a significant barrier to review.

For example, there is a natural overlap between developers (exempt) and construction (non-exempt). Small businesses in this industry are often involved in both of these business activities. Likewise, regulations for these businesses may include rules for each, making it difficult to differentiate between those activities that are strictly development or strictly construction.

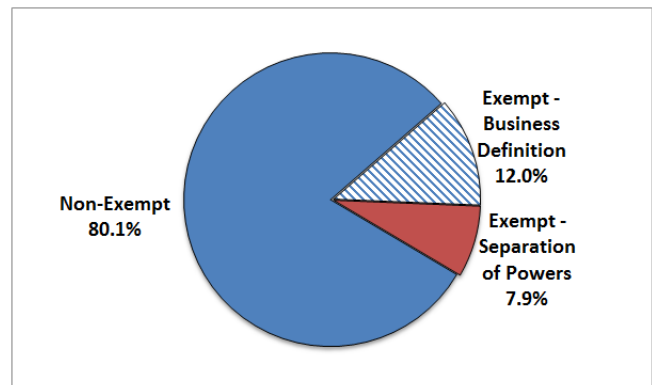
Nonprofits provide another challenge. The business decision to be a nonprofit is one of organization and structure. A business could decide to provide these same services in a for-profit model (i.e., for-profit hospitals, counseling services, or educational institutions). Relevant regulations often apply regardless of business structure. This forces reviewers to research the existence, probability and possibility of a small business operating in a for-profit model in traditionally nonprofit industry sectors.

Of the 1,588 regulations currently on file, 191 (12.0 percent of 1,588) are exempt from ORR review because they do not impact any statutorily-defined small business. An additional 125 (7.9 percent of 1,588) are exempt due to separation of powers considerations.

While participation from some exempt entities has mitigated some of the impact of this issue, the definitional barrier will remain a constant challenge to comprehensive review of the *entire* regulatory landscape.

ORR has found that a number of exempt regulations impact businesses indirectly. For example, regulations on utilities affect the utility rates paid by small businesses. Regulations on banks affect the small businesses that borrow from them.

Figure 1: Percent of Regulations Exempt from ORR Review



ORR believes that it is critically important to understand the entire landscape. Therefore, it has updated its recommendation from “reduce” the statutory exemptions to “eliminate” statutory exemptions. Legislation has been developed to address this issue (2014 – H 7520, S 2480).

The following figure lists the 33 fully and partially exempt entities and reflects current data analysis. Entities are divided by exemption type (e.g. definitional exemption versus separation of powers) and extent (fully or partially exempt). A star (★) after an entity’s name indicates its voluntary participation in the review process despite its exemption.

Figure 2: List of 33 Fully and Partially Exempt Entities

Separation of Powers/Executive Plurality²: 11 Fully Exempt Entities, 125 Regulations

- Attorney General, Department of – 12
- Auditor General – 1
- Ethics Commission – 77★
- General Treasurer, Office of the – 5★
- Judicial Nominating Commission – 1
- Judiciary, Rhode Island – 2
- Legislative Services, Joint Committee – 1★
- Parole Board – 2
- Secretary of State, Office of – 19★
- Unauthorized Practice of Law Committee – 1
- Workers’ Compensation Court: Advisory Board – 4

Small Business Exemptions: 6 Fully Exempt Entities, 20 Regulations

- Architects, Board of Examination and Registration of – 1
- Energy Resources, Office of – 2★
- Engineers, Board of Registration for Professional – 1
- Health Insurance Commissioner, Office of – 13
- Land Surveyors, Board of Examiners of Professional – 2
- Landscape Architects, Board of Examiners of Professional – 1

Small Business Exemptions: 16 Partially Exempt Entities, 171 Regulations

- Administration, Department of – 1★
- Behavioral Healthcare, Developmental Disabilities, and Hospitals, Department of – 1★
- Business Regulations, Department of – 92★†
- Coastal Resources Management Council – 13★
- Environmental Management, Department of – 2★
- Executive Office of Health and Human Services – 1★
- Health, Department of – 3★
- Housing and Mortgage Finance Corporation – 7★
- Labor and Training, Department of – 2★
- Motor Vehicles, Division of – 2★
- Public Safety, Department of – 3★
- Public Utilities and Carriers, Division of Public Utilities Commission – 16★
- Public Utilities Commission – 16★
- Taxation, Division of – 8★
- Transportation, Department of – 2★
- Water Resources Board – 2★

★ Entity submitted exempt regulations for review.

† Most of the Department of Business Regulation’s (DBR) regulations are not statutorily subject to ORR review, as they relate to financial services, securities and insurance (exempt sectors). To support reform efforts, DBR is conducting an internal review of these regulations. ORR commends DBR’s efforts and will report updates on its work in the final report.

² Rhode Island possesses a plural executive branch system that includes five separately elected officers (Governor, Lieutenant Governor, Secretary of State, Attorney General, General Treasurer). “Separation of Powers” exempts non-executive branches from this review (i.e., legislative and judicial), while “executive plurality” exempts those officers outside of the Governor’s office.

Recommendation Area #3: Improve Accessibility to Regulations

Summary: Small businesses regularly report the need to hire consultants to understand regulations. In Period One, ORR identified three key areas related to small business accessibility, namely volume, readability and format. Early in the process, ORR discovered that Rhode Island had over 26,000 pages of regulation (equal to about 10 copies of *War and Peace*). Using a reading analysis tool, ORR estimates that one-third of this regulation is written at or above a college reading level. Additionally, there is no standard format for how regulations are written or presented.

To assist entities in writing regulations, ORR is developing a “Regulation Manual” as a tool to help standardize certain regulatory elements. Currently, ORR is researching best practices, as well as identifying model regulations already in the system. The manual will include considerations for volume, readability, and format. ORR anticipates distributing this guidance document in July of this year. In the meantime, ORR encourages entities to consider a wide range of audiences when developing regulations, and to make use of the readability scoring systems that are standard in Microsoft Word.

An additional accessibility challenge ORR identified in its review is related to regulations as copyrighted material. For example, a small business attempting to access the Rhode Island Building Code regulations via the Secretary of State’s Final Rules and Regulations database will find an editorial note. The note states that the State Building Code is not available to the public in a complete electronic format, as the International Code Council has copyright protected this work.

The seven sections of the code can be purchased individually or as the “State of Rhode Island Code Complete Collection” for \$391.40. To ensure public access, a copy is maintained at the Rhode Island State Library (second floor of the State House). However, as a reference book, this volume cannot physically leave the library. Public libraries across the state maintain outdated copies (e.g. 1988 edition), also for in-library use only. ORR understands the need to adopt internationally agreed-upon best building practices, as well as the challenges around the adoption of copyrighted standards. However, there is a need for greater public access to the code.

Massachusetts and Connecticut have also adopted the International Building Code. As in Rhode Island, both states provide resources to where the copyrighted code can be purchased. However, the Massachusetts Public Works Department additionally provides a link to a free “view-only” site (no printing or advanced search) maintained by the International Code Committee, where individuals can view all sections of the international code (link here: <http://publicecodes.cyberregs.com/icod/>).

ORR recommends that copies of this critical code be maintained in additional locations to improve accessibility. Furthermore, the link to the free unofficial “view-only” site maintained by the International Code Committee should be made available on an appropriate State of Rhode Island website.

Recommendation Area #4: Remove Duplicative Regulations and “Non-Regulations”

Summary: A number of regulations in Rhode Island’s regulatory landscape represent an *externally-applicable* policy or procedure that is simply duplicated (often with slight variations) from department to department. Examples include regulations around public access to governmental records or agency purchasing procedures. ORR believes that regulations in this class can be reduced and streamlined. For small businesses that regularly interface with government, having to contend with slight variations in policy from department to department generates frustrations that can be solved through government-wide policies.

However, as noted in Period Two, there are legal challenges to streamlining, as the law – in some cases – directs entities to adopt these policies on an agency-by-agency basis. To this end, ORR continues to consult with Department of Administration (DOA) legal staff to determine the best approach.

Additionally, there are a number of “non-regulations” or regulations that are simply *internal* policy, solely directing the behavior of government employees. In some instances, the regulations prescribe employee behavior in a manner similar to that of an employee handbook. For example, Rhode Island State Police Officers should not chew gum or tobacco while in uniform. ORR believes that the public should have access to the internal policies of state departments and agencies. However, ORR contends that the regulatory rulemaking process is not the best vehicle for that policy. Alternatively, these rules could be published on entity websites. Regulatory entities could even still seek comment through public forums if they desire.

The National Conference of Commissioners on Uniform State Laws echoes this sentiment in its *2010 Revised Model State Administrative Procedures Act*. It points out that state administrative procedure laws have historically included internal policy in the regulatory environment as a means to guarantee public access. However, the development of the internet and widespread use of electronic media have made public access to agency law and policy much easier. Indeed, the Rhode Island law allowing internal policy into the regulatory landscape was written in 1956 and last updated in 1962, prior to the widespread use of the internet (see RIGL § 42-35-2). Regulatory entities point to this law when queried on why they are including internal policy in regulation, with several noting that they too would appreciate clearer guidance on what to appropriately send through the rulemaking process.

It appears that Rhode Island’s judicial system also supports ORR’s stance. In 1998, prisoners in the Rhode Island Adult Correctional Institute (ACI) contested their ability to provide public comment on the internal policy of the ACI. The Rhode Island Supreme Court concluded that “the APA [Administrative Procedures Act] is not applicable to classification proceedings, disciplinary proceedings, or rulemaking dealings with the internal affairs of the ACI by the DOC” (see *L’Heureux v. State of Rhode Island Department of Corrections*, 708 A.2d 549 [RI 1998] – see also *Jefferson v. Moran*, F. Supp. 227 [RI 1983]).

ORR asserts that when appropriate, alternative avenues for policy should be sought. This approach will not only free time for entities navigating through the burdensome rulemaking process, but also reduce

the complexity and volume of Rhode Island’s regulatory system for the small business community. ORR will work with regulatory entities to identify alternative rulemaking avenues as appropriate.

Recommendation Area #5: Rejoin Separated Regulations

Summary: ORR discovered several instances of lengthy regulations being divided into smaller regulations. For some regulatory entities, their justification was that dividing up a regulation simplifies the amendment process and improves the visibility of future amendments. Others needed to separate a regulation out of necessity due to electronic file size limitations.

While this practice might make rulemaking procedures easier, it creates a challenge for small businesses that have to locate and reconstruct the separate pieces into a logical whole, wasting both their time and resources. To illustrate, it took an ORR staff member over an hour to reconstruct a large separated regulation. This practice also increases the sheer number of regulations in the system, which is an item of focus for those media outlets that outline the best states for business. Rhode Island should avoid needlessly inflating the number of its regulations.

ORR will continue to work with regulatory entities to promote the rejoining of regulations where appropriate. That said, some entities have felt that certain regulations are better understood individually. In these instances each regulation should stand alone in a navigable format (e.g. table of contents; all items addressed are contained within each stand-alone regulation).

ORR is pleased to report progress on this recommendation. Several entities have rejoined regulations or are in process, a solid first step in de-cluttering Rhode Island’s regulatory environment. As of this report, the Coastal Resources Management Council (CRMC) has reduced the 63 “Red Book” regulations down to one regulation. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) plans to rejoin their Behavioral Healthcare licensing regulations, after incorporating public comment feedback. ORR would like to recognize these entities for their efforts in this area thus far.

Recommendation Area #6: Reform the Audit, Inspection, and Enforcement Process

Summary: Small businesses report having the most difficulties with enforcement. Difficulties with enforcement activities (i.e., how regulations are administered) were frequently mentioned in the 2013 Small Business Surveyⁱⁱⁱ. Enforcement is one of the top reasons why businesses contact ORR’s Small Business Ombudsman for assistance.

Conversations with small business leaders confirm the extent of these findings. Businesses speak of various inspections, burdensome forms, overlapping data requirements, and inconsistent decision-making practices between regulators. In the Period Two Report, ORR highlighted one leader’s concerns about a system that “trips you up.” While the current regulatory system contains examples of good regulation in action, ORR believes that the problems identified by businesses are present – some more than others – and that the associated costs are higher than what an effective system should impose.

A shared vision for success calls for a regulatory system that “lights the way.” Regulators in this system would put greater emphasis on providing advice and counsel in order to secure compliance. Risk

assessment could be used to actively direct enforcement activities and free up regulatory resources to places where they can have the most impact on outcomes. Risk factors might include the length of time in business, past regulatory history, consequences to Rhode Islanders if compliance goals are not met, or others as defined by the entity. The goal would be to reduce unnecessary enforcement on less risky businesses.

A regulatory advisory model would reduce small business administrative burdens by: 1) decreasing the time small businesses take to understand regulation, 2) increasing the probability of compliance (and thus regulatory outcomes), and 3) easing businesses' concerns about regulatory requirements. In order to attract and retain small businesses, Rhode Island needs to demonstrate that it is not only willing to remove unnecessary barriers to growth, but can proactively assist in ensuring compliance.

Therefore, ORR recommends that enforcement reform occur concurrently with regulatory reform.

Recommendation Area #7: Promote Lawmaker and Small Business Participation in Reform

Summary: Nearly all state regulations are based on laws enacted by the General Assembly and approved by the Governor. Once a law is passed, the appropriate regulatory entity or entities are given the authority and responsibility to establish regulations to implement the law. The law typically directs the regulatory entity's approach to enforcement (e.g. develop standards; issue licenses or permits) and a timeline for implementation, while the entities are given discretion around execution.

During ORR's review, many entities pointed out that they were merely promulgating rules based on the law. To promote small business growth in Rhode Island, ORR encourages all lawmakers to become part of the reform effort. Lawmakers could consider, for example, conducting cost-benefit analysis while drafting legislation. ORR could support this effort by providing training to first-year legislators, and any other interested legislator, on cost-benefit evaluation from a small business perspective.

Small business must be included in these reform efforts as well. Feedback from Governor Chafee's 2013 Small Business Survey, as well as direct feedback to ORR, suggest that businesses find it hard to access and interact with regulatory entities.

Regulatory entities must reach out to the small business community to participate in regulatory reform, and help foster an attitude that Rhode Island is a good place to do business. In its last report, ORR suggested seeking out trade associations and creating advisory groups to increase small business' access to government. A good example of this was found in the relationship between the Rhode Island Marine Fisheries Council (RIMFC) and the Department of Environmental Management (DEM).

During its review, ORR found that the best estimates of the costs and benefits of regulation were made when regulatory entities directly contacted the regulated small businesses in filling out the economic impact statement (Appendix D). As of Period Three, small business were contacted for seven (1.4 percent of 504) of the economic impact statements with *Direct* small business impact.

In an effort to encourage more small business participation in the reform process, ORR is ramping up its own outreach efforts. ORR will continue to conduct an annual survey of businesses to gauge their

opinions on state regulatory conditions. Additionally, ORR is pursuing a web-based “suggestion box” which would allow small business an easy means of offering feedback on regulation. This would allow ORR to track trends of issues that concern small businesses, and provide recommendations to regulators based on that data.

Recommendation Area #8: Support Improved Cost-Benefit Analysis

Summary: Data quality continues to be an ongoing concern. Regulatory entities had difficulty quantifying the number and type of businesses they regulate, as well as the costs and benefits of their regulations. A number of the submissions received by ORR were not complete.

ORR recognizes that the work to identify the costs and benefits of regulation is challenging. In its Period Two report, ORR offered some suggestions for arriving at cost estimates, including the use of historic data. However, going forward, cost-benefit analysis training for reviewers and additional resources may be needed to generate more sound analysis. ORR is currently researching training opportunities through local universities.

ORR has improved its understanding of regulatory costs and benefits through its meetings with regulators and small businesses, as well as its research into best practices. Outlined below are some of the considerations for costs and benefits presented to ORR by these groups. Please note that the following list is not exhaustive; however, it is provided to give the reader a general idea of factors that would be considered during a cost-benefit analysis.

Benefits to Consider

- Public Benefit: The public aim of the regulation (e.g. clean water or healthy children).
- Uniform Rules: The “rules of the game” by which everybody has to operate. Rules provide direction and reduce unfair advantages and abuse.
- Positive Business Impacts: Some rules provide inherent benefits to small businesses (e.g. tax credits and deductions, grants, or business loans).
- Transparency: Formal rulemaking provides numerous opportunities for business to comment and provide input.

These benefits are recognized by both the private and public sector. Though many benefits come from regulation, there are a variety of associated costs. Appropriate regulation will ensure an appropriate balance between benefits and costs.

Costs to Consider

- Compliance Cost: The costs associated with actions needed to comply with rules (e.g. forms, equipment, or operational changes).
- Opportunity Cost: Time spent reviewing and complying with regulation is time lost in productivity. Making operational changes to keep up with regulatory requirements and compliance changes presents a significant challenge for small businesses.
 - As of this report, 26.2 percent (416 of 1,588) of regulations have changed at least once through adoptions, amendments, and repeals since January 2012.

- **Non-Compliance Cost:** The costs associated with not complying with rules. For those who “willfully and repeatedly” break the law, this cost is justified. However, small businesses can be caught by surprise by new rules or enforcement changes that are not fully disseminated.
- **Inverse Impacts:** A regulation may positively impact one industry, while incurring costs to another.
- **Governmental Administrative Costs:** The costs to establish and enforce each regulation are largely funded through taxes paid by individuals and businesses.

The above costs can be difficult to quantify. However, Rhode Island must take the time to thoughtfully consider them if it is going to successfully improve and maintain health, safety, and its environment along with the state’s economic conditions. In an effort to improve the quality of cost-benefit analysis, ORR will be enhancing its economic impact statement by incorporating many of the things it has learned through its review. The target release date for the new economic impact statement is July 2014.

Recommendation Area #9: Promote Continuous Process Improvement

Summary: The effort of creating a clear, predictable and reliable regulatory environment in Rhode Island is a task that will require ongoing diligence and commitment. Regulatory reform is an area that no state or federal government has mastered. To this end, Rhode Island must continually strive to improve its review processes.

In Period One, ORR introduced the “Plan - Do - Check - Act” (PDCA) model as a means to frame its own work in the reform process. In Period Two, ORR recommended the “Lean” model as a best practice for regulatory entities looking to streamline their processes; Lean reduces non-value-added activities to benefit both businesses and customers. ORR reports that Lean consultation services are now available for state agencies and municipalities through the state’s Master Pricing Agreement (MPA).

These above models represent core areas from the field of continuous quality improvement. Quality improvement systems have been used in the business world as a means to boost performance and streamline processes. In state government, the Rhode Island Department of Environmental Management (DEM) has improved its own performance in the time it takes to issue site remediation, wetland, and air resource permits through its recent application of Lean concepts and techniques. To date, DEM continues its work toward ongoing quality improvement.

These efforts need to spread throughout all of government. The greater gains in efficiency and effectiveness brought about by well-administered quality improvement initiatives directly lead to a more predictable regulatory system for small business. ORR encourages regulatory entities to take advantage of opportunities for quality improvement, especially through the Lean consultation services on the MPA. Further, ORR encourages lawmakers to promote, support, and fund these quality improvement efforts.

Recommendation Area #10: Push Regulatory Reform Efforts beyond Current Performance Levels

Summary: Governor Chafee asked entities to consider how they could improve the state’s regulatory environment for small businesses.

As of Period Three, when asked to amend, repeal, or maintain regulations based on its review, entities recommended to amend 66 regulations, repeal 29 regulations, and maintain 1,138 regulations. Note that 10 of the 29 regulations identified for repeal (see Table 3) have completed the repeal process, and therefore no longer exist in the Secretary of State database. Thus they are not included in the 1,223 dataset of submissions for review as of Period Three.

Within the proposed amendments and repeals, 57 amendments (86.4 percent) and 25 repeals (86.2 percent) were identified as having small business impact. All 10 completed repeals had an impact on small businesses.

In a separate question, ORR asked entities to consider five potential small business accommodations. Entities have identified 21 regulations to date (see Table 4) where an accommodation may be appropriate (2.5 percent of the 837 regulations with a small business impact).

In total, entities have identified 98 unique regulations with a small business impact to either repeal or modify.

ORR commends those entities that have begun the hard work of reform. However, ORR believes that Rhode Island can do more for its small businesses. Thus far, proposals for reform only address a small portion of regulation.

ORR will be following up with entities on these reforms to establish a timeframe for the remaining action items. Specifically, for its Final Report, ORR will work with regulatory entities to determine:

- how regulations will be amended to help small business;
- the impacts of repeals on small business (i.e., what was the tangible benefit);
- how the areas for accommodation will be realized; and
- the timeline to accomplish the proposed reforms.

The following tables present the 29 repeals (Table 3) and 21 accommodations (Table 4) identified by regulatory entities as of Period Three.

Table 3: Regulations Identified by Entities for Repeal, as of Period Three³

Regulatory Entity	Regulation (with ERLID #)
Administration, Department of	Handbook on Local Comprehensive Plan Update 2003 (3059)
Business Regulation, Department of	Commercial Licensing Regulation 12 – Brew on Premises (4371)
Clean Water Finance Agency	FY2009 Intended Use Plan for the Clean Water State Revolving Fund Program (5487)
Commerce Corporation	RI Renewable Energy Development Fund 5-Year Strategic Plan (5556) REPEALED
Commerce Corporation	Rules and Regulations for the Job Creation Guaranty Program (6460) REPEALED
Energy Resources, Office of	Plan for Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds (5617)
Environmental Management, Department of	Air Pollution Control Regulation No. 42 – Heavy Duty Diesel Engine Standards (4532)
Health, Department of	Rules and Regulations Relating to Quality Assurance Standards for Mammograms (201) REPEALED
Health, Department of	Poison Prevention Packaging Act Regulations (312) REPEALED
Health, Department of	Rules and Regulations Pertaining to Immunization and Testing for Communicable Diseases for Students Entering Colleges and Universities (3523)
Health, Department of	Rules and Regulations Pertaining to the Fee Structure for Testing Private Well Drinking Water (6985) REPEALED
Health, Department of	Rules and Regulations Pertaining to the Fee Structure for Laboratory Services Provided by the Department of Health Laboratory (6986) REPEALED
Health, Department of	Rules and Regulations for Limited Medical Registration (7046)
Housing and Mortgage Finance Corporation	Rules and Regulations of the Corporation Governing Capital Fund Grants for Emergency Shelters (1090)
Housing and Mortgage Finance Corporation	Rules and Regulations of the Corporation Applicable to the Cooperative Housing Demonstration Program (1093)
Motor Vehicles, Division of	Regulations Regarding Foreign Driver License Examinations (4427)
Narragansett Bay Commission	Rules and Regulations for Public Access to Files and Records (967)
Public Transit Authority (RIPTA)	Bus Card Fee Policy for Seniors and Individuals with Disabilities (5597)
Public Safety, Department of	Rules and Regulations Governing the Sale of Fireworks and Pyrotechnics (6584) REPEALED
Public Utilities Commission	Regulations Regarding Perfection of Security Interest in Intangible Transition Property (6371)
Resource Recovery Corporation	House Moving and Selling Rules (1395) REPEALED
Resource Recovery Corporation	Rules Regarding the Acquisition of Residential Zoned Property...(4484) REPEALED
Resource Recovery Corporation	Rules Regarding the Acquisition of Residential Real Property...(4485) REPEALED

³ This table represents only those repeals that were identified to ORR through its review.

Resource Recovery Corporation	Rules for the Selection of Construction Managers (4486)
Resource Recovery Corporation	Rules for the Selection of Architects, Engineers and Consultants (4487)
Resource Recovery Corporation	Rules for the Procurement of Supplies, Services, Construction, Bond Counsel and Legal Counsel (4488)
Transportation, Department of	Rules and Regulations of the Rhode Island Department of Transportation Regarding Contractor and Subcontractor, Debarment, Suspension and Sanctions (1273)
Transportation, Department of	Rhode Island Department of Transportation Rules and Regulations for Debarment of Contractors on Construction Projects (1274)
Transportation, Department of	Rules and Regulations Regarding the Pavement Management Program (1298)

Table 4: Regulations Identified by Entities for Potential Small Business Accommodation, as of Period Three

Regulatory Entity	Regulation (with ERLID #)	Small Business Accommodation Type
Administration, Department of	Regulations Governing Participation by Minority Business Enterprises in State Funded and Directed Public Construction Projects, Construction Contracts, and Procurement Contracts for Goods and Services (716)	<ul style="list-style-type: none"> • Less stringent deadlines for compliance or reporting requirements • Performance standards to replace design or operational standards
Business Regulation, Department of	Commercial Licensing Regulation 14 – Brew on Premises (4371)	<ul style="list-style-type: none"> • Consolidated or simplified compliance or reporting requirements
Commerce Corporation	2013 Rules and Regulations for the Renewable Energy Development Fund Programs (7144)	<ul style="list-style-type: none"> • Consolidated or simplified compliance or reporting requirements
Commerce Corporation	Quonset Business Park Development Package (6448)	<ul style="list-style-type: none"> • Consolidated or simplified compliance or reporting requirements
Disabilities, Governor’s Commission on	Chapter J. Disability Business Enterprises (5794)	<ul style="list-style-type: none"> • Less stringent deadlines for compliance or reporting requirements • Consolidated or simplified compliance or reporting requirements
Environmental Management, Department of	Solid Waste Regulation No. 4 Incinerators and Resource Recovery Facilities (1006)	<ul style="list-style-type: none"> • Alternative method for minimizing impact
Environmental Management, Department of	Air Pollution Control Regulation No. 12 – Incinerators (4507)	<ul style="list-style-type: none"> • Consolidated or simplified compliance or reporting requirements • Performance standards to replace design or operational standards
Environmental Management, Department of	Air Pollution Control Regulation No. 23 – Control of Perchloroethylene Emissions from Dry Cleaning Operations (4517)	<ul style="list-style-type: none"> • Consolidated or simplified compliance or reporting requirements
Environmental Management, Department of	Air Pollution Control Regulation No. 22 – Air Toxics (5314)	<ul style="list-style-type: none"> • Less stringent deadlines for compliance or reporting requirements • Consolidated or simplified compliance or reporting requirements • Performance standards to replace design or operational standards

Regulatory Entity	Regulation (with ERLID #)	Small Business Accommodation Type
Environmental Management, Department of	Rules and Regulations for Dredging and the Management of Dredged Material (6179)	<ul style="list-style-type: none"> • Alternative method for minimizing impact
Environmental Management, Department of	Air Pollution Control Regulation No. 29 – Operating Permits (6513)	<ul style="list-style-type: none"> • Alternative method for minimizing impact
Health, Department of	Rules and Regulations Governing Electronic Data Transfer of Controlled Substances in Schedules II and III (162)	<ul style="list-style-type: none"> • Less stringent deadlines for compliance or reporting requirements • Alternative method for minimizing impact
Health, Department of	Rules and Regulations Pertaining to the Rhode Island Birth Defects Registry (3745)	<ul style="list-style-type: none"> • Less stringent deadlines for compliance or reporting requirements
Housing Resources Commission	Rules and Regulations Governing the Building Homes Rhode Island Program (5229)	<ul style="list-style-type: none"> • Less stringent deadlines for compliance or reporting requirements
Housing Resources Commission	Rules and Regulations for the Expedited Permit Process (5584)	<ul style="list-style-type: none"> • Less stringent deadlines for compliance or reporting requirements • Less stringent deadlines for compliance or reporting requirements
Labor and Training, Department of	Elevator Safety Code (6713)	<ul style="list-style-type: none"> • Alternative method for minimizing impact
Motor Vehicles, Division of	Rules and Regulations Regarding Motor Vehicle Leasing Licenses (4431)	<ul style="list-style-type: none"> • Alternative method for minimizing impact
Motor Vehicles, Division of	Rules and Regulations Regarding Dealers, Manufacturers and Rental Licenses (5732)	<ul style="list-style-type: none"> • Consolidated or simplified compliance or reporting requirements • Alternative method for minimizing impact
Motor Vehicles, Division of	Rhode Island Motor Vehicle Safety and Emissions Control Regulation No. 1 (5531)	<ul style="list-style-type: none"> • Consolidated or simplified compliance or reporting requirements • Alternative method for minimizing impact
Public Safety, Department of	Rules and Regulations Governing the Sale of Fireworks and Pyrotechnics (6584)	<ul style="list-style-type: none"> • Alternative method for minimizing impact
Student Loan Authority	Procurement Rules and Regulations (1905)	<ul style="list-style-type: none"> • Performance standards to replace design or operational standards

Recommendation Area #11: Adjust the APA: Rulemaking Clarifications

Summary: In Period Two, ORR discussed the need to strengthen the legislative foundation for regulatory reform in the state’s Administrative Procedures Act (APA, RIGL § 42-35), as “getting the process right” is critically important for success.

For Period Three, ORR has developed a legislative package that eliminates statutory exemptions (see Recommendation Area #2) and reinstates the requirement for the Governor’s Office to review regulatory proposals. To these amendments, ORR proposes one additional APA amendment.

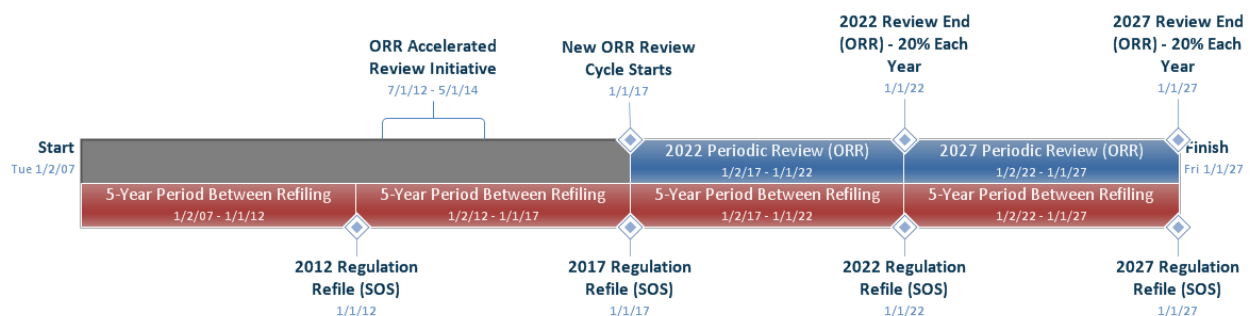
Specifically, ORR recommends requiring that regulatory entities post their economic impact statements online, along with their proposed regulatory changes. As it stands now, legal mandates require ORR to post economic impact statements on its own website, while entities are required to post their regulatory changes on the Secretary of State’s Final Rules and Regulations database. Small businesses must find these inter-related materials in two separate locations – an unneeded added difficulty. Some regulatory entities have realized the logic of including these documents together and have already begun adding their economic impact statements to their proposed regulatory changes. ORR will develop a legislative proposal for posting economic impact statements.

Finally, a number of small businesses have expressed concerns related to the need for additional clarification around the APA hearing and appeal process. The Office of Management and Budget (OMB) is continuing to review the administrative hearing processes across state government. As a part of OMB, ORR is well positioned to represent small business concerns during this review process.

Recommendation Area #12: Adjust the APA: Synchronize the Five-Year Periodic Review and Five-Year Refiling of Rules and Regulations

Summary: In Period Two, ORR pointed out that Rhode Island has two separate periodic regulatory review requirements. Each occurs at different 5-year intervals. ORR recommended synchronizing both requirements to complement each other, reinforce reform efforts, simplify regulatory entity processes, and free up regulatory entity resources. ORR has developed legislation to address this issue (H 7703, S 2457). The following figure from the Period Two report illustrates the result of this proposed alignment, and provides a timeline of ongoing reform efforts.

Figure 3: Proposed Synchronized Review and Refiling Processes



NEW – Recommendation Area #13: Promote Performance-Based Regulatory Approaches

Summary: Regulation should focus on achieving results.

Small business leaders have talked to ORR about the ways their businesses could achieve the specific goals of a regulation more efficiently and effectively. However, they point out that the precise controls defined in regulation undermine their ability to do so. In critique of current regulatory methods, business leaders have pointed out that some entities seem more concerned with following specific rules, rather than with the outcome for which the rule was made.

Question #16 from ORR’s economic impact statement asked entities, “Can performance standards for small businesses replace design or operational standards?” This question was the most likely to be identified as “not applicable,” and while some already use this approach, many entities expressed confusion regarding its intent.

Performance-based regulation is an approach that focuses on outcomes, rather than on prescriptive procedures. It holds the regulated community accountable to defined results, without specific direction on how those results are to be obtained. In other words, regulation should be used to set outcome goals instead of specifying each and every thing that a small business can and cannot do. This approach allows firms to choose the best means of achieving the intended goal.

ORR understands that regulatory systems must find a balance between prescribing controls that protect health, safety, and the environment by promoting consistent and accountable results, and allowing discretion to promote flexibility and innovation. However, ORR contends that Rhode Island’s regulatory environment is currently oriented toward more control and less discretion.

The General Assembly has echoed this sentiment in its findings on Rhode Island’s small business environment (in RIGL § 42-35.1-1), where it has declared that:

- statutory goals should be achieved as effectively and efficiently as possible;
- uniform requirement can impose unnecessary and disproportionate burdens on small business;
- regulations can create barriers to entry and discourage entrepreneurship; and
- treating all regulated businesses as equivalent may lead to action inconsistent with legislative intent.

Furthermore, the General Assembly has stated that “fundamental changes...are needed in the regulatory and enforcement culture of state agencies to make them more responsive to small business...without compromising...statutory missions...” (RIGL § 42-35.1-1(3)). ORR sees shifting the regulatory mindset toward greater flexibility and innovation as a critical “fundamental change” in realizing Governor Chafee’s and the General Assembly’s vision for a vibrant and growing small business sector.

This new recommendation is directly related to several previously issued recommendations concerning enforcement, continuous process improvement, and pushing reform efforts to new levels. However, ORR feels that performance-based approaches represent not simply another tool in the broader regulatory landscape, but a shift in thinking about how rules are developed, thus deserving its own

recommendation category. Therefore, ORR recommends that state leaders promote performance-based approaches whenever possible, by adding related language into new laws and regulations.

While many regulatory entities had difficulty with the performance-based standards question found on the economic impact statement, ORR reports that a number have already added performance-based regulation into Rhode Island's regulatory landscape. For example, the Department of Environmental Management's (DEM) Division of Air Resources incorporates performance-based metrics for many of its regulations related to air pollution and emission control. These regulations mix performance-based metrics with defined regulatory controls to promote the goal of clean air.

Other regulatory entities have expressed an interest in adding performance-based metrics to current regulations. ORR will continue to work with entities while promoting this approach to regulation.

REGULATORY ENTITY COMPLIANCE STATUS AS OF PERIOD THREE

Overview

While eight entities remained noncompliant at the end of Period Three, ORR is pleased to report that as of the publication of the Period Three report, all entities subject to review reached 100% compliance by the Period Four deadline.

Compliance highlights for Period Three include:

- 28 non-exempt entities (57.1 percent of 49) submitted *all* of their regulations;
- Eight additional entities became compliant since Period Two, for a total of 41, leaving only 8 noncompliant as of Period Three; and
- Only 231 non-exempt regulations had not yet been reviewed by the end of Period Three.

Previously noted compliance challenges continued during the review, including:

- Uncertainty regarding review requirements, particularly among smaller boards, commissions, and authorities that often had less involvement with the review process;
- Uncertainty regarding what constituted a regulation, with many entities initially leaving out some that they felt only regulated state behavior (e.g. purchasing or bylaws);
- The combination of real-time review and constant regulatory changes, which required continual tracking of high-volume entities in particular; and
- Unclear exemptions due to the statutory definition of small business, especially the exemption excluding nonprofits (entities often deemed a regulation exempt, when it was non-exempt because at least one for-profit existed, or could exist, within the industry).

ORR previously noted that prior to the publication of the Period Two report, it had provided significant compliance assistance to eleven entities. Since then, ORR assisted another six entities via meetings, conversations, or documentation assistance.

ORR also helped several large entities track regulatory repeals and amendments through the end of the year, to ensure that they succeeded in reviewing all non-exempt regulations that existed as of December 31, 2013.

Compliance Dataset

ORR’s analysis reflects real-time regulatory and analytical shifts from one period to the next. The bulk of the Period Three report analyzes only those 1,223 Period One, Two, and Three submissions for regulations that still exist in the recently updated database. However, this Compliance section uses the 1,288-submission dataset based upon all regulations that existed at the end of Period Two. This is because compliance goals (entity-specific numbers of submissions due by the end of the period) were set at the beginning of Period Three, prior to the regulatory changes that occurred over the course of Period Three. See Table 5 for a breakdown of the 1,288-submission compliance database, and Table 6 regarding the differences between that dataset and the 1,223-submission dataset used for all other Period Three report sections.

Table 5: All Submissions as of Period Three, by Compliance Status

Submissions Toward Period Three Compliance	Non-Exempt	Exempt	TOTAL
<i>Compliant Entities</i> (Table 7)	1,084	57	1,141
<i>Noncompliant Entities</i> (Table 8)	11	0	11
<i>Fully Exempt Entities</i> (not subject to Compliance review)	0	136	136
TOTAL SUBMISSIONS used for Compliance tabulations	1,095	193	1,288

Table 6: Net Changes between 1,288-submission and 1,223-submission Datasets

Submissions Analyzed in ORR Period Three Report		TOTAL
Total Submissions Toward Period Three Compliance		1,288
<i>Net Recent Deletions</i>	48 due to rejoining of CRMC Red Book, 11 due to recent updates to EOHHS Medicaid regulations, 10 other net deletions from 6 entities	-69
<i>Net Recent Additions</i>	1 new regulation each, from 4 entities	+4
TOTAL SUBMISSIONS used in all other Period Three analysis		1,223

Note that the phrases “net deletions” and “net additions” are deliberately used in place of repeals and adoptions. For example, an entity might repeal 5 regulations, but adopt 3 new ones, resulting in a net deletion of 2.

Tables 7 and 8 on the following pages summarize all Period Three compliant and noncompliant entities, respectively. While interim Period Three compliance rates include submissions later found to be exempt, rates for completed entities are capped at 100% (currently the State Council on the Arts; Department of Behavioral Healthcare, Developmental Disabilities and Hospitals; Housing and Mortgage Finance Corporation; and Department of Public Safety). Exempt submissions will not count toward Period Four compliance.

Table 7: Compliant Regulatory Entities, as of Period Three

Regulatory Entities	Total Non-Exempt Regulations	Submitted Regulations Periods 1, 2 & 3	% Submitted Periods 1, 2 & 3
Accountancy, Board of	8	8	100%
Administration, Department of	37	28	75.7%
Agricultural Lands Preservation Commission	1	1	100%
Airport Corporation	7	7	100%
Arts, State Council on the	1	2	100%
Batterers Intervention Program Standards Oversight Committee	2	2	100%
Behav. Healthcare, Dev. Disab. and Hospitals (partially exempt)	16	17	100%
Building Code Standards Committee	16	16	100%
Business Regulation, Department of (partially exempt)	21	19	90.5%
Capital Center Commission	2	2	100%
Cemetery Commission, RI Historical	1	1	100%
Children, Youth and Families, Department of	184	168	91.3%
Clean Water Finance Agency	11	9	81.8%
Coastal Resources Management Council (partially exempt)	78	72	92.3%
Corrections, Department of	18	18	100%
Disabilities, Governor's Commission on	15	15	100%
Economic Development Corporation	10	10	100%
Education, Board of	23	23	100%
Elections, Board of	30	30	100%
Energy Resources, Office of	2	2	100%
Environmental Management, Department of (partially exempt)	186	151	81.2%
Executive Office of Health and Human Services	62	50	80.6%
Fire Safety Code Board of Appeal and Review	1	1	100%
Health and Educational Building Corporation	3	3	100%
Health, Department of (partially exempt)	126	95	75.4%
Historical Preservation and Heritage Commission	7	7	100%
Housing and Mortgage Finance Corporation (partially exempt)	18	26	100%
Human Rights, Commission for	23	18	78.3%
Human Services, Department of	39	32	82.1%
Labor and Training, Department of (partially exempt)	44	43	97.7%
Motor Vehicles, Division of	39	39	100%
Narragansett Bay Commission	8	8	100%
Public Safety, Department of (partially exempt)	11	14	100%
Public Transit Authority	4	4	100%
Resource Recovery Corporation	10	10	100%
Revenue, Department of	3	3	100%
Rivers Council	1	1	100%
Student Loan Authority	6	6	100%
Taxation, Division of (partially exempt)	197	158	80.2%
Transportation, Department of	19	16	84.2%
Water Resources Board	6	6	100%
41 Regulatory Entities	1,296	1,141	88.0%

Table 8: Noncompliant Regulatory Entities, as of Period Three

Regulatory Entities All below were due in Period One	Total Non-Exempt Regulations	Submitted Regulations Period 1, 2 & 3	% Submitted Period 1, 2 & 3	Notes
Department of Education	1	0	0.0%	All remaining entities reached 100% review compliance by the close of Period Four.
Division of Elderly Affairs	6 ⁴	0 ⁴	0.0% ⁴	
Higher Education Assistance Authority	5	4	80.0%	
Housing Appeals Board	2	0	0.0%	
Housing Resources Commission	5	4	80.0%	
Personnel Appeal Board	1	0	0.0%	
Turnpike and Bridge Authority	4	3	75.0%	
Water Resources Board Corporate	1	0	0.0%	
8 Regulatory Entities	25	11	44.0%	

⁴ Note that during Period One, the Department of Human Services (DHS) notified ORR that they would submit all regulations on behalf of the Division Elderly Affairs (DEA), in Period Four. However, ORR’s analytical framework requires that DEA’s compliance be reported separately, as noted above. During Period Four, a number of DEA regulations were re-promulgated under DHS, and DHS submitted all remaining regulations for both agencies.

SMALL BUSINESS IMPACT AS OF PERIOD THREE: AN IMPROVED MODEL

Overview of Improved Small Business Impact (SBI) Model

Initially, ORR classified each regulation as having “impact” or “no impact.” This model’s limitations arose repeatedly in stakeholder conversations, as well as in ORR’s review, and led to the more comprehensive model outlined here. Details of ORR’s methodology follow the “Small Business Impact Findings” section.

In the original binary model, certain regulations proved difficult to analyze appropriately, usefully, and fairly. For example, equating rules about general compliance with those governing legal disputes seemed inappropriate; however, excluding those regulations entirely shortchanged the time spent in hearings or appeals. Some regulations need to be understood by only those businesses seeking state contracts (or grants, or tax credits). Compliance or incentive programs often impact a small business, but only via local government.

Adding two key impact types – “Decision-Based” and “Indirect” – led to a more accurate picture of how Rhode Island regulation impacts small business. Below are general definitions of all four categories, the “decision tree” analysis tool ORR used to classify regulations, and a summary of typical regulations in each impact type.

Table 9: Improved Small Business Impact Model: Definitions of Four Impact Types	
Direct	Regulations that a small business must adhere to in order to operate
Decision-Based	Regulations that are triggered by a business decision
Indirect	Regulations whose impacts reach small businesses indirectly
None	Regulations with none of the above impacts on small business

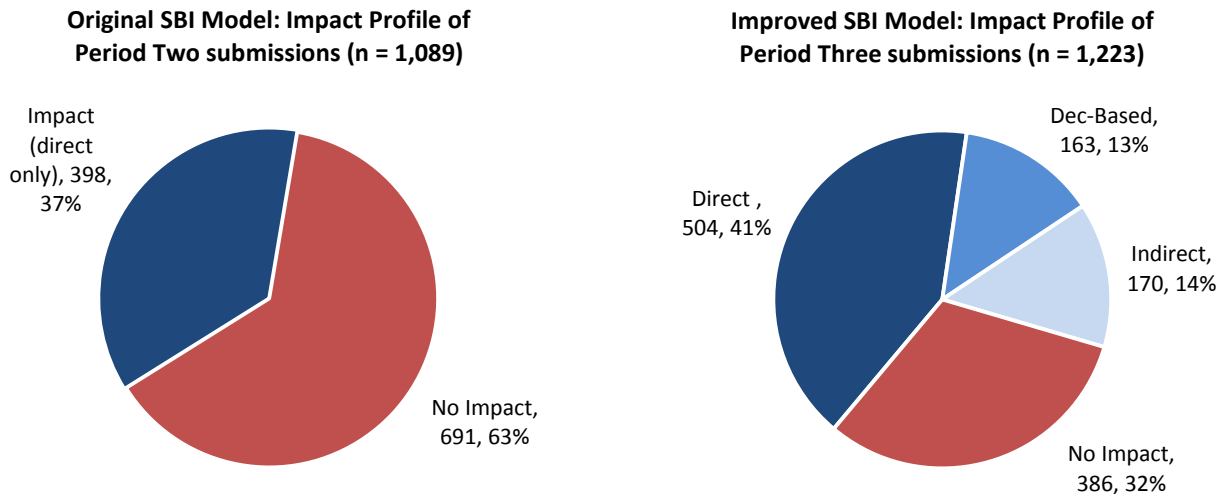
Table 10: Classifying each Regulation into the Four Impact Types			
Question 1: “Does the regulation have an economic impact on any identifiable small business?”			
If YES,	“Is it possible for the business to operate without triggering the regulation?”	If NO,	“Does the regulation impact another individual or unit, which in turn has an economic impact on small business?”
Question 2:		Question 3:	
	<ul style="list-style-type: none"> NO = <i>Direct</i> YES = <i>Decision-Based</i> 		<ul style="list-style-type: none"> YES = <i>Indirect</i> NO = <i>No Impact</i>

Table 11: Regulations That Typically Fall into the Four Impact Types	
Direct	<ul style="list-style-type: none"> Those requiring that small business do or not do something Those requiring small business to be held accountable for understanding something
Decision-Based	<ul style="list-style-type: none"> Those addressing incentive programs (e.g. grants; tax credits) Those governing legal proceedings (e.g. hearings; petitions; appeals; penalties) Those where small business chooses to interact with the state (e.g. bidding for state contracts; participating in state-funded programs; requesting public records)
Indirect	<ul style="list-style-type: none"> Those that impact small business via municipalities or other government entities Those that impact small business via individuals Those that impact small business via industries statutorily not considered small business
No Impact	<ul style="list-style-type: none"> Those that do not have direct, decision-based, or indirect impact on small business

SBI Findings as of Period Three

Figure 4 clearly illustrates the more comprehensive nature of the improved SBI model. Note that the share of regulations with Direct impact increases only slightly, from 36.6 percent to 41.2 percent. Over one-quarter of all submissions fall under the new categories of Decision-Based or Indirect impact. The portion of submissions without any impact is halved, from 63.5 percent to 31.6 percent.

Figure 4: Comparison of Original and Improved SBI Models⁵



In Periods One and Two, ORR identified the five entities that 2013 Small Business Survey respondents mentioned most in regards to regulatory difficulties. Period One data demonstrated a strong correlation with the survey data, as did Period Two data. Period Three data, illustrated on the following page, also reinforce the usefulness of focusing on the following five entities, which are detailed in Appendix A.

The Top Five Entities, in order by current number of regulations, are the:

- Division of Taxation;
- Department of Environmental Management;
- Department of Health;
- Department of Labor and Training; and
- Coastal Resources Management Council.

Please note again that some entities, due to their statutory mandates, must interact more with small business than others. While impact may be necessary, these Top Five merit closer analysis, in order to most effectively improve Rhode Island's business climate.

⁵ These charts consistently include all submissions in Period Two and Period Three – both non-exempt and exempt – since both are now incorporated into ORR's model. Because the earlier model did not incorporate any exempt regulations, the Period Two report contained a graph similar to the left-hand one in Figure 4, which included non-exempt submissions only. That graph noted that 44.2 percent of the 902 non-exempt regulations had impact.

Figures 5 and 6⁶ demonstrate the differences between the impact profiles of the collective Top Five versus all other entities, which bolsters ORR’s focus on these five entities in detail. Figure 5 compares the actual totals for each impact type in the Top Five entities, versus all others. Figure 6 compares the proportions of these two collective groups of regulations. Note that 78.5 percent of all Top Five regulations had Direct impact, as compared to 17.9 percent of all remaining entities.

Figure 5: Comparison of Impact Type Totals (Top Five versus All Other Entities)

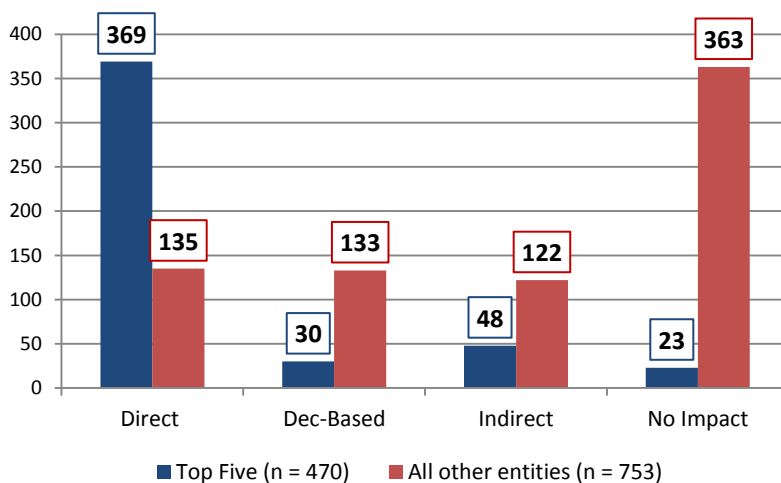
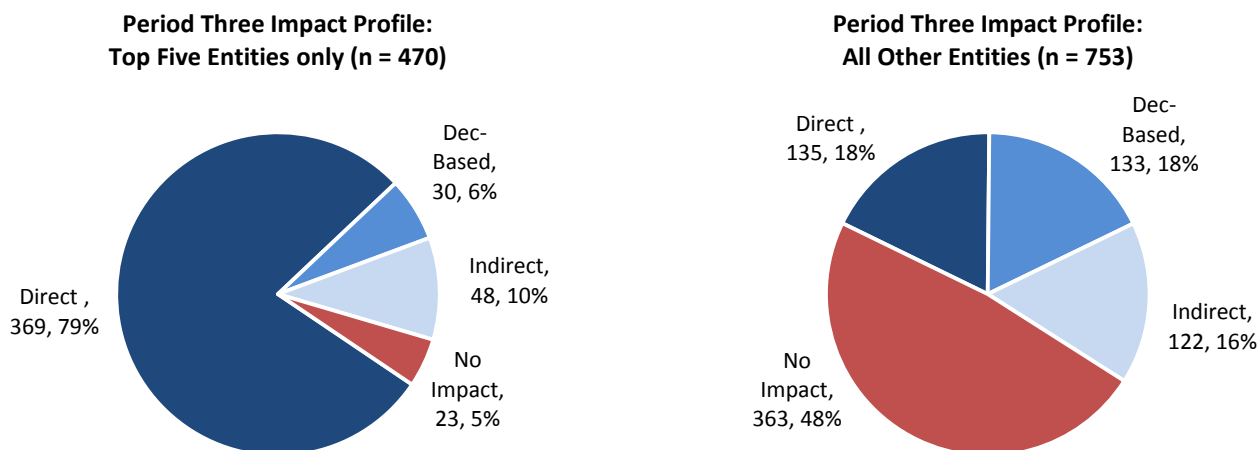


Figure 6: Comparison of Impact Type Proportions (Top Five versus All Other Entities)



These figures collectively demonstrate that regulations with Direct impact are more likely to be found in the Top Five entities, due both to these entities’ natures and their high regulatory volume. This continued alignment with survey results indicate that for these reasons, these entities continue to present the most helpful analytical focus. See Appendix A for full analysis of the Top Five entities.

⁶ Again, note that since the Period Three model incorporates those exempt submissions that meet the Indirect standard, Figures 5 and 6 consistently include all submissions, both non-exempt and exempt.

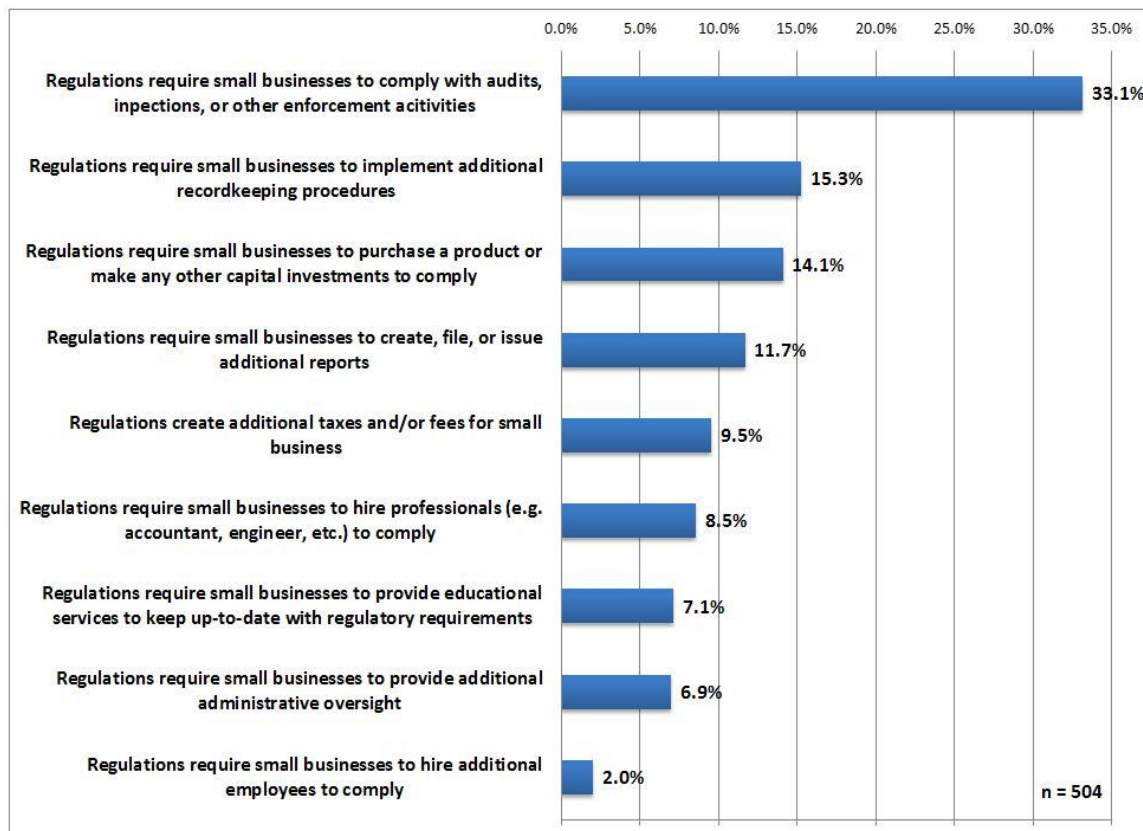
Specific Types of Direct Impact on Small Businesses

In Periods One and Two, ORR reported on its series of 18 closed-ended questions found at the end of the economic impact statement. As of Period Three, ORR has received a total of 1,032 (84.4 percent of 1,223 received) statements containing answers to these questions (several entities provided documentation stating “no impact”).

The improved SBI model includes Decision-Based and Indirect impact. However, for consistency with previous reports, Figure 7 continues to present data only from those regulations with *Direct* small business impact (504 as of Period Three). The focus on Direct impacts is also necessary here because many Decision-Based and Indirect impacts were inconsistently identified as such by entities.

ORR notes, again, that these findings represent the view of regulators. Only seven of the submitted regulations, or 1.4 percent of those with Direct impact, directly contacted a small business to prepare the economic impact statement.

Figure 7: Regulatory Small Business Direct Impacts for Percentage of Regulations Submitted



Benefits of the Improved Small Business Impact Model

Many individuals – ORR included – initially approached this review with a set of expectations surrounding small business impact and the composition of Rhode Island’s regulatory environment. Early in its process, ORR consciously decided to place *all* expectations aside and to let the data inform its models.

In Periods One and Two, ORR focused its classification of regulations into the categories of Direct Impact and No Impact. In reviewing these findings, ORR discovered that this binary model did not well represent the full picture of Rhode Island regulatory environment.

In Period Three, ORR expanded its classification model to include Decision-Based and Indirect impacts. This enhancement improved ORR’s overall picture of regulatory impact (see Figure 4). It also demonstrated that impacts on the state’s economy may not always be as straightforward as some would anticipate. As it continues its research, ORR will be especially cognizant of the interconnectedness of regulation, law, and the economy.

As the regulatory environment is complex and ever-changing, ORR will continue to review its enhanced model with small businesses and regulatory entities to draw a clearer picture of the regulatory environment, as well as to pursue new avenues of analysis. For example, some entities without significant Direct impact reveal high rates of Decision-Based or Indirect impact, such as Housing and Mortgage Finance Corporation (significant optional incentive programs) or Department of Human Services (food stamps and other regulations impact individuals, some of which then impact small business retailers or others). ORR will consider these and similar entities during its ongoing analysis.

Finally, this new model highlights the need for those drafting or amending rules to carefully consider how legislation and regulation can have an impact – even indirectly – on the state’s economy. The improved model has opened up new conversations concerning these considerations. These conversations have focused not only on how to improve the health, safety, environment, and quality of life for Rhode Islanders – but how to do so in a way that promotes small business and the economy.

Details of ORR's Methodology

In re-reading and re-classifying all Period One, Two, and Three submissions into the enhanced model, ORR made several analytical determinations in applying the improved model for Period Three.

- *No more than one step away from Direct impact.* Indirect impacts flow from the regulator, through A (not a small business) to B (a small business). If a regulation instead flows both through A (municipality) then B (nonprofit organization) before reaching C (small business), ORR would classify this example as “No Impact.” Otherwise, virtually all regulations would eventually impact small businesses (as taxpayers funding state activities, if in no other way).
- *Adverse impact.* Three factors complicate ORR's overall charge to identify “adverse” economic impact. First, regulations deemed “positive” by one industry could be viewed as “adverse” by another. Second, assessing net adverse impact requires balancing costs and benefits, which in turn requires consistently valid, robust data. Third, many small businesses have expressed that the issue is typically the adverse impact of collective regulation, rather than adverse impact of a single regulation. Given these challenges, the current model simply identifies where impact exists and what type (e.g. direct, indirect) it is.
- *No relative weighting or ranking.* Given the regulatory volume, analytical complexity, and lack of robust quantifiable data, ORR determined there is no way to “weight” or “rank” various impacts on affected sectors. For example, regulations often focus on a primary industry, with additional impacts that seem relatively secondary or even peripheral versus other industries. However, to a small business owner in that field, the impact on his or her business is not secondary. A two-line mandate in a 30-page regulation might still create significant impact for that industry.
- *Progressive impact types.* Each regulation can impact various sectors in different ways, but for review purposes each is classified as one of the four impact types. To make the final decision, ORR determined that Direct impacts on any sector would trump Decision-Based impacts on any sector, which would trump Indirect impacts on any sector. Thus, a regulation that details numerous *Indirect* impacts on the main focus of the regulation, but also includes a *direct* mandate on a seemingly secondary industry, is classified as *Direct*.
- *Consideration of potential for-profit businesses within a typically nonprofit field.* A regulation is considered “exempt due to the statutory definition of small business” if it does not impact or potentially impact a *single* statutorily-defined small business. Here, the exemption for nonprofits proved particularly challenging, as many typically nonprofit sectors (primarily in education, health, and human services) may in fact include at least one for-profit. Taking this one step further, ORR considered that any regulation that did not expressly exclude for-profit businesses must also be considered to have an impact, as this could still inhibit a for-profit business from forming.

As discussed in previous reports, ORR continually balances the need for real-time analysis and reporting with the fact that it is creating a brand-new review structure on this accelerated timeframe. While the improved model addresses most of the limitations identified in the early review stages, ORR reserves the right to revisit and refine issues such as those noted above, and any others that may arise as ORR continues to discuss the enhanced model with various stakeholders, once all submissions have been reviewed after Period Four.

Applying the Model to All Regulations

Some regulations defied easy analysis even after applying the more comprehensive model. ORR often consulted entities and businesses to confirm how a regulation worked in practice. With each decision, the team considered precedents and consistency, continually improving upon its classifications. Following are decisions ORR made regarding specific categories of regulation.

- *Taxation/Sales and Use Tax = almost always Direct (on retailers and similar).* Even if the regulation focuses on tax exemptions, those who assess and charge tax must know who to exempt, how to confirm tax-exempt status, and how to keep and submit records.
- *Taxation/No Direct Impact on a Small Business = almost always Indirect (on tax preparers).* All tax regulations (e.g. personal income tax or banking taxes) contain criteria and processes that a small business tax preparer must understand.
- *Professional Licensing = almost always Direct.* After much internal and stakeholder discussion, ORR determined that whether or not employees can get or maintain an individual license does in fact directly impact their employer and/or the industry as a whole (these were marked as no impact in Period One). The tightening or loosening of criteria directly impacts the labor pool, and could change what an employee is legally allowed to do on the job. Some regulations also include employer mandates (e.g. certification of experience; time off to gain continuing education credits).
- *Procurement or Purchasing = Decision-Based* (includes selection of consultants, fund managers, or any other kind of state business). Similarly, many of these primarily describe rules entities must follow to ensure fair and transparent procurement. However, they also typically include steps businesses seeking state contracts must follow in submitting bids, and/or in recordkeeping and other requirements for the selected vendors.
- *Access to Public Records Act = Decision-Based.* Transparency benefits businesses, and the regulations primarily mandate how state entities must comply with requests. However, any small business choosing to seek public records (particularly, but not only, media organizations) must follow each entity's procedures, and cover associated costs.

Legal proceedings. Regulations about the many varieties of legal proceedings prompted extensive review and stakeholder engagement. Legal proceedings include the following regulatory categories:

- Dispute-related (e.g. hearings, appeals, complaints, or investigations);
- Legal consequences (e.g. fines, debarment, or other penalties); and
- Administrative rulemaking (e.g. petitions or declaratory rulings).

Parties in legal action and lawyers themselves are two very different categories impacted by regulation, with lawyers playing a particularly unique role. After consulting with several businesses and entities, ORR determined that the following framework is most appropriate for these complex regulations.

- *Small businesses as named parties in legal proceedings = Decision-Based.* Many of these regulations do involve a definite choice – to move forward with a petition or appeal, or to violate regulations and thus incur penalties. However, the most critical factor is that, going back to the core of the improved SBI model, it is possible for a business to operate without triggering these regulations. Thus, ORR believes this category is most appropriate for all legal regulations in which one of the named parties can be a small business.
- *Lawyers as small businesses working on behalf of their clients = Indirect or No Impact.* Conceivably, all regulations could impact lawyers, because any given regulation might need to be understood by a lawyer in order to serve his or her client. However, saying all regulations have impact would not be a useful approach to analysis. Further, the very function of lawyers (similar to tax preparers, above) is to serve as compliance experts within their field – a different role from the typical small business owner.

ORR thus determined that all regulations addressing legal *processes* do impact lawyers as a small business, but have an *Indirect* impact. Further, regulatory *content* that a lawyer might need to know to build a case is classified as *No Impact* on lawyers.

Note that any impact on lawyers would only be relevant if no other small businesses were impacted by the regulation, for example if individuals were disputing state agencies (neither are small businesses). In this case, the *Indirect* impact on lawyers as a small business (since they must understand the legal process involved) overrides the *No Impact* on any other small business.

CONCLUSION

Regulations are needed instruments to help ensure that Rhode Island's health, safety, environment and quality of life for Rhode Islanders are maintained. A strong economy with a thriving small business sector is key to Rhode Island's ability to support a high quality of life for its citizens. Rhode Island must ensure that regulations arrive at intended positive outcomes while not unduly harming the state's economic environment.

The recommendations in this report reinforce the need to transform the current regulatory system into one that is easier to understand and navigate, is clear of redundancy, eliminates unnecessary obstacles, engages the regulated public, and is continually reviewed and improved upon.

ORR's deployment of its new small business impact model suggests that regulatory effects are not always readily apparent, especially those that impact the state economy indirectly. This fact emphasizes the need for regular reviews of how the state's laws and regulations are performing. Without review, systems risk becoming unbalanced, leading to undue harm.

Businesses, public opinion, and government itself have all called for reform. The findings in this report support those calls. The work to date demonstrates that progress is being made in the right direction. However, there is much more work ahead. Reform will be an ongoing endeavor.

ORR is ready and able to assist entities in their reform efforts. ORR stands committed to small businesses in Rhode Island. It is important that Rhode Island see these efforts through. If we maintain our level of commitment and focus, the state can realize the goal of creating a clear, predictable, and reliable regulatory system in Rhode Island.

APPENDICES

APPENDIX A: Detail of Top Five Entities

In the 2013 Small Business Survey, ORR asked small business owners about the regulatory challenges they faced. Respondents most often mentioned the following five entities (in order by number of regulations): Division of Taxation (Taxation), Department of Environmental Management (DEM), Department of Health (DOH), Department of Labor and Training (DLT), and Coastal Resources Management Council (CRMC).

As noted in the Small Business Impact Findings section, the impact profile of these collective five entities, versus all other entities, continues to highlight their disproportionately high levels of Direct impact on small business. While high interaction with small business is often directly related to an entity's mandate, as noted in earlier reports, the continued high impact of these same "Top Five" entities warrants a detailed look at the impact of their regulations.

Key entity data given in the following tables include:

- Summary data: description, supervising entity if any, and other entities it may affect;
- Compliance status and progress in reviewing entity's total regulations;
- Measures of impact the entity has on small business (under the enhanced P3 model);
- Measures of influence that federal/state rulemaking has on the entity's regulations;
- Summary of entity's impact on small business;
- Entity-specific recommendations for regulatory reform; and
- Full tables detailing the entity's impact on small business.

General Notes and Clarifications

- Analysis will continue over the 19-month period. As entities submit additional regulations, tables will reflect cumulative totals.
- As discussed in the "Compliance" section, the 1,288-submission dataset at the outset of Period Three was used for compliance, since compliance goals used that dataset. All other analysis, including all non-compliance sections below, uses the current 1,223-submission dataset (all Period One through Three submissions still in existence).
- Exempt regulations were not analyzed under the Period One and Two Small Business Impact (SBI) model. Since the enhanced Period Three SBI model incorporates these regulations (primarily as Indirect), figures for exempt regulations are no longer included in the tables.
- "Federal Influence" and "State Influence" relate to the influence of law over regulatory content, which was a question on the ORR-provided cover sheet. ORR used the entity's choice if provided; if not, ORR used information in the EIS and the regulation itself. Note that many state laws are rooted in federal law; this may not be consistently reflected throughout all 49 entities. ORR will work with entities to identify regulatory root causes.

Notes and Clarifications on the “Entity Impact on Small Business – Detail” Tables

These tables list each regulation in these Top Five entities that has any of the three impact types on small business in the enhanced small business impact model (Direct, Decision-Based, or Indirect).

In Periods One and Two, these tables primarily reflected back the data exactly as provided by entities. However, ORR’s understanding of the many varieties and levels of impact has evolved. This is reflected in its Period Three model, which identifies impact in many regulations that seemed at first to have no impact (both to ORR and to many entities). Most submissions were completed prior to this model’s release, and data consistency required that all reviews use the same impact form. Entities thus typically did not provide any data on regulations that they felt had no impact.

Thus, ORR provided much of the information for all regulations with *Indirect* impact below, as well as for several newly identified types of *Direct* and *Decision-Based* impacts (see the “Small Business Impact: An Improved Model” section of this report for these categories). In these cases, a caret (^) is used to indicate an ORR-identified type of impact on a particular sector.

When reporting entity-provided data, ORR employed the following terminology for consistency:

- “Entity could not quantify” indicates that the entity described impacted business types, but noted that an exact figure could not be obtained through existing resources.
- “Entity could not say how many of these may be small businesses” and/or “how many may be nonprofits and thus exempt” similarly indicates that the entity provided an industry total, but similarly felt the number of small businesses could not easily be obtained.
- “Entity did not quantify” indicates that this section had no figures or other information.
- “Currently no small businesses” indicates that the entity listed a figure for impacted businesses, but none were small businesses (either larger businesses, or out-of state).
- “Currently none” indicates either that there are no such businesses currently in Rhode Island, or that the program is not currently in existence. Typically, entities provided justification for maintaining these regulations at the present time.
- Anything in quotation marks is phrasing taken directly from the entity’s impact statement.

Other Notes:

- NAICS (North American Industry Classification System): Codes used by businesses and government to classify businesses according to type of economic activity. See Appendix E for full NAICS definitions.
- ERLID (Electronic Regulation Locator Identification Number): Every Rhode Island regulation is assigned a unique ERLID by the Office of the Secretary of State.
- For reference, in 2010, there were 95,471 small businesses in Rhode Island (most recent data publicly available through the U.S. Small Business Administration).

Division of Taxation (Taxation)

Description: Taxation is charged with the collection and assessment of all state taxes.	Supervising Entity	Department of Revenue (DOR)
	Other Entities Affected	Department of Business Regulation (DBR) Commerce Corporation (Commerce) Department of Motor Vehicles (DMV)

TAXATION COMPLIANCE STATUS: PERIOD THREE

Exempt from Review: PARTIAL	Compliance Status: COMPLIANT	Regulations submitted for review: 158 of 197 (80.2 percent)
Percentage of Total Taxation Regulations Reviewed as of Period Three		

MEASURES OF IMPACT AND INFLUENCE: PERIOD THREE

Small Business Impact	HIGH	129 of 158 regulations (81.6 percent) have <i>Direct</i> impact
		7 of 158 regulations (4.4 percent) have <i>Decision-Based</i> impact
		19 of 158 regulations (12.0 percent) have <i>Indirect</i> impact
		3 of 158 regulations (1.9 percent) have <i>No Impact</i>
Federal Influence	NONE	0 of 158 regulations (0.0 percent) were identified as influenced by Federal law or rulemaking
State Influence	HIGH	158 of 158 regulations (100 percent) were identified as influenced by Rhode Island General Law
IMPACT/INFLUENCE KEY:		HIGH: > 75% regulations LOW: < 25 % regulations MODERATE: 25% to 75% regulations NONE: No regulations

TAXATION'S IMPACT ON SMALL BUSINESS: PERIOD THREE, SUMMARY

As of Period Three, Taxation submitted 155 regulations in which ORR found either Direct, Decision-Based, or Indirect impact, listed in these 3 groups after the "Recommendations" section. In summary:

- **Direct:** These 129 regulations primarily mandate various industries to pay certain taxes, and/or other industries to assess and remit taxes. Note again that even regulations identifying sales tax exemptions still have Direct impact on the retailer who must accurately grant and report these exemptions.
- **Decision-Based:** These 7 regulations cover incentive programs; businesses seeking filing extensions; and businesses seeking declaratory rulings, public records, or hearings.
- **Indirect:** These 19 regulations primarily have Indirect impact via individual taxpayers or financial institutions, because tax preparers with these individuals or institutions as clients need to understand these regulations in order to fulfill their professional mandates (further discussion in the "Small Business Impact: An Improved Model" section of this report).

RECOMMENDATIONS FOR TAXATION REGULATORY REFORM: PERIOD THREE

- Taxation identified at least one potentially duplicative or conflicting regulation. Review Recommendation Area #4 (“Remove Duplicative Regulations and ‘Non-Regulations’”) in the Period One report, and determine if these can and should be streamlined. Please provide ORR with a status update and timeline.
- Taxation did not submit complete, quantified costs of establishing and enforcing these regulations. Review Recommendation Area #8 (“Support Improved Cost-Benefit Analysis”) in both the Period One and Two reports, and work to quantify this key regulatory impact. Contact ORR for assistance.
- Taxation did not directly contact small businesses in preparing the EIS form (would not typically include public hearings). Entities that did so were better equipped to quantify impact data. Review Recommendation Areas #7 (“Promote Lawmaker and Small Business Participation in Reform”) and #8 (“Support Improved Cost-Benefit Analysis”) in both the Period One and Two reports, and seek out small business input. ORR can facilitate connections to relevant business organizations.
- Regulations should be clear and understood by those they regulate. Although Taxation had many highly readable regulations, many had low readability as well. Review Recommendation Area #3 (“Improve Accessibility to Regulations”) in the ORR Period One report. Use Microsoft Word’s readability statistics to evaluate and improve the readability of Taxation’s regulatory language.

TAXATION’S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL

Impacting Regulation’s ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts		
135	Retail Trade (Optional Service, Maintenance and Extended Warranty Contracts)	Any retailer (e.g. electronic stores, automobile dealers, department stores, etc.) who provide these types of optional services and contracts (entity could not quantify)
189	Retail Trade; any other applicable business (Organized Nonprofit Golden Age and Senior Citizens Clubs)	30,000 retailers filing sales and use tax returns (entity could not say how many may be small businesses) and any others assessing and remitting sales tax ^
208	Retail Trade (Advertising Materials)	Any of the 30,000 retailers filing sales and use tax returns that use advertising materials in the course of business (entity could not say how many may be small businesses)
211	Retail Trade (Bad Debts)	Any of the 30,000 retailers filing sales and use tax returns that report taxable sales and write-off uncollectible amounts (entity could not say how many may be small businesses)
212	Retail Trade (Beer, Wine and Liquor)	1,400 liquor licenses (“vast majority are small businesses”)
214	Retail Trade (Application of Tax at Time of Billing)	Any of the 30,000 retailers filing sales and use tax returns that report and collect tax on installment sales (entity could not say how many may be small businesses)
215	Manufacturing (Sterilizing Agents)	Over 2,154 manufacturers may purchase sterilizing agents (entity could not say how many may be small businesses)

TAXATION'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
216	Manufacturing (Stonecutters and Monument Workers)	24 manufacturers
220	Retail Trade (Tax-Paid Purchases Resold)	30,000 retailers filing sales and use tax returns (entity could not say how many may be small businesses)
223	Professional, Scientific, and Technical Services (Boarding of Animals)	130 veterinary hospitals and kennels
228	Retail Trade (Vending Machine Operators)	86 vending machine operators
230	Retail Trade; any other applicable business (Volunteer Fire Companies)	30,000 retailers filing sales and use tax returns (entity could not say how many may be small businesses) and any others assessing and remitting sales tax ^
233	Retail Trade (Food Stamp Purchases)	1,010 food markets and convenience stores
235	Manufacturing; Retail Trade (Bottles and Other Returnable Containers)	3 bottling companies; "numerous retailers and manufacturers of beverages"
237	Retail Trade (Cancellation and Amendment of Sales Tax Permit or of a Certificate of Authority to Collect the Use Tax)	Any of the 30,000 retailers filing sales and use tax returns, as well as those which possess a certificate of authority (entity could not say how many may be small businesses)
238	Health Care and Social Assistance (Medical Laboratories)	214 medical laboratories (entity could not say how many may be small businesses)
240	Transportation and Warehousing (Commercial Ships, Barges or Other Vessels over 50 Tons)	7 commercial ships, barges or vessels over 50 tons
241	Retail Trade (Containers and Labels)	Any of the 30,000 retailers filing sales and use tax returns that sell containers and labels (entity could not say how many may be small businesses)
244	Construction (Conveyor Systems and Elevator Installations)	4 elevator contractors; "the vast majority are small businesses"
245	Any applicable business (Credit Against RI Use Tax for Sales/Use Tax Paid in Another Jurisdiction)	Any business purchasing tangible property outside of RI ("all may be affected")
247	Retail Trade (Damaged Goods)	30,000 retailers filing sales and use tax returns (entity could not say how many may be small businesses)
248	Any applicable business (Deadlines/Weekends and Holidays)	Any business required to file a tax return by mail (entity could not quantify)
249	Retail Trade (Demonstration and Display)	30,000 retailers filing sales and use tax returns (entity could not say how many may be small businesses)
250	Manufacturing (Display Containers)	43 manufacturers
251	Educational Services (Educational Institutions - Taxability of Textbooks/Supplies)	30,000 retailers filing sales and use tax returns (entity could not say how many may be small businesses) and any others assessing and remitting sales tax ^

TAXATION'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
252	Manufacturing (Engravers)	Entity could not quantify
258	Any applicable business (Finance Charges)	Any business charging a finance, interest, insurance, or other charge (entity could not quantify)
261	Any applicable business (Gift Certificates)	Any retailer, service provider, contractor, or other business issuing gift certificates (entity could not quantify)
262	Any applicable business (Gifts or Premiums)	Any retailer, service provider, contractor, or other business issuing gifts or premiums (entity could not quantify)
263	Arts, Entertainment, and Recreation (Golf and Country Clubs)	59 golf and country clubs, with one-third of them private country clubs (entity could not say how many may be small businesses)
264	Retail Trade; any other applicable business (Employees and Representatives of Exempt Organizations, or Federal, State or Local Governments-Sales and Rentals to)	Any business that charges and remits sales tax ^
265	Agriculture, Forestry, Fishing, and Hunting (Livestock and Poultry)	20 farms, livestock dealers, and poultry services (entity could not say how many may be small businesses)
268	Professional, Scientific, and Technical Services (Motor Vehicles - Bequests of)	Lawyers or other estate representatives ^
270	Any applicable business (Motor Vehicles/Merging Corporations)	Any of the 10,000 to 25,000 small businesses that own motor vehicles in RI and are involved in a merger (entity could not quantify)
272	Any applicable business (Motor Vehicles/Due Date of Tax)	Any of the 10,000 to 25,000 small businesses that owe tax on purchased motor vehicles (entity could not quantify)
274	Any applicable business (Purchase of a Repossessed Vehicle)	Any of the 10,000 to 25,000 small businesses that purchase a repossessed vehicle (entity could not quantify)
278	Administrative and Support and Waste Management and Remediation Services (Hazardous Waste Recycling, Reuse, and Treatment)	7 hazardous waste recyclers and oil recyclers are registered with DEM (entity could not say how many may be small businesses)
288	Retail Trade; Transportation and Warehousing; Wholesale Trade (Packers, Loaders, Shippers)	Any in the business of packing, loading, or shipping commodities, e.g. wholesalers, retailers, transportation or moving companies (entity could not quantify)
299	Any applicable business (Partnership Dissolution and Distribution of Assets)	Any of the 2,487 business partnerships that dissolve (entity could not say how many may be small businesses)

TAXATION'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
307	Arts, Entertainment, and Recreation; Health Care and Social Assistance; Professional, Scientific, and Technical Services (Photographers and Photostat Producers, Photo Finishers and Retouchers, X-Rays)	432 photographers, photo finishers and retouchers
311	Manufacturing (Producing, Fabricating and Processing Property Furnished by Consumers)	Over 500 companies involved in producing, fabricating, processing, printing, or imprinting tangible personal property (entity could not say how many may be small businesses)
316	Retail Trade (Replacement Parts)	All retailers furnishing warranty replacement parts (entity could not quantify)
317	Retail Trade (Returned Merchandise)	30,000 retailers filing sales and use tax returns (entity could not say how many may be small businesses)
320	Retail Trade (Social and Fraternal Organizations)	Any of the 30,000 retailers filing sales and use tax returns that make sales to social and fraternal organizations (entity could not say how many may be small businesses)
321	Administrative and Support and Waste Management and Remediation Services; any other applicable business (Auctioneers)	All businesses affected by sales made by auctioneers, including auctioneers, auction houses, executors, administrators, trustees, receivers or other court officers; 125 auctioneers are licensed by DBR (entity did not provide any additional figures)
322	Retail Trade (Tax Collections/Trust Funds)	Any of the 30,000 retailers filing sales and use tax returns that are involved with tax as property held in trust for the State (entity could not say how many may be small businesses)
324	Any applicable business (Sales and Use Tax/Notice to Administrator of Sale of Assets)	Any business entity with properly recorded assets: 30,000 retailers filing sales and use tax returns; "there are also undeterminable amounts of service providers, contractors, and hybrid industries which do not require a sales tax permit"
328	Manufacturing; Health Care and Social Assistance (Dentists and Dental Laboratories)	1,165 dentists, oral surgeons, dental laboratories, orthodontists, and periodontists (entity did not note how many may be small businesses)
329	Retail Trade (Television Sets and Attachments)	300 television retailers (entity could not say how many may be small businesses)
349	Other Services (Automobile Repairers)	715 automobile repairers
356	Retail Trade (Refundable Deposit for Disposal of Used Batteries)	Battery retailers (entity could not quantify)

TAXATION'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
359	Retail Trade (Promoters/Promotion of Shows)	Any of the 300 to 400 vendors who set up at a RI show, who make the sale of tangible personal property (entity could not say how many may be small businesses)
387	Any applicable business (Reports, Payments and Penalties)	Any business collecting and remitting sales tax: 30,000 retailers filing sales and use tax returns; "there are also undeterminable amounts of service providers, contractors, and hybrid industries that may also be impacted by reports, payments and penalties"
388	Information (Newspapers and Periodicals)	52 publishers (entity could not say how many may be small businesses)
403	Retail Trade (Bibles and other Canonized Scriptures)	Book stores (entity could not quantify); 17 religious stores ("vast majority are small businesses")
405	Administrative and Support and Waste Management and Remediation Services (Pollution Control Facilities)	7 pollution control facilities are registered with DEM
410	Retail Trade (Cellular Telephones/Bundled Transactions/Promotional Use)	159 retail businesses selling cellular telephone stores and retail electronic stores
416	Other Services; Retail Trade (New Motor Vehicle Purchased by Used Car Dealers or Auto Body Mechanics)	290 auto body shops and 425 used car dealers
433	Retail Trade (Sales Made By Blind Persons)	18 retail business locations operating under the Division of Services for the Blind and Visually Impaired ("vast majority are small businesses")
437	Construction; Real Estate and Rental and Leasing (Mobile and Manufactured Homes)	57 mobile and manufactured home dealers, mobile and manufactured home communities, and home construction companies
438	Professional, Scientific, and Technical Services; Manufacturing (Qualifying Research and Development Firms' Equipment)	118 companies are directly engaged in R&D
441	Transportation and Warehousing (Trucks, Trailers and Buses – Interstate Carriers)	1,400 common carriers within the trucking and busing industry used exclusively in interstate commerce
442	Arts, Entertainment, and Recreation (Tax Exemption of Sales by Writers, Composers and Artists)	187 writers, composers or artists residing in an economic development zone ("vast majority are small businesses")
449	Manufacturing; Retail Trade; Wholesale Trade (Cigarette Tax/Dealers' and Distributors' Reports and Records)	1,200 cigarette dealers and distributors

TAXATION'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
450	Manufacturing; Retail Trade; Wholesale Trade (Cigarette Tax/Licenses)	1,200-1400 cigarette dealers and distributors
451	Retail Trade; Wholesale Trade (Cigarette Tax/Purchasing and Applying Indicia)	Potentially up to 1,400 cigarette distributors who may use indicia
452	Retail Trade; Wholesale Trade (Cigarette Tax/Redemptions and Refunds)	Potentially up to 1,400 cigarette distributors who may have unused, mutilated, or torn stamps
453	Retail Trade; Wholesale Trade (Cigarette Tax/Physical Inventories of Cigarettes and Indicia)	Potentially up to 1,400 cigarette distributors who may be impacted by Taxation's authority to take inventory of cigarettes and indicia
455	Manufacturing; Retail Trade; Wholesale Trade (Cigarette Tax/Reports and Records of Carriers, Bailers and Warehousemen)	Potentially up to 1,400 cigarette dealers and distributors who may use common carriers to transport cigarettes into the state (entity did not note how many of these may be small businesses; entity did not provide specific numbers of carriers, bailers and warehousemen)
456	Retail Trade; Wholesale Trade (Distribution of Sample Packages)	Potentially up to 1,400 cigarette distributors who may affix stamps to sample packages
457	Manufacturing; Retail Trade; Wholesale Trade (Tax Exempt Cigarette Sales)	Potentially up to 1,400 cigarette distributors who may be impacted by exemptions for certain instrumentalities
458	Manufacturing; Retail Trade; Wholesale Trade (Minimum Pricing of Cigarettes)	1,200 cigarette dealers and distributors
460	Manufacturing; Retail Trade; Wholesale Trade (Cigarette Tax/Vending Machines)	6 cigarette vending machine dealers
505	Any applicable business which amends a tax return (Amended Corporate Tax Returns)	Any incorporated business which amends a tax return ("all small businesses may be affected")
508	Any applicable business (Ability to Apportion Net Income)	Any incorporated business ("all small businesses may be affected")
570	Accommodation and Food Services (Litter Control/Participation Permit)	5,500 to 6,000 businesses selling taxable food or beverages
572	Retail Trade; Other Services (Litter Control/Hard-to-Dispose Materials)	200 to 300 automotive-related businesses selling lubricating oil, tires, antifreeze, or organic solvents
573	Retail Trade (Motor Fuel Tax - Exporters)	50-60 motor fuel distributors
574	Retail Trade (Motor Fuel Tax - Taxability of Special Fuels)	50-60 motor fuel distributors
575	Retail Trade (Motor Fuel Tax - Taxability of Consignments, Loans and Transfers of Fuels)	50-60 motor fuel distributors
576	Retail Trade (Motor Fuel Tax - Gallonage Adjustment to 60 Degrees Temperature)	50-60 motor fuel distributors

TAXATION'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
607	Retail Trade (Motor Fuel Tax - Purchases of Motor Fuels in Rhode Island by Nonregistered Distributors or Exporters)	60-85 motor fuel distributors
611	Real Estate and Rental and Leasing; Professional, Scientific, and Technical Services (Withholding/Sale of Real Property by Non-Residents)	Real estate agents, attorneys, accountants, and title search, mortgage, and other related professionals (entity could not quantify)
624	Real Estate and Rental and Leasing; Professional, Scientific, and Technical Services (Withholding/Sale of Real Property by Non-Residents/LLCs)	Real estate agents, attorneys, accountants, and title search, mortgage, and other related professionals (entity could not quantify)
736	Any applicable business (Personal Income Tax/Employers' Withholding)	Any business that must withhold wages ("all employers")
986	Any applicable business (Contractors and Subcontractors)	11,267 licensed contractors
987	Any applicable business (Occupational and Professional Services)	All occupational and professional services, such as physicians, oculists, veterinarians, barbers, lawyers, painters, hospitals, schools, laundries (entity could not quantify)
1243	Retail Trade (Receipts for Use Tax Paid to Retailers)	All retailers that are either required or authorized to collect use tax from a purchaser (entity could not quantify)
1244	All Rhode Island businesses (Taxpayer Rights and Responsibilities)	"All small businesses may be affected"
1275	Retail Trade (Use of Motor Vehicles by Dealers)	550 new and used motor vehicle dealers
1674	Construction; Retail Trade (Materialmen/Pay When Paid Remittance)	15 lumber retailers and building suppliers
1675	Health Care and Social Assistance (Nursing, Convalescent, and Homes for Elderly)	100 nursing, convalescent, and homes for elderly (entity could not say how many of these may be nonprofits and thus exempt, or note how many may be small businesses)
1676	Construction; Manufacturing; Professional, Scientific, and Technical Services; Retail Trade (Billboards and Signs)	1,200 sign companies, painters, subcontractors, graphic designers, advertisers, and their customers
1871	Accommodation and Food Services (Room Rentals by Hotels, Rooming Houses, and Tourist Camps)	Approximately 400 hotels, motels, inns, apartment hotels, rooming houses, lodging houses, tourist houses or campus, summer camps, resort lodges, and cabins ("exact amount is difficult to determine because of the wide variety of applicable businesses"; entity did not note how many of these may be small businesses)
2336	Agriculture, Forestry, Fishing, and Hunting (Commercial Fishermen)	3,000 licensed commercial fishermen; industries providing goods to commercial fishermen (entity could not quantify)
2345	Retail Trade (Reports and Payments by Motor Fuel Distributors)	50-60 motor fuel distributors

TAXATION'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
2351	Agriculture, Forestry, Fishing, and Hunting (Commercial Fishing Vessels in Excess of Five Net Tons)	Any of the 3,000 licensed commercial fishermen with vessels in excess of five net tons (entity did not note how many may be small businesses); industries providing goods to commercial fishermen (entity could not quantify)
2352	Any applicable business (Motor Vehicles/Payment of Tax as Prerequisite to Registration)	Any of the 10,000 to 25,000 small businesses that purchase vehicles to be registered in RI (entity could not quantify)
2353	Any applicable business (Motor Vehicles/Trade-In Allowance)	Any of the 10,000 to 25,000 small businesses that purchase and register vehicles, that trade in vehicles for the purchase of a new vehicle (entity could not quantify)
2429	Any applicable business (Net Operating Loss Limitation)	Any business seeking a net operating cost deduction (entity could not quantify)
2813	Retail Trade (Motor Vehicles Sold to Nonresidents)	550 new and used motor vehicle dealers
2875	All Rhode Island businesses (Corporation Tax/Allocation of Income and Net Worth)	"All small businesses may be affected"
4306	Agriculture, Forestry, Fishing, and Hunting (Farm Equipment and Farm Structure Construction Materials)	800 farmers
4307	Other Services (Repairers and Reconditioners)	Entity could not quantify
4312	Health Care and Social Assistance; Wholesale Trade; Retail Trade (Medical Equipment and Supplies)	189 retailers of medical equipment; wholesalers of medical supplies (entity did not quantify)
4313	Retail Trade (Delivery Charges)	30,000 retailers filing sales and use tax returns (entity could not say how many may be small businesses)
4314	Any applicable business (Taxes Imposed on Consumer)	Any business that imposes tax on consumers ("potentially any and all businesses")
4315	Retail Trade; Wholesale Trade; any other applicable business (Sales and Use Tax - Exempt Agencies, Organizations and Institutions)	Any retailer or other business that charges and remits sales tax ^
4317	Any applicable business (Interstate Sales)	Any business involved in the trucking of goods: 1,015 in interstate commerce (entity did not note how many may be small businesses)
4320	Health Care and Social Assistance (Oculists, Optometrists, Opticians and Ophthalmologists)	"101 registered eye doctors" (entity did not provide figures for additional eye professionals)
4321	Manufacturing, Wholesale Trade (Printing and Related Industries)	Over 500 direct mail, printers (of all types), and other related industries (entity could not say how many may be small businesses)

TAXATION'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
4322	Retail Trade (Resale Certificate)	Any of the 30,000 retailers remitting sales tax that issue resale certificates (entity could not say how many may be small businesses)
4324	Retail Trade (Coupons – Discounted Selling Price – Buydowns)	30,000 retailers filing sales and use tax returns (entity could not say how many may be small businesses)
4449	Retail Trade (Motor Fuel Tax Marine Diesel)	100-150 motor fuel distributors and marinas
5455	Professional, Scientific, and Technical Services (Electronic Filing – Preparer Mandate)	Any paid tax preparer who filed more than 100 RI returns during the previous calendar year (entity could not quantify)
5457	Professional, Scientific, and Technical Services (Advertising Agencies)	23 advertising agencies
5461	Any applicable business (Apportionment of Franchise Tax)	Any franchised business (entity could not quantify)
5860	Any applicable business (Payment of Taxes by Electronic Funds Transfer)	All businesses a) remitting \$200/month or more in sales tax, or b) remitting withholding tax and having 10 or more employees (entity did not quantify)
5861	Retail Trade (Biodiesel Fuel)	50-60 motor fuel distributors
5995	Accommodation and Food Services (Food and Food Ingredients, Prepared Food/Meals, Candy, Soft Drinks, Dietary Supplements, and Alcoholic Beverages)	6,000 businesses selling taxable food/beverages
6528	Retail Trade (Computers and Related Systems)	Any of the 30,000 retailers filing sales and use tax returns that sell computers, related components and software (entity could not say how many may be small businesses)
6529	Retail Trade (Drugs, Medicines and Health Care Products)	Any of the 30,000 retailers filing sales and use tax returns that sell drugs, medicines and health care products (entity could not say how many may be small businesses)
6629	Retail Trade (Records)	30,000 retailers filing sales and use tax returns (entity could not say how many may be small businesses)
6850	Any applicable business (Rental and Leases of Tangible Personal Property)	Any retailer or company that rents or leases tangible personal property, including car dealers, car or truck rental companies, commercial real estate companies, and electronics, furniture, or hardware retailers or rental companies (entity could not quantify)
6853	Any applicable business (Corporation Tax/Notice to Administrator of Sale of Assets)	Any corporation selling a major portion of RI assets (“all small businesses may be affected”)

TAXATION'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
6856	Any applicable business (Corporation Tax/Estimated Tax Payments)	Any business that estimates tax payments ("all small businesses may be affected")
6971	Retail Trade (Sales Tax Exemption/Clothing and Footwear)	1,874 clothing retailers remitting sales tax (entity could not say how many may be small businesses)
6972	Transportation and Warehousing (Taxicab, Limousine, Charter Bus, and Other Ground Passenger Transportation Services)	320 taxicab, limo and charter bus companies ("majority are small businesses")
6973	Professional, Scientific, and Technical Services (Pet Care Services)	Any of the 500 pet care services, veterinarians, pet hospitals, boarders, groomers, stores, or kennels that provide non-medical services (entity could not say how many may be small businesses)
Decision-Based Impacts		
445	Any applicable business (Litigation Expenses - Administrative Hearings)	Any business that could request litigation expenses for prevailing in adjudication conducted by Taxation ^
466	Any applicable business (Tax Credits/Deductions – Small Business Capital Development Tax Credit)	Any business invested in a certified venture capital partnership (entity could not quantify)
469	Any applicable business (Daycare Assistance and Development Tax Credit)	Any employer providing daycare assistant ("all are eligible")
632	Any applicable business (Personal Income Tax/Extension of Time to File)	Any business that seeks an extension (entity could not quantify)
752	Any applicable business (Administrative Hearing Procedures)	Any business that takes part in administrative hearings ^
2337	Any applicable business (Procedures in Handling Requests for Issuance of Declaratory Rulings)	Any business that is involved in a declaratory ruling ^
5858	Any applicable business (Jobs Development Act)	Any business that creates new employment in the state ("all small businesses are eligible")
Indirect Impacts		
267	Professional, Scientific, and Technical Services (Motor Vehicles - Awarded as Prizes)	Tax preparers, via individual taxpayers ^
269	Professional, Scientific, and Technical Services (Motor Vehicles - Gifts of)	Tax preparers, via individual taxpayers ^
271	Professional, Scientific, and Technical Services (Sale of a Motor Vehicle by an Administrator, Executor, Guardian, etc.)	Tax preparers, via individual taxpayers ^
273	Professional, Scientific, and Technical Services (Motor Vehicles- Registration of Motor Vehicles Obtained through Property Settlement in Divorce Cases)	Tax preparers, via individual taxpayers ^
275	Professional, Scientific, and Technical Services (Motor Vehicles- Transfer by Conditional Vendee)	Tax preparers, via individual taxpayers ^

TAXATION'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Indirect Impacts (continued)		
301	Professional, Scientific, and Technical Services (Pawnbrokers, Sales and Use Tax)	Tax preparers, via pawnbrokers ^
434	Professional, Scientific, and Technical Services (Sales of Rhode Island Nonprofit Eleemosynary Organizations and Schools)	Tax preparers, via individual taxpayers ^
447	Professional, Scientific, and Technical Services (Bank Deposit Tax)	Tax preparers, via financial institutions ^
448	Professional, Scientific, and Technical Services (Bank Excise Tax Apportionment Of Net Income Or Loss For Banks Not Org Or Incorporated Under The Laws Of The State)	Tax preparers, via financial institutions ^
472	Professional, Scientific, and Technical Services (Tax Credits/ Deductions - Residential Lead Hazard Removal)	Lead hazard remediation professionals and tax preparers, via individual taxpayers ^
628	Professional, Scientific, and Technical Services (Underpayment of Estimated Personal Income Tax Charges)	Tax preparers, via individual taxpayers ^
638	Professional, Scientific, and Technical Services (Personal Income Tax - Rhode Island Filing States - Nonresident Military Personnel and His/Her Spouse)	Tax preparers, via individual taxpayers ^
650	Professional, Scientific, and Technical Services (Personal Income Tax - Filing Status of Husband and Wife Where One is a Partial - Year Resident)	Tax preparers, via individual taxpayers ^
658	Professional, Scientific, and Technical Services (Personal Income Tax - Lottery and Pari- Mutual Winnings and Prizes)	Tax preparers, via individual taxpayers ^
730	Professional, Scientific, And Technical Services (Personal Income Tax - Use of Substitute Rhode Island Blank Income Tax Forms)	Tax preparers, via individual taxpayers ^
738	Professional, Scientific, and Technical Services (Personal Income Tax - Filing Deadlines: Weekends, Holidays and Mailings)	Tax preparers, via individual taxpayers ^
739	Professional, Scientific, and Technical Services (Personal Income Tax - Credit for Income Taxes of Other States)	Tax preparers, via individual taxpayers ^
2347	Professional, Scientific, and Technical Services (Out of State Credit - Double Resident)	Tax preparers, via individual taxpayers ^
5859	Professional, Scientific, and Technical Services (Computation Of Estate Tax)	Tax preparers, via individual taxpayers ^

Department of Environmental Management (DEM)

Description: DEM is charged with the protection, restoration and management of the State's natural resources. This includes more than 14,000 acres of state park and management areas.	Supervising Entity	None
	Other Entities Affected	Department of Administration (DOA) Coastal Resources Management Council (CRMC) Commerce Corporation (Commerce) Office of Energy Resources (OER) Department of Health (DOH) Department of Motor Vehicles (DMV) Department of Transportation (DOT) Public Transit Authority (RIPTA)

DEM COMPLIANCE STATUS: PERIOD THREE

Exempt from Review: PARTIAL	Compliance Status: COMPLIANT	Regulations submitted for review: 151 of 186 (81.2 percent)
Percentage of Total DEM Regulations Reviewed as of Period Three		
Between the close of the dataset required for compliance figures and the current dataset used for all other analysis, including all data below, one DEM regulation was adopted: ERLID 7396/RI Seafood Brand and Mislabeling of Marine Species.		

MEASURES OF IMPACT AND INFLUENCE: PERIOD THREE

Small Business Impact	HIGH	119 of 152 regulations (78.3 percent) have <i>Direct</i> impact
		13 of 152 regulations (8.6 percent) have <i>Decision-Based</i> impact
		14 of 152 regulations (9.2 percent) have <i>Indirect</i> impact
		6 of 152 regulations (3.9 percent) have <i>No Impact</i>
Federal Influence	MODERATE	51 of 152 regulations (33.6 percent) were identified as influenced by Federal law or rulemaking
State Influence	MODERATE	101 of 152 regulations (66.4 percent) were identified as influenced by Rhode Island General Law
IMPACT/INFLUENCE KEY:		HIGH: > 75% regulations LOW: < 25 % regulations
		MODERATE: 25% to 75% regulations NONE: No regulations

DEM'S IMPACT ON SMALL BUSINESS: PERIOD THREE, SUMMARY

As of Period Three, DEM submitted 146 regulations in which ORR found either Direct, Decision-Based, or Indirect impact, listed in these 3 groups after the "Recommendations" section. In summary:

- **Direct:** These 119 regulations primarily mandate particular DEM-housed industries such as agriculture, waste management, or commercial fishing; industries that touch on DEM-related concerns, such as retail (pet shops) or recreation (boating); or any business surpassing certain environmental thresholds (such as pollutant emissions or groundwater contaminants). DEM also houses a number of licensing regulations.
- **Decision-Based:** These 13 regulations cover a range of incentive programs, administrative penalties and suspension/revocation of licenses, and one regulation regarding DEM administrative adjudication.
- **Indirect:** These 14 regulations primarily impact construction via a range of municipal grant and incentive programs, as well as any business using electricity, via the exempt utilities industry.

RECOMMENDATIONS FOR DEM REGULATORY REFORM: PERIOD THREE

- DEM identified at least one potentially duplicative or conflicting regulation. Review Recommendation Area #4 ("Remove Duplicative Regulations and 'Non-Regulations'") in the Period One report, and determine if these can and should be streamlined. Please provide ORR with a status update and timeline.
- DEM identified 19 regulations to amend, and 1 regulation to repeal. Please provide ORR with a status update and timeline on amending and repealing each of these regulations.
- DEM identified at least one of the five suggested small business accommodations for at least one of its regulations. Please provide ORR with a status update and timeline on these accommodations.
- DEM did not consistently submit complete, quantified costs of establishing and enforcing these regulations. Review Recommendation Area #8 ("Support Improved Cost-Benefit Analysis") in both the Period One and Two reports, and work to quantify this key regulatory impact. Contact ORR for assistance.
- DEM did not directly contact small businesses in preparing the EIS form (would not typically include public hearings). Entities that did so were better equipped to quantify impact data. Review Recommendation Areas #7 ("Promote Lawmaker and Small Business Participation in Reform") and #8 ("Support Improved Cost-Benefit Analysis") in both the Period One and Two reports, and seek out small business input. ORR can facilitate connections to relevant business organizations.
- Regulations should be clear and understood by those they regulate. Review Recommendation Area #3 ("Improve Accessibility to Regulations") in the ORR Period One report. Use Microsoft Word's readability statistics to evaluate and improve the readability of DEM's regulatory language.

DEM'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL

Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts		
330	Retail Trade; Agriculture, Forestry, Fishing and Hunting (Rhode Island Trout Conservation Stamp)	74 vendors that sell trout stamps
501	Any applicable business (Oil Pollution Control Regulations)	Petroleum terminals; any small business employing an above ground storage tank for petroleum products greater than 500 gallons (1,800 registered aboveground storage tank facilities; entity could not say how many may be small businesses)

DEM'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)

Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
584	Arts, Entertainment, and Recreation; Retail Trade; Manufacturing (Boats and Associated Equipment)	Manufacturers of boats and associated equipment ^
588	Agriculture, Forestry, Fishing and Hunting; Wholesale Trade; Retail Trade (Taking, Possession, Holding, Bartering, & Trading of Shellfish - Shellfish Buyer Regulations)	108 licensed shellfish dealers and 1362 licensed shell fishermen
591	Arts, Entertainment, and Recreation; Retail Trade (Registration and Control of Snowmobiles and Recreational Vehicles)	Manufacturers of snowmobiles and recreational vehicles ^
615	Arts, Entertainment, and Recreation; Other Services (Beach Rules and Regulations)	110 public campgrounds, beaches and swimming pools
715	Retail Trade (RI Ferret Regulations)	200 distribution and pet stores
761	Agriculture, Forestry, Fishing and Hunting; Professional, Scientific, and Technical Services; Retail Trade (Licensing and Registration of Arborists)	800 licensed arborists
853	Agriculture, Forestry, Fishing and Hunting (Commercial Feed)	10 feed/pet food producers
904	Agriculture, Forestry, Fishing and Hunting (Importation of Equines from Contagious Equine Metritis Affected Countries)	2 dedicated quarantine facilities
906	Agriculture, Forestry, Fishing and Hunting (Infectious Diseases of Swine)	103 hog farms
913	Agriculture, Forestry, Fishing and Hunting (Swine Garbage Feeding Permit Requirement Regulations)	7 hog farms in Rhode Island are licensed as garbage feeders
925	Arts, Entertainment, and Recreation; Retail Trade (Marine Antifoulant Paints Containing Tributyltin)	Marinas and sporting goods stores
926	Agriculture, Forestry, Fishing and Hunting (Agricultural Composting)	10 agricultural composters
927	Agriculture, Forestry, Fishing and Hunting (Fertilizers)	100 farming fertilizer producers
928	Agriculture, Forestry, Fishing and Hunting; Retail Trade (Agricultural Liming Materials Rules and Regulations)	40 agricultural lime producers
994	Agriculture, Forestry, Fishing and Hunting (Rhode Island Seed Law)	Any business that grows, sells, or distributes seed (entity could not quantify)
996	Agriculture, Forestry, Fishing and Hunting (Shell Egg)	4 producers of egg shell products
998	Agriculture, Forestry, Fishing and Hunting (Grading of Honey)	30 commercial beekeepers and producers of honey products
999	Agriculture, Forestry, Fishing and Hunting; Transportation and Warehousing; Retail Trade (Out of State Honey Bee Quarantine to Prevent Entry of Varroa Mite into Rhode Island)	30 commercial beekeepers

DEM'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
1001	Agriculture, Forestry, Fishing and Hunting (Regulations for the Production and Distribution of Nursery Stock)	Entity estimates 83 based on the number of licensed nursery workers
1005	Retail Trade; Administration and Support and Waste Management and Remediation Services (Solid Waste Regulation No.5 Waste Tire Storage and Recycling Facility)	60 auto salvage yards and 60 used tire dealers
1006	Administrative and Support and Waste Management and Remediation Services (Solid Waste Regulation No. 4 Incinerators and Resource Recovery Facilities)	Incinerators or resource recovery facilities that have the ability to produce material or energy to be used in manufacturing, agriculture or other processes (currently none)
1007	Administrative and Support and Waste Management and Remediation Services (Solid Waste Regulation No.3 Transfer Stations and Collection Stations)	3 businesses that own or operate transfer stations
1014	Administrative and Support and Waste Management and Remediation Services (Solid Waste Regulations No.2 Solid Waste Landfills)	Any landfills (currently no small businesses)
1016	Administrative and Support and Waste Management and Remediation Services (Solid Waste Regulation No.7 Facilities Processing Construction and Demolition Debris)	1 small construction and demolition business
1047	Agriculture, Forestry, Fishing and Hunting (Rhode Island Natural Heritage Preservation Commission)	1,219 dairy farms, poultry farms, and vegetable and fruit farms
1843	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations - Part VIII - Oyster Regulations)	3,000 commercial fishermen and seafood dealers
1849	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations - Part XIII - Gill Net Regulations)	3,000 commercial fishermen and seafood dealers
2009	Agriculture, Forestry, Fishing and Hunting; Wholesale Trade; Retail Trade (Fish and Wildlife Vendor Agents)	75 vendors that sell hunting and fishing licenses
2058	Agriculture, Forestry, Fishing and Hunting; Manufacturing (Aquaculture of Marine Species in Rhode Island Waters)	3,000 commercial fishermen and seafood dealers
2163	Manufacturing; Health Care and Social Assistance (Wastewater Treatment Operators)	1 nursing home and 1 fabric dyeing company
2455	Retail Trade (Destruction of Animals by Carbon Monoxide Poisoning)	Approximately 20 pet shop operators
2546	Agriculture, Forestry, Fishing and Hunting (Newport Fishing Port Operations Regulations)	400 commercial fishermen utilizing state docking facilities
2785	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations - Part IX - Shellfish Buyer's License – Statutes)	3,000 commercial fishermen and seafood dealers

DEM'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)

Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
2846	Agriculture, Forestry, Fishing and Hunting (Galilee Port Operations Regulations and Berthing Management System)	400 commercial fishermen utilizing state dockage facilities
3158	Agriculture, Forestry, Fishing and Hunting; Retail Trade (Woods Operators Registration Fee and Intent to Cut Fee Woods Operators Regulations)	40-75 landowners, wood operators, truckers
3159	Any applicable business (Forest Fire Personnel and Forest Fires and Prevention Forest Fire)	Any business that conducts attended open air fires ^
3266	Agriculture, Forestry, Fishing and Hunting (Suppression of White Pine Blister Rust Suppression of White Pine Blister Rust)	Entity estimates 83 based on the number of licensed nursery workers
3556	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations - Part X - Equipment Restrictions)	3,000 commercial finfish and shellfish fishermen
3572	Agriculture, Forestry, Fishing and Hunting (Importation, Feeding, and Baiting of Cervids in Rhode Island)	Any business that imports deer, elk, caribou, or parts thereof for any use, including taxidermy, laboratory research, or sale ^
3636	Agriculture, Forestry, Fishing and Hunting (Pesticides)	Approximately 2,088 pesticide relief providers, farmers, pest control and lawn care contractors, lawn care providers, and anti-fouling boat painting contractors (entity did not note how many may be small businesses)
3659	Administrative and Support and Waste Management and Remediation Services; (Solid Waste Regulation No. 8- Solid Waste Composting Facilities)	5 solid waste composting facilities
4229	Agriculture, Forestry, Fishing and Hunting; Arts, Entertainment, and Recreation; Other Services (Importation and Possession of Native Wildlife)	7 permits issues to import and possess native wildlife
4480	Retail Trade; Transportation and Warehousing (Air Pollution Control Regulation No. 34 "Rhode Island Motor Vehicle Inspection/Maintenance Program)	285 authorized auto inspection and repair facilities
4497	Any applicable business (Air Pollution Control Regulation No. 1- Visible Emissions)	Any of the "potentially hundreds" of businesses that operate fuel burning equipment and/or generate visible air contaminant emissions (entity could not quantify)
4498	Manufacturing; Transportation and Warehousing; Retail Trade; Wholesale Trade (Air Pollution Control Regulation No. 3- Particulate Emissions from Industrial Processes)	Any of the "hundreds" of businesses that operate equipment that may generate particulate emissions (entity could not quantify)

DEM'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)

Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
4499	Agriculture, Forestry, Fishing and Hunting I331(Air Pollution Control Regulation No. 4- Open Fires)	Any business that conducts or intends to conduct open burning at a solid waste management facility and/or hazardous waste disposal facility or in connection with any salvage, industrial, commercial or institutional operation, with certain exemptions (entity could not quantify)
4500	Manufacturing; Mining, Quarrying, and Oil and Gas Extraction; Retail Trade; Agriculture, Forestry, Fishing and Hunting; Construction (Air Pollution Control Regulation No. 5- Fugitive Dust)	Any business industry which handles, transports, mines, quarries, stores, or otherwise utilizes any materials that could become airborne fugitive dust and/or particulate matter, e.g. sand, gravel, soil, aggregate, etc. (entity could not quantify)
4501	Utilities; Manufacturing (Air Pollution Control Regulation No. 6- Continuous Emissions Monitors)	Any business with hot water or steam-generating units burning No. 6 residual oil or solid fuel, or units burning all other liquid fuels and having a heat input capacity of five million Btu per hour or more (fewer than 200 currently have monitors; entity could not say how many may be small businesses)
4502	Manufacturing; Mining, Quarrying, and Oil and Gas Extraction; Agriculture, Forestry, Fishing and Hunting; Transportation and Warehousing; Construction; Utilities; any other applicable sector (Air Pollution Control Regulation No. 7- Emission of Air Contaminants Detrimental to Person or Property)	Any of the "hundreds" of businesses that operate equipment that may generate emissions (entity could not quantify)
4503	Manufacturing; Transportation and Warehousing; Retail Trade; Wholesale Trade (Air Pollution Control Regulation No. 8- Sulfur Content of Fuels)	Any business that triggers criteria based on limits of sulfur content of fuel oil (entity could not quantify)
4507	Manufacturing; Administrative and Support and Waste Management and Remediation Services; Retail Trade (Air Pollution Control Regulation No. 12- Incinerators)	57-59 businesses with incinerators located at sewage treatment plants, metals reclamation facilities, and crematories both animal and human
4508	Any applicable business (Air Pollution Control Regulation No. 13- Particulate Emissions from Fossil Fuel Fired Steam or Hot Water Generating Units)	Any business which combusts fuels which generate a maximum capacity of one million BTU/hour or more (entity could not quantify)
4509	Manufacturing; Transportation and Warehousing; Administrative and Support and Waste Management and Remediation Services; Health Care and Social Assistance; Utilities; (Air Pollution Control Regulation No. 14- Record Keeping and Reporting)	Any business that emits air contaminants could potentially be subject; approximately 500 small businesses are inventoried annually; in 2011 approximately 300 auto body shops surveyed
4510	Manufacturing (Air Pollution Control Regulation No. 15- Control of Organic Solvent Emissions)	1 manufacturer of fiberglass boats and plastic composites

DEM'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)

Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
4511	Manufacturing; Transportation and Warehousing; Retail Trade; Wholesale Trade (Air Pollution Control Regulation No. 16- Operation of Air Pollution Control Systems)	Any business that emits air pollution and operates an air pollution control system (entity could not quantify)
4512	Manufacturing; Retail Trade; Transportation and Warehousing; Construction (Air Pollution Control Regulation No. 19- Control of Volatile Organic Compounds from Surface Coating Operations)	Any of the "hundreds" of businesses that operate equipment that may generate objectionable odors (entity could not quantify)
4514	Any applicable business (Air Pollution Control Regulation No. 20- Burning of Alternative Fuels)	Any business that burns alternative fuels in fuel-burning equipment with a heat capacity of one million BTU per hour or greater (currently 1)
4517	Other Services (Air Pollution Control Regulation No. 23- Control of Perchloroethylene Emissions from Dry Cleaning Operations)	55 perchloroethylene dry cleaners
4518	Construction; Administrative and Support and Waste Management and Remediation Services (Air Pollution Control Regulation No. 24- Removal of Lead Paint from Exterior Surfaces)	Any of the "potentially hundreds" of businesses that conduct lead paint removal (entity could not quantify)
4520	Manufacturing (Air Pollution Control Regulation No. 26- Control of Organic Solvent Emissions from Manufacturers of Synthesized Pharmaceutical Products)	Synthesized pharmaceutical production facilities (currently none)
4521	Any Business May Be Subject (Air Pollution Control Regulation No. 27- Control Of Nitrogen Oxide Emissions)	Any business that has the potential to emit 50 tons or more per year of nitrogen oxides; typically power plants and large boilers (entity could not quantify)
4525	Wholesale Trade (Air Pollution Control Regulation No. 32- Control of Volatile Organic Compounds from Marine Vessel Loading Operations)	Currently no small businesses
4526	Manufacturing (Air Pollution Control Regulation No. 35- Control of Volatile Organic Compounds and Volatile Hazardous Air Pollutants from Wood Products Manufacturing Operations)	10 businesses that manufacture wood products and apply coatings to the surfaces of the wood products
4529	Health Care and Social Assistance (Air Pollution Control Regulation No. 39- Hospital/Medical/Infectious Waste Incinerators)	Currently none (would affect new projects only)
4532	Manufacturing (Air Pollution Control Regulation No. 42- Heavy-Duty Diesel Engine Standards)	Diesel truck manufacturers (currently none)
4604	Any applicable business (Mercury Education and Reduction Act)	Any business which manufactures or uses products with mercury (entity could not quantify)
4622	Any applicable business (Air Pollution Control Regulation No. 45 "Rhode Island Diesel Engine Anti-Idling Program")	Any of the "hundreds" of businesses that operate diesel equipment (entity could not quantify)

DEM'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)

Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
4695	Any participant in the following programs: Rhode Island Pollution Discharge Elimination System and Pretreatment, Wastewater Treatment Facilities Program, Groundwater Quality Certification Program, Water Quality Certification Program, Underground Injection Control Program, Office of Air Resources (Establishment of Various Fees)	Any business that requires new wastewater infrastructure or private drinking well variances, that discharges storm water into the ground, that disturbs greater than 5 acres of land, or that proposes discharge of air pollutants (entity could not quantify)
4724	Manufacturing (Dam Safety)	50 to 60 privately or company-owned dams
4729	Manufacturing; Health Care and Social Assistance; Utilities; Wholesale Trade (Operations and Maintenance of Wastewater Treatment Facilities)	1 nursing home; 2 fabric dyeing companies; 1 petro-chemical storage; 1 power plant; 1 fish processing facility
4999	Any applicable business (Establishment of a Uniform Septage Disposal Fee)	Any business that disposes of its sanitary (human) sewage onsite (entity could not quantify)
5053	Agriculture, Forestry, Fishing and Hunting (Identification of Sheep and Goats)	96 goat herds; 107 sheep flocks; 1 livestock market; 1 slaughterhouse
5061	Agriculture, Forestry, Fishing and Hunting (Rules Related to Cultural Practices for Branding Products of the Farm)	21 farms and handlers certified as organic
5313	Transportation and Warehousing; Retail Trade; Wholesale Trade (Air Pollution Control Regulation No. 11 - Petroleum Liquids Marketing/Storage)	300 gasoline service stations
5314	Any applicable business (Air Pollution Control Regulation No. 22 - Air Toxics)	Any business that emits significant quantities of certain toxic air pollutants (currently 1 chemical manufacturer, 1 plastic manufacturer, 1 electro film manufacturer, 1 shipbuilder, 1 medical products manufacturer, and 2 hospitals)
5538	Manufacturers; Retail Trade; Wholesale Trade (Air Pollution Control Regulation No. 31, 'Control of Volatile Organic Compounds from Consumer Products')	Retailers of applicable products (entity could not quantify); manufacturers of applicable products (entity estimates none)
5539	Manufacturers; Retail Trade; Wholesale Trade; Construction (Air Pollution Control Regulation No. 33, 'Control of VOC from Architectural Coatings and Industrial Maintenance Coatings')	Painting contractors and their employers, retailers of applicable products (entity could not quantify); RI manufacturers of applicable products (entity estimates none)
5540	Manufacturers; Retail Trade; Wholesale Trade; Construction (Air Pollution Control Regulation No. 44, 'Control of VOC from Adhesives and Sealants')	Roofers; retailers selling these products; industrial facilities using more than 200 lbs of these products/year and/or 55 gallons/year (to date, only 1 plastics manufacturer)
5903	Health Care and Social Assistance; Other Services (Medical Waste)	Approximately 10,000 health care facilities, veterinarians, tattoo parlors, ear piercing operations, and pharmaceutical laboratories (entity did not note how many may be small businesses)

DEM'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
5943	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations – Part XI - Commercial Fisheries)	3,000 commercial finfish and shellfish fishermen
5997	Professional, Scientific and Technical Services; Retail Trade (Prevention, Control, and Suppression of Rabies within the State of Rhode Island)	200 licensed veterinarians and 20 pet shops
5998	Retail Trade (Importation and Possession of Exotic Wild Animals)	20 pet shops
6033	Transportation and Warehousing (State Pilotage Commission)	11 licensed marine pilots
6069	Any applicable business (Groundwater Quality Rules)	Any business using road salt for de-icing: any private contractor choosing to provide road salting; owners of large parking areas; multiple industries who choose to store road salt in the de-icing of their property (entity could not quantify)
6179	Arts, Entertainment and Recreation (Dredging and the Management of Dredged Material)	80 marinas and ports
6204	Any applicable business (Rhode Island Air Pollution Control General Definitions)	Any business that needs to understand the terminology used in any Air Pollution Control regulations ^
6222	Any applicable business (Stormwater Design And Installation Standards Manual)	Any business meeting certain permitting thresholds based on project size, location, or impact (entity could not quantify)
6258	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations – Part XIV - Fish Traps)	3,000 commercial fishermen
6265	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations - Part V- Bay Scallops)	3,000 commercial fishermen and seafood dealers
6297	Arts, Entertainment , and Recreation (Park and Management Area Regulations)	Any business conducting any regulated activity in any state park or body of water (holding sports or other events or tournaments, and/or any activities requiring permits or permission, including distributing information, or selling any products, food or beverages) ^
6307	Any applicable business (Air Pollution regulation number 29 (Air Pollution Control Regulation No. 28- Operating Permit Fees)	8 potential major sources of air pollution
6362	Any applicable business (Investigation and Remediation of Hazardous Material Releases)	Any property or business with contamination in soil or water above certain thresholds; most are industrial or former industrial properties (entity could not quantify)
6389	Utilities; Retail Trade; Wholesale Trade (Underground Storage Facilities Used for Petroleum Products and Hazardous Materials)	600 active federally-regulated and 720 active state-regulated UST facilities

DEM'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)

Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
6405	Agriculture, Forestry, Fishing and Hunting; Manufacturing (RI Marine Fisheries Statutes and Regulations – Part XVII - Maps)	3,000 commercial marine fishermen, shellfish buyers, lobster dealers, finfish dealers
6451	Arts, Entertainment, and Recreation (User Fees at State Beaches, Parks, and Recreational Areas)	Any business incurring any state park entrance, parking, camping, field, event, facility, or other fee in any state park ^
6513	Any applicable business (Air Pollution regulation number 29 (Air Pollution Control Regulation No. 29- Operating Permits)	8 potential major sources of air pollution
6543	Professional, Scientific and Technical Services (Wildlife Rehabilitation)	15 wildlife rehabilitators
6669	Health Care and Social Assistance (Sewage Sludge Management)	2 businesses that generate sewage sludge
6801	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations - Part I - Legislative Findings)	3,000 commercial finfish and shellfish fishermen
6804	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations - Part VI - Dredging for Shellfish)	3,000 commercial fishermen and seafood dealers
6808	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations - Part XVIII - Shellfish Grounds)	3,000 commercial fishermen and seafood dealers
6839	Any applicable business (Minimum Standards Relating to Location, Design, Construction and Maintenance of Onsite Wastewater Treatment Systems)	Any structure not served by centralized systems and where sanitary wastewater is generated (potentially all industries); OWTS designers and installers; alternative or experimental technology vendors seeking approval (entity could not quantify)
6857	Any applicable business (Rules for the Discharge of Non-Sanitary Wastewater and Other Fluids To or Below the Ground Surface)	Any business that chooses to repair, maintain or service motor vehicles, and chooses to discharge to groundwater (entity could not quantify)
6875	Retail Trade (RI Freshwater and Anadromous Fishing Regulations & Season)	75 vendors that sell Rhode Island resident and non-resident fishing licenses
6980	Agriculture, Forestry, Fishing and Hunting (RI Falconry Regulations for the 2012 - 2013 Season)	5 falconers
6981	Retail Trade (RI Hunting Regulations for the Waterfowl Season 2012 – 2013)	75 vendors that sell Rhode Island resident and non-resident hunting licenses
6982	Retail Trade (Nuisance Wildlife Control Specialist)	51 pest control companies
7037	Agriculture, Forestry, Fishing and Hunting (Commercial and Recreational Saltwater Fishing Licensing Regulations)	3,000 commercial fishermen and seafood dealers

DEM'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)

Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
7105	Agriculture, Forestry, Fishing and Hunting (Importation of Animals)	276 cattle farms, 103 hog farms, 200 poultry farms, 366 horse farms, 107 sheep and lamb farms, 96 goat farms, 24 "other livestock" establishments, 20 pets shops, 4 entities registered as commercial carriers, 1 slaughterhouse and 1 livestock market
7182	Retail Trade (Hunting Regulations for the 2012-2013 Season)	75 vendors sell Rhode Island resident and non-resident hunting licenses
7185	Manufacturing (Air Pollution Control Regulation No. 37- Rhode Island's Low Emissions Vehicle Program)	Auto manufacturers (currently none)
7210	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations - Part XII - Striped Bass)	3,000 commercial fishermen and seafood dealers
7212	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations - Part XV - Lobsters, Other Crustaceans, and Horseshoe Crabs)	3,000 commercial fishermen and seafood dealers
7224	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations - Part VII - Minimum Sizes for Fish/Shellfish)	3,000 commercial fishermen and seafood dealers
7226	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations - Part XIX - Fish/Shellfish Dealer Regulations)	3,000 commercial fishermen and seafood dealers
7250	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations - Part IV - Shellfish)	3,000 commercial fishermen and seafood dealers
7351	Agriculture, Forestry, Fishing and Hunting (RI Marine Fisheries Statutes and Regulations - Part III - Marine Fisheries Council)	3,000 commercial fishermen and seafood dealers
Decision-Based Impacts		
502	Any applicable business (Assessment of Administrative Penalties)	Any of the "potentially thousands" of businesses engaged in the following activities, who violate a regulation: emission of air pollutants; emission of water pollutants; generation of hazardous, solid or medical waste; storage of petroleum products; activities in freshwater wetlands; activities involving septic systems; and maintenance of dams (entity could not quantify)
597	Agriculture, Forestry, Fishing and Hunting; Manufacturing; Retail Trade; Wholesale Trade (Suspension and Revocation for Commercial Marine Fisheries, Shellfish Buyers, Lobster Dealer, Finfish Dealer Licenses)	Any of the 3,000 commercial marine fishermen, shellfish buyers, lobster dealers, and finfish dealers who incur license suspension/revocation (entity did not note how many may be small businesses)

DEM'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)

Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Decision-Based Impacts (continued)		
598	Agriculture, Forestry, Fishing and Hunting; Manufacturing; Retail Trade; Wholesale Trade; (Suspension/Revocation of Licenses Issued Pursuant to Title 20 of R.I.G.L. "Fish and Wildlife " License)	Any of the 3,000 commercial marine fishermen, shellfish buyers, lobster dealers, and finfish dealers who incur license suspension/revocation (entity did not note how many may be small businesses)
726	Agriculture, Forestry, Fishing and Hunting; Construction; Manufacturing (RI Boating Infrastructure Grant Program)	Any of the 3,000 boating infrastructure construction contractors, manufacturers, and commercial marine fishermen who participate in the grant program (entity did not note how many may be small businesses)
829	Administrative and Support and Waste Management and Remediation Services; Other Services (Recycling and Litter Control Grants)	Any of the 30 commercial recyclers and 60 waste disposal companies who participate in the grant program (currently none)
923	Agriculture, Forestry, Fishing and Hunting; Wholesale Trade; Retail Trade; Manufacturing (Pesticide Relief Fund)	Any of the approximately 2,088 pesticide relief providers, farmers, pest control and lawn care contractors, lawn care providers, and anti-fouling boat painting contractors who participate in the relief fund programs (entity could not say how many may be small businesses)
993	Agriculture, Forestry, Fishing and Hunting; Retail Trade (Implementation of the Rhode Island Agricultural and Fisheries Products Identification Servicemark)	Any of the approximately 800 farmers and dealers who seek to use DEM's registered service mark (entity could not say how many may be small businesses)
1000	Agriculture, Forestry, Fishing and Hunting (Deer Damage)	50 farmers issued deer damage permits
1004	Construction; Manufacturing; Wholesale Trade (Solid Waste Regulation No.6 Petroleum Contaminated Soil Processing Facility)	Any of the approximately 12 asphalt, concrete, and cement producing companies who seek a license to process virgin contaminated soil (currently none)
2135	Agriculture, Forestry, Fishing and Hunting (Enforcement of the Farm, Forest, and Open Space Act)	Any of the 800 farmers who wish their farm to be preserved under the Act
2763	Agriculture, Forestry, Fishing and Hunting; Wholesale Trade; Retail Trade (Guidelines for the Distribution of Alternative Forest Use Challenge Grants)	Any of the 20-30 grant recipients
6587	All applicable business (Administrative Adjudication Division for Environmental Matters)	Any business involved in DEM proceedings (entity could not quantify)
7481	Agriculture, Forestry, Fishing and Hunting; Retail Trade; Wholesale Trade (Administration of the Local Agriculture and Seafood Small Grants and Technical Program)	Any of the 1,220 farms and 2,500 commercial fishermen who participate in the grant program (entity did not note how many may be small businesses)

DEM'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)

Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Indirect Impacts		
941	Professional, Scientific, and Technical Services (State Revolving Fund Program)	Municipal contracts for pollution abatement activities, via local government water pollution abatement activities ^
1043	Construction (1989 Open Space and Recreation Capital Development Program)	Contracted construction services, via public or nonprofit land trusts ^
1044	Construction (Open Space 2000 Bond Authorization)	Contracted construction services, via public or nonprofit land trusts ^
1046	Construction (Open Space Recreational Greenways Recreational Bikeways 1998 Bond Authorization).	Contracted construction services, via public or nonprofit land trusts ^
1964	Construction (Grant Program for the Interceptor Bond Fund of the Rhode Island Clean Water Act Environmental Trust Fund Interceptor Bond Fund)	Contracted construction services, via governmental entities constructing interceptor sewers to areas that should no longer be served by septic systems ^
1965	Professional, Scientific, and Technical Services (Issuance of Certificates of Approval for Non-State Revolving Fund Program Loans)	Municipal contracts for pollution abatement activities, via local government water pollution abatement activities ^
5195	Any applicable business (Air Pollution Control Regulation No. 46, entitled "CO2 Budget Trading Program") (Generating Electric)	Any business using electric services, via electric generating utilities ^
5196	Any Applicable Business (Air Pollution Control Regulation No. 47, entitled "CO2 Budget Trading Program Allowance Distribution") (Generating Electric)	Any business using electric services, via electric generating utilities ^
5219	Professional, Scientific, and Technical Services (Priority Determination System for Federal and State Assistance to Local Governmental Units for Construction of Water Pollution Abatement Projects)	Municipal contracts for pollution abatement activities, via local government water pollution abatement activities ^
6526	Construction (Air Pollution Control Regulation No. 49, "Transportation Conformity")	Contracted construction services, via state inter-agency transportation project ^
7038	Agriculture, Forestry, Fishing and Hunting (2013 Management Plan for the Shellfish Fishery Sector)	Commercial fishermen and seafood dealers, via DEM director & RIMFC ^
7039	Agriculture, Forestry, Fishing and Hunting (2013 Management Plan for the Finfish Fishery Sector)	Commercial fishermen and seafood dealers, via DEM director & RIMFC ^
7040	Agriculture, Forestry, Fishing and Hunting (2013 Management Plan for the Crustacean Sector)	Commercial fishermen and seafood dealers, via DEM director & RIMFC ^
7080	Professional, Scientific, and Technical Services (FY 2013 Project Priority List)	Municipal contracts for pollution abatement activities, via local government water pollution abatement activities ^

Department of Health (DOH)

Description: DOH’s mission is to prevent disease and to protect and promote the health and safety of the people of Rhode Island.	Supervising Entity	Executive Office of Health and Human Services (EOHHS)
	Other Entities Affected	Office of the Attorney General (AG) Department of Corrections (DOC) Department of Environmental Management (DEM) Higher Education Assistance Authority (RIHEAA) Housing Resources Committee (HRC) Department of Human Services (DHS) Department of Public Safety (DPS) Division of Taxation (Taxation)

DOH COMPLIANCE STATUS: PERIOD THREE

Exempt from Review: PARTIAL	Compliance Status: COMPLIANT	Regulations submitted for review: 95 of 126 (75.4 percent)
Percentage of Total DOH Regulations Reviewed as of Period Three		
Between the close of the dataset required for compliance figures and the current dataset used for all other analysis, including all data below, two DOH regulations were repealed: ERLID 201/Mammograms and ERLID 312/Poison Packaging.		

MEASURES OF IMPACT AND INFLUENCE: PERIOD THREE

Small Business Impact	HIGH	82 of 93 regulations (88.2 percent) have <i>Direct</i> impact
		4 of 93 regulations (4.3 percent) have <i>Decision-Based</i> impact
		0 of 93 regulations (0.0 percent) have <i>Indirect</i> impact
		7 of 93 regulations (7.5 percent) have <i>No Impact</i>
Federal Influence	LOW	2 of 93 regulations (2.2 percent) was identified as influenced by Federal law or rulemaking
State Influence	HIGH	91 of 93 regulations (97.8 percent) were identified as influenced by Rhode Island General Law
IMPACT/INFLUENCE KEY:		<u>HIGH</u> : > 75% regulations <u>MODERATE</u> : 25% to 75% regulations <u>LOW</u> : < 25 % regulations <u>NONE</u> : No regulations

DOH’S IMPACT ON SMALL BUSINESS: PERIOD THREE: DETAIL

As of Period Three, DOH submitted 86 regulations in which ORR found either Direct or Decision-Based impact, listed in these 2 groups after the “Recommendations” section. In summary:

- Direct: These 82 regulations primarily mandate industries related to health and food safety, including the Food Code; 50+ professional licensing regulations under DOH (see note below); and a range of other regulated industries (real estate regarding lead hazards, all businesses regarding smoke-free public places, various regulations impacting the retail trade).

- Decision-Based: Two of these 4 regulations cover administrative hearings and proceedings; the other two govern nursing facility receivership and DNA collection.

Note that DOH’s impact profile shifted a great deal under the improved SBI model because professional licensing now has Direct impact, whereas it did not in Periods One and Two (please see the “Small Business Impact: An Improved Model” section of this report for rationale and further discussion). While it did not consider licensees to be small businesses (and thus did not quantify small business figures), DOH provided an exact figure of licensees for almost all licensing regulations. ORR lists these licensee figures below.

DOH also determined No Impact for regulations that only impact certain, typically nonprofit industries: hospitals, schools, or colleges, and a range of health professions or facilities. Wherever ORR found even one nonprofit, or found that a for-profit model was possible in regulation, it included these as Direct impact.

RECOMMENDATIONS FOR DOH REGULATORY REFORM: PERIOD THREE

- DOH identified at least one potentially duplicative or conflicting regulation. Review Recommendation Area #4 (“Remove Duplicative Regulations and ‘Non-Regulations’”) in the Period One report, and determine if these can and should be streamlined. Please provide ORR with a status update and timeline.
- DOH identified 6 regulations to repeal. Four have been repealed. Please provide ORR with a status update and timeline on repealing the remaining two regulations.
- DOH identified at least one of the five suggested small business accommodations for at least one of its regulations. Please provide ORR with a status update and timeline on these accommodations.
- DOH did not consistently identify and quantify the businesses it regulates. If it is difficult to make accurate projections, use 3-5 years of historical data to develop a baseline. In addition, DOH did not submit complete, quantified costs of establishing and enforcing these regulations. Review Recommendation Area #8 (“Support Improved Cost-Benefit Analysis”) in both the Period One and Two reports, and work to quantify these key regulatory impacts. Contact ORR for assistance.
- DOH did not directly contact small businesses in preparing the EIS form (would not typically include public hearings). Entities that did so were better equipped to quantify impact data. Review Recommendation Areas #7 (“Promote Lawmaker and Small Business Participation in Reform”) and #8 (“Support Improved Cost-Benefit Analysis”) in both the Period One and Two reports, and seek out small business input. ORR can facilitate connections to relevant business organizations.
- Regulations should be clear and understood by those they regulate. Review Recommendation Area #3 (“Improve Accessibility to Regulations”) in the ORR Period One report. Use Microsoft Word’s readability statistics to evaluate and improve the readability of DOH’s regulatory language.

DOH’S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL

Impacting Regulation’s ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts		
132	Health Care and Social Assistance (Termination of Pregnancy)	20 ambulatory centers or physician’s offices are licensed (entity did not note how many may be small businesses)
141	Arts, Entertainment, and Recreation (Air Quality in Ice Arenas)	Entity estimates up to 2 small business ice arenas
162	Retail Trade (Primarily Pharmacies - Electronic Data Transfer of Controlled Substances in Schedules II and III)	225 pharmacy licensees (entity did not note how many may be small businesses)
163	Retail Trade (Primarily Pharmacies - Hypodermic Needles, Syringes, Instruments)	225 pharmacy licensees (entity did not note how many may be small businesses)

DOH'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
165	Health Care and Social Assistance (Disposal of Legend Drugs)	All health care facilities and providers who dispose of legend drugs (entity could not quantify)
168	Health Care and Social Assistance (Continuing Care Provider Registration and Disclosure)	Entity estimates none
309	Health Care and Social Assistance (Comprehensive Family Life Program)	Any healthcare facilities that have entered into a provider of services agreement with DOH (typically nonprofits, may include private providers; entity could not quantify)
2008	Health Care and Social Assistance (Use of Latex Gloves)	Any business using latex gloves (entity could not quantify)
2104	Health Care, and Social Assistance (Licensing of School-based Health Centers)	Entity estimates no small businesses
2531	Health Care and Social Assistance (Assessment of Pain)	All health care facilities and providers who assess pain (entity could not quantify)
3523	Educational Services (Immunization And Testing Requirements For Students Entering RI Colleges And Universities)	All colleges and universities; most are nonprofit and thus exempt ^
3628	Any applicable business (Smoke-Free Public Places and Workplaces)	Any business not exempted: thus almost all small businesses except for retail tobacco stores, smoking bars, and casinos (entity could not quantify)
3745	Health Care and Social Assistance (Birth Defects Registry)	200 pediatric providers (entity did not note how many may be small businesses)
3825	Health Care and Social Assistance (Health Care Quality Program)	4,141 nursing homes, home health agencies, and licensed physicians (entity could not say how many of these are nonprofits and thus exempt, or how many of these are small businesses)
4607	Health Care and Social Assistance (Traumatic Brain Injury and Spinal Cord Injury Registry)	All hospitals; most are nonprofit and thus exempt ^
5333	Health Care and Social Assistance (Licensing Adult Day Care Programs)	25 licensed adult day care programs ("typically nonprofits and thus exempt")
5398	Health Care and Social Assistance (Certification of Patient Safety Organizations)	Patient safety organizations (entity estimates no small businesses)
5526	Educational Service (Immunization, Testing for Communicable Diseases-Requirements for Schools)	All K-12 schools; most are nonprofit and thus exempt ^
6423	Health Care and Social Assistance; Agriculture, Forestry, Fishing and Hunting; Retail Trade (Special Supplemental Nutrition Program/WIC & Farmer's Market Nutrition Program)	Virtually every store that sells food and accepts food stamps (entity could not quantify)
6503	Health Care and Social Assistance (Cancer Registry)	90-95 nursing homes and 100-600 private physician offices

DOH'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
6514	Health Care and Social Assistance (Licensing Of Radiographers, Nuclear Medicine Technologists)	14 diagnostic computed tomography, 121 nuclear medicine technologist, 86 radiation therapist, 1,405 radiographer and 1 radiologist assistant licenses (entity did not note how many may be small businesses)
6984	Health Care and Social Assistance (Fee Structure For Licensing, Laboratory And Administrative Services Provided By The Department Of Health)	Any entity that holds any DOH license or uses other DOH services (entity could not quantify)
6992	Retail Trade (Food Code)	Entity estimates that 4500-5500 of all licensed food establishments are likely small businesses
6993	Accommodation and Food Services; Manufacturing (Educational and Experience Requirements for Registration as a Sanitarian)	5 sanitarian registrations (entity did not note how many may be small businesses)
6994	Real Estate and Rental and Leasing; Administrative and Support and Waste Management and Remediation Services (Asbestos Control)	Any owner of a building with asbestos (entity could not quantify); 979 or fewer asbestos-related service providers (entity could not say how many may be small businesses)
6995	Health Care and Social Services (Licensing Of Freestanding Ambulatory Surgical Centers)	6 freestanding ambulatory surgery centers (entity did not note how many may be small businesses)
6998	Real Estate and Rental and Leasing; Administrative and Support and Waste Management and Remediation Services (Lead Poisoning Prevention)	Any owner of a building with lead hazards (entity could not quantify); 1,417 or fewer lead-hazard-related service providers (entity could not say how many may be small businesses)
6999	Health Care and Social Assistance (Licensing Assisted Living Residences)	244 licensing assisted living residences (entity did not note how many may be small businesses)
7000	Arts, Entertainment , and Recreation (Licensing Athletic Trainers)	166 athletic trainer licenses (entity did not note how many may be small businesses)
7001	Health Care and Social Assistance (Licensing Birth Centers)	Entity estimates none
7002	Health Care and Social Assistance (Licensing Chemical Dependence Professionals)	314 chemical dependence professional and 43 chemical dependency clinical supervisor licenses (entity did not note how many may be small businesses)
7003	Health Care and Social Assistance (Licensing of Freestanding Emergency Care Facilities)	1 freestanding emergency care facility (entity did not note if this is a small business)
7004	Health Care and Social Assistance (Licensing Clinical Laboratories and Stations)	Entity estimates no small businesses
7005	Health Care and Social Assistance (Licensing Clinical Social Workers and Independent Clinical Social Workers)	527 clinical social worker and 1,655 independent clinical social worker licenses (entity did not note how many may be small businesses)

DOH'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
7006	Health Care and Social Assistance (Licensing of Nurses and Standards for a the Approval of Basic Nursing Education Programs)	18,438 registered nurse, 2,075 practical nurse, 126 psychiatric CNS, 765 nurse practitioner and 234 nurse anesthetist licenses (entity did not note how many may be small businesses)
7007	Health Care and Social Assistance (Licensing of Acupuncturists)	155 doctors of acupuncture and zero acupuncture assistants licenses (entity did not note how many may be small businesses)
7008	Health Care and Social Assistance (Licensing of Nursing Service Agencies)	22 nursing service agencies are licensed (entity did not note how many may be small businesses)
7010	Health Care and Social Assistance (Organized Ambulatory Care Facilities)	47 licensed ambulatory care facilities (entity did not note how many may be small businesses)
7011	Health Care and Social Assistance (Hospice Care)	16 licensed hospice care providers (entity could not say how many of these are nonprofit and thus exempt, or how many of these are small businesses)
7012	Health Care and Social Assistance (Licensing Podiatrists)	112 podiatrist licenses (entity did not note how many may be small businesses)
7013	Any applicable business (Licensing for Interpreters for the Deaf)	37 licensed interpreters for the deaf and 26 licensed transliterators for the deaf, or any businesses that employ them (entity did not note how many may be small businesses)
7014	Health Care and Social Assistance (Licensing Kidney Disease Treatment Centers)	Entity estimates no small businesses
7016	Health Care and Social Assistance (Licensing Massage Therapists)	1022 massage therapist licenses (entity did not note how many may be small businesses)
7017	Health Care and Social Assistance (Licensing and Discipline of Physicians)	4,693 physician licenses (entity did not note how many may be small businesses)
7018	Health Care and Social Assistance (Licensing Mental Health Counselors/ Marriage and Family Therapists)	447 mental health counselors/ marriage and 94 family therapist licenses (entity did not note how many may be small businesses)
7020	Health Care and Social Assistance (Licensure of Clinical Laboratory Science Practitioners)	1,236 clinical laboratory science practitioners (entity did not note how many may be small businesses)
7021	Health Care and Social Assistance (Licensure of Occupational Therapists and Occupational Therapy Assistants)	1,006 licensed occupational therapists and OT assistants (entity did not note how many may be small businesses)
7022	Health Care and Social Assistance (Licensure of Hospitals)	14 licensed hospitals (entity could not say how many of these are nonprofit and thus exempt, and did not note how many may be small businesses)
7023	Health Care and Social Assistance (Licensing of Midwives)	71 midwife licenses (entity did not note how many may be small businesses)

DOH'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
7026	Health Care and Social Assistance (Licensing of Physical Therapists and Physical Therapist Assistants)	1,799 physical therapist and physical therapist assistant licenses (entity did not note how many may be small businesses)
7027	Health Care and Social Assistance (Licensure of Physician Ambulatory Surgery Centers and Podiatry Ambulatory Surgery Centers)	11 licensed physician ambulatory surgery centers and zero podiatry ambulatory surgery centers (entity did not note how many may be small businesses)
7028	Health Care and Social Assistance (Licensure of Physician Assistants)	403 physician assistant licenses (entity did not note how many may be small businesses)
7029	Health Care and Social Assistance (Licensure of Veterinarians)	402 veterinarian licenses (entity did not note how many may be small businesses)
7030	Health Care and Social Assistance (Licensure of Psychologists)	758 psychologists and D27 psychologist trainee licenses (entity did not note how many may be small businesses)
7031	Other Services (Registration of Body Piercing Technicians and Body Piercing Establishments)	30 licensed body piercing establishments and 44 licensed body piercing technicians (most are likely small businesses)
7032	Retail Trade (Registration of Distributors of Controlled Substances in Rhode Island)	225 pharmacy licensees (entity did not note how many may be small businesses)
7033	Other Services (Registration of Tanning Facilities)	82 tanning facilities (most are likely small businesses)
7034	Other Services (Registration of Tattoo Artists and Tattoo Parlors)	82 parlors and 239 artists (most are likely small businesses)
7041	Health Care and Social Assistance (Licensing Rehabilitation Hospital Centers)	None (one licensed non-profit, which is thus exempt)
7042	Health Care and Social Assistance (Licensing Respiratory Care Practitioners)	545 respiratory care practitioner licenses (entity did not note how many may be small businesses)
7043	Health Care and Social Assistance (Licensing Speech Pathologists and Audiologists)	91 audiologist, 575 speech language pathologist and 24 speech language pathologist licenses (entity did not note how many may be small businesses)
7045	Health Care and Social Assistance (Licensure and Discipline of Chiropractic Physicians)	234 chiropractor/physiotherapy and 20 chiropractor licenses (entity did not note how many may be small businesses)
7046	Health Care and Social Assistance (Limited Medical Registration)	835 limited medical registrations (entity did not note how many may be small businesses)
7047	Construction; Professional, Scientific, and Technical Services (Radon Control)	60 radon-related service providers
7048	Health Care and Social Assistance (Certification of Administrators of Assisted Living Residences)	170 assisted living residence administrator licenses (entity did not note how many may be small businesses)

DOH'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
7050	Health Care and Social Assistance; Educational Services; Manufacturing; Transportation and Warehousing; Administrative and Support and Waste Management and Remediation Services; Any Person/Facility Utilizing Radioactive Material (Control of Radiation)	43 radioactive materials licensees and 1033 x-ray registrants (entity did not note how many may be small businesses)
7053	Health Care and Social Assistance (Dentists, Dental Hygienists, and Dental Assistants)	687 dentist and 995 dental hygienist licenses (entity did not note how many may be small businesses)
7055	Health Care and Social Assistance (Opticians)	176 optician licenses (entity did not note how many may be small businesses)
7056	Health Care and Social Assistance (Optometrists)	231 optometrist licenses (entity did not note how many may be small businesses)
7057	Health Care and Social Assistance (Permits for Screening Programs)	Entity estimates no small businesses
7060	Health Care and Social Assistance (Certificates of Registration for Nursing Assistants, Medication Aides, and the Approval of Nursing Assistant and Medication Aide Training Programs)	14,535 licensed nursing assistant and 1368 medication aides; 47 approved nursing assistant training programs; 2 medication aide training programs (entity did not note how many may be small businesses)
7065	Health Care and Social Assistance (Licensing of Dietitians/Nutritionists)	406 dietitian/nutritionist licenses (entity did not note how many may be small businesses)
7066	Health Care and Social Assistance (Medical Examiner System)	39 funeral homes
7067	Health Care and Social Assistance (Newborn Metabolic, Endocrine, and Hemoglobinopathy Screening Program and the Newborn Hearing Loss Screening Program)	All hospitals; most are nonprofit and thus exempt ^
7068	Agriculture, Forestry, Fishing, and Hunting (Processing and Distribution of Shellfish)	54 processor/distributors and approximately 200 harvesters and 40 farmers (entity estimates most are small businesses)
7070	Health Care and Social Assistance (Licensure of Hearing Aid Dealers and Fitters)	46 hearing aid dealer and fitter licenses (entity did not note how many may be small businesses)
7072	Other Services (Practice of Electrolysis)	101 licensed electrologist and 16 licensed electrologist instructors (entity did not note how many may be small businesses)
7083	Health Care and Social Assistance (Immunization, Testing, and Health Screening for Health Care Workers)	"Healthcare facilities licensed pursuant to RIGL §23-17" (entity did not quantify)

DOH'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
7089	Health Care and Social Assistance; Professional, Scientific, and Technical Services (Preliminary Breath Testing and Standards for the Determination of the Amount of Alcohol and/or Drugs in a Person's Blood by Chemical Analysis of the Breath, Blood and/or Urine or Other Bodily Substances [R31-27-ALCH])	Medical and legal professionals ^
7090	Health Care and Social Assistance (Licensing of Nursing Home Administrators [R5 45 NHA])	228 nursing home administrator licenses (entity did not note how many may be small businesses)
7117	Health Care and Social Assistance (Licensing of Home Nursing Care and Home Care Providers [R23-17-HNC/HC/PRO])	16 home care and 78 home nursing care licensees (entity could not say how many of these are nonprofit and thus exempt, and did not note how many may be small businesses)
7291	Health Care and Social Assistance (Licensing of Nursing Facilities [R23-17-NF])	90 nursing care licensees (entity could not say how many of these are nonprofit and thus exempt, and did not note how many may be small businesses)
Decision-Based Impacts		
118	Any applicable business (Equal Access to Justice)	Any business who seeks reimbursement of legal fees via Equal Access to Justice, whose net worth is less than \$500,000 (entity could not quantify)
187	Health Care and Social Assistance; Professional, Scientific and Technical Services (State DNA Database and Databank Standards for DNA Samples)	Medical and legal professionals ^
2945	Any applicable business (Access to Public Records of the Department of Health)	Any business seeking access to DOH public records ^
4007	Health Care and Social Assistance (Nursing Facility Receivership)	Any of the 90 nursing care facilities that fall into receivership (entity could not say how many of these are nonprofits and thus exempt, or how many of these are small businesses)

Department of Labor and Training (DLT)

Description: DLT provides workforce development, workforce security and workforce protection to the state’s workers, employers and citizens. Through federal and state funding, it offers employment services, educational services and economic opportunity to both individuals and employers. DLT also protects the workforce by enforcing labor laws, prevailing wage rates and workplace health and safety standards. And, the department provides temporary income support to unemployed and temporarily disabled workers.	Supervising Entity	None
	Other Entities Affected	Department of Administration (DOA) Department of Revenue (DOR) Division of Taxation (Taxation)

DLT COMPLIANCE STATUS: PERIOD THREE

Exempt from Review: PARTIAL	Compliance Status: COMPLIANT	Regulations submitted for review: 43 of 44 (97.7 percent)
Percentage of Total DLT Regulations Reviewed as of Period Three		

MEASURES OF IMPACT AND INFLUENCE: PERIOD THREE

Small Business Impact	HIGH	31 of 43 regulations (72.1 percent) have <i>Direct</i> impact
		6 of 43 regulations (14.0 percent) have <i>Decision-Based</i> impact
		0 of 43 regulations (0.0 percent) have <i>Indirect</i> impact
		6 of 43 regulations (14.0 percent) have <i>No Impact</i>
Federal Influence	LOW	9 of 43 regulations (20.9 percent) were identified as influenced by Federal law or rulemaking
State Influence	HIGH	34 of 43 regulations (79.1 percent) were identified as influenced by Rhode Island General Law
IMPACT/INFLUENCE KEY: <u>HIGH</u> : > 75% regulations <u>MODERATE</u> : 25% to 75% regulations <u>LOW</u> : < 25 % regulations <u>NONE</u> : No regulations		

DLT’S IMPACT ON SMALL BUSINESS: PERIOD THREE, SUMMARY

As of Period Three, DLT submitted 37 regulations in which ORR found either Direct or Decision-Based impact, listed in these 2 groups after the “Recommendations” section. In summary:

- **Direct:** These 31 regulations primarily either mandate certain business and human resources practices that affect all employers (unemployment, workers’ compensation, safety, or other labor laws), or regulate specific industries, particularly where they grant professional licenses. Note that all professional licensing now has Direct impact, as discussed in the “Small Business Impact: An Improved Model” section of this report.
- **Decision-Based:** These 6 regulations cover failure to obtain workers’ compensation insurance, hearings, mediation, prevailing wages, and the Jobs Training Tax Credit.

RECOMMENDATIONS FOR DLT REGULATORY REFORM: PERIOD THREE

- DLT identified at least one potentially duplicative or conflicting regulation. Review Recommendation Area #4 (“Remove Duplicative Regulations and ‘Non-Regulations’”) in the Period One report, and determine if these can and should be streamlined. Please provide ORR with a status update and timeline.
- DLT identified at least one of the five suggested small business accommodations for at least one of its regulations. Please provide ORR with a status update and timeline on these accommodations.
- DLT did not submit complete, quantified costs of establishing and enforcing these regulations. Review Recommendation Area #8 (“Support Improved Cost-Benefit Analysis”) in both the Period One and Two reports, and work to quantify this key regulatory impact. Contact ORR for assistance.
- DLT did not directly contact small businesses in preparing the EIS form (would not typically include public hearings). Entities that did so were better equipped to quantify impact data. Review Recommendation Areas #7 (“Promote Lawmaker and Small Business Participation in Reform”) and #8 (“Support Improved Cost-Benefit Analysis”) in both the Period One and Two reports, and seek out small business input. ORR can facilitate connections to relevant business organizations.
- Regulations should be clear and understood by those they regulate. Review Recommendation Area #3 (“Improve Accessibility to Regulations”) in the ORR Period One report. Use Microsoft Word’s readability statistics to evaluate and improve the readability of DLT’s regulatory language.

DLT’S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL

Impacting Regulation’s ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts		
750	Any business which hires leased employees from employment agencies or temporary employment companies (Emergency Workers Compensation Regarding Employee Leasing and Workers Compensation Insurance)	489 employment/ temporary employment firms; 4,668 small businesses that lease employees each year (based upon DLT estimate of 15% of small businesses that lease employees)
758	Construction (Board of Safety Awareness)	3,675 contractors that bid or work on municipal and state contracts where the project cost is \$100,000 or more
1650	Retail Trade; Transportation and Warehousing (Weights and Measures Rules and Regulations)	319 gasoline stations and 305 grocery stores
1658	Health Care and Social Assistance; Educational Services (Board of Policeman’s Relief)	Medical providers; post-secondary institutions ^
1660	Manufacturing (Industrial Homework)	267 jewelry, tools and goods manufacturing businesses
1661	All businesses with >50 employees (Parental and Family Medical Leave Act)	2,958
1662	All Rhode Island businesses that pay employee wages (Payment of Wages)	32,742 in all industries
1663	All Rhode Island businesses with employees who work on Sundays or holidays (Work Permit Law)	32,742 in all industries

DLT'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
2586	Construction; Retail Trade (Division of Professional Regulation/Mechanical)	1099 general contractors; 446 in the following businesses: piping installation, refrigeration and air condition installation and repair, fire sprinkler fitter, and decorative heating appliance contractors; 523 sheet metal work installation and handling; and 319 gas stations
2808	Construction (Board of Examination of Telecommunication Systems Contractors, Technicians, and Installers)	1,099 general contractors and 391 telecommunications and electrical contractors
2916	Construction (Division of Professional Regulations – Rules and Regulations)	3,675 in all construction trades
2919	Construction (Rules and Regulations for Plumbers and Irrigators)	1,633 contractors that bid or work on municipal and state contracts where the project cost is \$100,000 or more
2950	Transportation and Warehouse; Mining, Quarrying and Oil and Gas Extraction (Rules and Regulations Pertaining to the Testing and Sealing of Oil Delivery Trucks)	124 oil and fuel delivery and dealer companies and oil and fuel tank repair companies
2966	Health Care and Social Assistance (Rules and Regulations for Certification of Rehabilitation Counselors)	2,310 health care businesses and firms offering vocational rehabilitative services
3725	Any business which has an employee who retires and is receiving pension benefits who is also entitled to workers' compensation indemnity benefits (Rules and Regulations for Coordination of Benefits)	31,067 (however, only 6,000 individuals can be eligible for Workers' Compensation indemnity benefits each year)
3726	Health Care and Social Assistance (Rules and Regulations for Palliative Care)	2,270 health care industry medical doctors, physical therapists, chiropractors, and other professionals who receive or provide medical care to injured employees
3730	Construction (Notice of Designation as Independent Contractor)	3,675 construction and building industries (builders, contractors, carpenters, all other home improvement industry personnel)
3811	Health Care and Social Assistance; Educational Services (Board of Firefighters' Relief)	Medical providers; post-secondary institutions ^

DLT'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
3994	Manufacturing; Wholesale Trade; Information, Real Estate and Rental and Leasing; Professional, Scientific and Technical Services; Management of Companies and Enterprises; Administrative and Support and Waste Management and Remediation Services; Educational Services; Health Care and Social Assistance; Other Services (RI 10% Investment Tax Credit Certification)	Manufacturing (1720) Wholesale Trade (2430) Information (431) Real Estate and Rental and Leasing (851) Professional, Scientific and Technical Services (4,046) Management of Companies and Enterprises (229) Administrative and Support and Waste Management and Remediation Services (2271) Educational Services (449) Health Care and Social Assistance (2260) Other Services (945)
5178	Construction (Board of Examiners Electricians)	1,000 general and electrical contractors
5338	Health Care and Social Assistance (Healthcare Facilities Staffing)	3 Private Hospitals
5444	Construction (Alarm Agents and Alarm Businesses)	18 burglar alarm sales combined with installation, repair, or monitoring services
5528	Construction (Examining and Licensing of Hoisting Engineers)	1,281 building and residential construction; heavy and highway construction
5714	Health Care and Social Assistance (2011 Rhode Island Workers' Compensation Medical Fee Schedule)	2,270 in the healthcare industry: physicians, hospitals, chiropractors, physical therapists, nurses, anesthesiologists
5767	Health Care and Social Assistance (Physicians Notice of Release to Work DWC-27/28)	1,398 in the healthcare industry: physicians, chiropractors, osteopaths
5775	Agriculture, Forestry, Fishing and Hunting; Mining, Quarrying, and Oil and Gas Extraction; Utilities; Construction; Manufacturing; Wholesale Trade; Retail Trade; Transportation and Warehousing; Information; Finance and Insurance; Real Estate and Rental and Leasing; Professional, Scientific and Technical Services; Management of Companies and Enterprises; Administrative and Support and Waste Management and Remediation Services; Educational Services; Health Care and Social Assistance; Arts, Entertainment and Recreation; Accommodation and Food Services; Other Services; (Employer's First Report of Alleged Occupational Injury or Disease DWC-01)	31,607 businesses which employ one or more employee

DLT'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
6034	All businesses except for accounting, dentist, attorneys, fueling operators service T.F. Green, manufacturers of monoclonal antibodies, car rental services serving T.F. Green, limousine and taxi-cab companies that operate 7/24, agriculture, maritime, health care, retail, restaurants, hotels, motels, summer camp resorts, recreational facilities, pharmacies, and offshore petroleum exploration and extraction, extraction companies, and telemarketing companies (Exemptions for Work on Holidays and Sundays)	21,374 (all small businesses except for accounting, dentists, attorneys, fueling operators serving T.F. Green, manufacturers of monoclonal antibodies, car rental services serving T.F. Green, limousine and taxi-cab companies that operate 7 days per week and 24 hours per day, agriculture, maritime, health care, retail, restaurants, hotel, motels, summer camp resorts, recreational facilities, pharmacies, and offshore petroleum exploration and extraction companies, and telemarketing companies)
6212	Construction; Information (Rules and regulations for the Registration of Apprenticeship Programs)	3,675 in construction and 958 in information technology
6664	Agriculture, Forestry, Fishing & Hunting; Mining, Quarrying, and Oil and Gas Extraction; Utilities; Construction; Manufacturing; Wholesale Trade;; Retail Trade, Transportation and Warehousing; Information; Finance and Insurance; Real Estate and Rental and Leasing; Professional, Scientific and Technical Services; Management of Companies and Enterprises; Administrative and Support and Waste Management and Remediation Services; Educational Services; Health Care and Social Assistance; Arts, Entertainment and Recreation; Accommodation and Food Services; Other Services (Boiler and Pressure Vessel Inspection)	31,067 in all industries
6713	All businesses and building owners that are responsible for the operation and inspection of their elevator device (Elevator Safety Code)	3,056 elevator service companies and businesses that own elevators

DLT'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts (continued)		
6974	<p>Agriculture, Forestry, Fishing & Hunting; Mining, Quarrying, and Oil and Gas Extraction; Utilities; Construction; Manufacturing; Wholesale Trade; Retail Trade; Transportation and Warehousing; Information; Real Estate and Rental and Leasing; Professional, Scientific and Technical Services; Management of Companies and Enterprises; Administrative and Support and Waste Management and Remediation Services; Educational Services; Health Care and Social Assistance; Accommodation and Food Services; Other Services</p> <p>(Unemployment and Temporary Disability Insurance Rules)</p>	<p>Agriculture, Forestry, Fishing & Hunting (165) Mining, Quarrying, and Oil and Gas Extraction (18) Utilities (1) Construction (3,675), Manufacturing (1,716) Wholesale Trade (2,949) Retail Trade (3,803) Transportation and Warehousing (678) Information (734) Real Estate and Rental and Leasing (1,055) Professional, Scientific and Technical Services (4,058) Management of Companies and Enterprises (229) Administrative and Support and Waste Management and Remediation Services (2,416) Educational Services (459) Health Care and Social Assistance (2,823) Accommodation and Food Services (2,928) Other Services (3,734) Unclassified (165)</p>
Decision-Based Impacts		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
1664	Professional, Scientific and Technical Services (Mediation for Labor-Management Issues)	Mediators ^
2858	Any business not obtaining workers' compensation insurance (Workers Compensation Rules Pursuant to 28-36-15 - Lack of Insurance)	Any of the 31,607 businesses who fail to obtain Workers' Compensation Insurance

DLT'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Decision-Based Impacts (continued)		
4003	<p>Agriculture, Forestry, Fishing & Hunting; Mining, Quarrying, and Oil and Gas Extraction; Utilities; Construction; Manufacturing; Wholesale Trade; Retail Trade; Transportation and Warehousing; Information; Finance and Insurance; Real Estate and Rental and Leasing; Professional, Scientific and Technical Services; Management of Companies and Enterprises; Administrative and Support and Waste Management and Remediation Services; Educational Services; Health Care and Social Assistance; Arts, Entertainment and Recreation; Accommodation and Food Services; Other Services</p> <p>(Regulations for the Application and Administration of Certification for Jobs Training Tax Credits)</p>	<p>Agriculture, Forestry, Fishing & Hunting (165) Mining, Quarrying, and Oil and Gas Extraction (18) Utilities (34) Construction (3,675) Manufacturing (1,721) Wholesale Trade (2,949) Retail Trade (3,805) Transportation and Warehousing (682) Information (738) Finance and Insurance (1,514) Real Estate and Rental and Leasing (1,059) Professional, Scientific and Technical Services (4,178) Management of Companies and Enterprises (244) Administrative and Support and Waste Management and Remediation Services (2,417) Educational Services (539) Health Care and Social Assistance (3,140) Arts, Entertainment and Recreation (539) Accommodation and Food Services (2,933) Other Services(3,739) Unclassified (166)</p>

DLT'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Decision-Based Impacts (continued)		
5355	<p>Agriculture, Forestry, Fishing & Hunting; Mining, Quarrying, and Oil and Gas Extraction; Utilities; Construction; Manufacturing; Wholesale Trade; Retail Trade; Transportation and Warehousing; Information; Real Estate and Rental and Leasing; Professional, Scientific and Technical Services; Management of Companies and Enterprises; Administrative and Support and Waste Management and Remediation Services; Educational Services; Health Care and Social Assistance; Accommodation and Food Services; Other Services</p> <p>(Rules of Procedure – Board of Review)</p>	<p>Agriculture, Forestry, Fishing & Hunting (165), Mining, Quarrying, and Oil and Gas Extraction (18) Utilities (1) Construction (3,675) Manufacturing (1,716) Wholesale Trade (2,949) Retail Trade (3,803) Transportation and Warehousing (678) Information (734) Real Estate and Rental and Leasing (1,055) Professional, Scientific and Technical Services (4,058) Management of Companies and Enterprises (229) Administrative and Support and Waste Management and Remediation Services (2,416) Educational Services (459) Health Care and Social Assistance (2,823) Accommodation and Food Services (2,928) Other Services (3,734)</p>
5874	Professional, Scientific, and Technical Services (RI State Labor Relations Board General Rules and Regulations)	Legal representatives involved in these disputes ^
7107	Construction (Rules and Regulations Pertaining to Prevailing Wages)	3,675 construction contractors and subcontractors working on public works contracts for \$1,000 or more

Coastal Resources Management Council (CRMC)

Description: CRMC’s primary responsibility is to preserve, protect, develop, and where possible to restore the coastal areas of the state via the issuance of permits for work with the coastal zone of the state.	Supervising Entity	Board of Directors
	Other Entities Affected	None identified

CRMC COMPLIANCE STATUS: PERIOD THREE

Exempt from Review: PARTIAL	Compliance Status: COMPLIANT	Regulations submitted for review: 72 of 78 (92.3 percent)
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Percentage of Total CRMC Regulations Reviewed as of Period Three



Between the close of the dataset required for compliance figures and the current dataset used for all other analysis, including all data below, CRMC rejoined the 63 “Red Book” ERLIDs into one regulation. This single regulation was submitted in and will be analyzed in Period Four. After this rejoining of the “Red Book,” CRMC has reviewed 24 of its 29 regulations as of the end of Period Three; these figures are reflected below.

MEASURES OF IMPACT AND INFLUENCE: PERIOD THREE

Small Business Impact	HIGH	8 of 24 regulations (33.3 percent) have <i>Direct</i> impact
		0 of 24 regulations (0.0 percent) have <i>Decision-Based</i> impact
		15 of 24 regulations (63.0 percent) have <i>Indirect</i> impact
		1 of 24 regulations (4.2 percent) have <i>No Impact</i>
Federal Influence	HIGH	24 of 24 regulations (100 percent) were identified as influenced by Federal law or rulemaking
State Influence	NONE	0 of 24 regulations (0.0 percent) were identified as influenced by Rhode Island General Law
IMPACT/INFLUENCE KEY:		<u>HIGH</u> : > 75% regulations <u>MODERATE</u> : 25% to 75% regulations <u>LOW</u> : < 25 % regulations <u>NONE</u> : No regulations

CRMC’S IMPACT ON SMALL BUSINESS: PERIOD THREE, SUMMARY

As of Period Three, CRMC submitted 23 regulations in which ORR found either Direct or Indirect impact, listed in these two groups after the “Recommendations” section. In summary:

- Direct: The remaining 7 regulations with Direct impact are primarily additional Special Area Management Plans (SAMPs), each of which impacts construction as well as other sectors.
- Indirect: These 15 regulations primarily impact small business via utilities, including the 12 sections of the Ocean SAMP (Deep Water Wind). The impact of the remaining regulations is via government entities.

Again, the updated EIS for the new single “Red Book” regulation was submitted in Period Four, and will be further analyzed in that report. It is therefore not included in the 23 with impact noted above. However, CRMC provided new information on its direct and indirect impacts, which is presented in the “Collective Impacts” section below.

RECOMMENDATIONS FOR CRMC REGULATORY REFORM: PERIOD THREE

- CRMC did not identify and quantify the businesses it regulates. If it is difficult to make accurate projections, use 3-5 years of historical data to develop a baseline. In addition, CRMC did not submit complete, quantified costs of establishing and enforcing these regulations. Review Recommendation Area #8 (“Support Improved Cost-Benefit Analysis”) in both the Period One and Two reports, and work to quantify these key regulatory impacts. Contact ORR for assistance.
- CRMC did not directly contact small businesses in preparing the EIS form (would not typically include public hearings). Entities that did so were better equipped to quantify impact data. Review Recommendation Areas #7 (“Promote Lawmaker and Small Business Participation in Reform”) and #8 (“Support Improved Cost-Benefit Analysis”) in both the Period One and Two reports, and seek out small business input. ORR can facilitate connections to relevant business organizations.
- Regulations should be clear and understood by those they regulate. Review Recommendation Area #3 (“Improve Accessibility to Regulations”) in the ORR Period One report. Use Microsoft Word’s readability statistics to evaluate and improve the readability of CRMC’s regulatory language.

CRMC’S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL

Impacting Regulation’s ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Direct Impacts		
3492	Any applicable business (Coastal Resources Management Program – Coastal and Estuarine Land Conservation Program or CELCP)	Any applicable business (including but not limited to applicants for CELCP funding) ^
5588	Construction; any business seeking CRMC assent (Coastal Resources Management Program – Aquidneck Island Special Area Management Program)	Project-dependent; new projects only (51 or fewer)
5718	Construction; any business requiring a CRMC assent (Coastal Resources Management Program – Salt Pond Regions SAMP – Section 920)	Project-dependent (minimal; “few applications over the years within the SAMP boundary that are triggered by the 40,000 square foot threshold”)
5719	Construction; any business requiring a CRMC assent (Coastal Resources Management Program – Guidelines for the Development of Municipal Harbor Management Plans)	Any applicable business ^
5766	Construction; any business requiring a CRMC assent (Coastal Resources Management Program – Metro Bay/Providence Harbor SAMP – Hazards Chapter)	Any applicable business ^
6403	Construction (MetroBay Special Area Management Program – Urban Coastal Greenways)	Project-dependent; new projects only (51 or fewer)
6820	(Coastal Resources Management Program – Narrow River SAMP)	Project-dependent (minimal; “few applications over the years within the SAMP boundary that are triggered by the 40,000 square foot threshold”)
6925	Construction; any business requirement a CRMC assent (Coastal Resources Management Program – Management Procedures)	Any applicable business ^

CRMC'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)

Collective Impact of CRMC's Coastal Resources Management Program ("Red Book")

Primarily for technical reasons, this recently rejoined regulation was divided into in 63 separate but interrelated ERLIDs. During Period Three, CRMC continued submitting EISes for individual sections; the EIS for the single Red Book regulation will be analyzed in Period Four. The following 49 ERLIDs were submitted as of Period Three:

- One: 2618, 2621, 2622, 2623, 2626, 2627, 2628, 2676, 3035, 5106, 5291, 5814, 6039, and 7061.
- Two: 2619, 2633, 2634, 2635, 2636, 2652, 2659, 2663, 2664, 2666, 2668, 2672, 2673, 2675, 3200, 4674, 4807, 5107, 5222, 5289, 5816, 6280, 6401, 6729, and 6925.
- Three: 2637, 2638, 2639, 2640, 2641, 2642, 2651, 3857, 6506, and 7063.

The "Red Book" impacts "any business seeking an assent [permit] for activities in specific areas of tidal waters, coastal features, and contiguous areas," via the assent process only (no additional impact once the project is completed). Assents are sought for new construction, or for "land-disturbing activities" around existing properties.

Assent applicants are thus directly impacted, while their activities then indirectly impact suppliers of contracted construction or other services, or any other business affected by assent activities.

Assent applicants who are directly impacted are typically found in the following sectors:

- Agriculture, Forestry, Fishing and Hunting (aquaculture operations);
- Transportation and Warehousing (ferry transportation, port/harbor operations, marine cargo handling);
- Arts, Entertainment and Recreation (marinas); and
- Any other small business that may seek an assent (typically property owners).

Indirectly impacted sectors (via activities of assent applicants) include the following:

- Construction (particularly dock and marine construction);
- Manufacturing (typically related to seafood products, or boat building and repair);
- Wholesale Trade (typically commercial fishing equipment and supplies, as well as scrap metal operations);
- Retail Trade (seafood and fish markets; marine supplies and boat dealers);
- Transportation and Warehousing (barge and freight transportation);
- Arts, Entertainment, and Recreation (golf courses); and
- Accommodation and Food Service (hotels and restaurants).

CRMC'S IMPACT ON SMALL BUSINESS: PERIOD THREE, DETAIL (continued)		
Impacting Regulation's ERLID #	NAICS Small Business Sector(s) Impacted (title of regulation in parentheses)	Entity Estimate of Number of Rhode Island Small Businesses
Indirect Impacts		
1059	Any applicable business (Federal Consistency Manual)	Any business affected by the federal actions, activities, and permits that are subject to consistency review, via federal entities ^
1060	Any applicable business (Energy Amendments)	Any applicable business, via utility and electric power general companies ^
1063	Any applicable business (Pawcatuck River and Estuary and Little Narragansett Bay: An Interstate Management Plan)	Any business affected by the activities of the bi-state (RI/CT) plan to manage the Pawcatuck River watershed ^
6888	Construction; any other applicable business (Coastal Resources Management Program, or CRMP: Ocean Special Area Management Plan, or SAMP - Cover, Acknowledgements and Executive Summary)	Contracted construction services and any other business affected by the Deep Water Wind project, via that utility as well as any applicants for renewable energy projects ^
6889	Construction; any other applicable business (CRMP: Ocean SAMP - Chapter 1 – Introduction)	
6890	Construction; any other applicable business (CRMP: Ocean SAMP - Chapter 2 – Ecology)	
6891	Construction; any other applicable business (CRMP: Ocean SAMP - Chapter 3 - Global Climate Change)	
6892	Construction; any other applicable business (CRMP: Ocean SAMP - Chapter 4 - Cultural and Historic Resources)	
6893	Construction; any other applicable business (CRMP: Ocean SAMP - Chapter 5 - Commercial and Recreational Fisheries)	
6894	Construction; any other applicable business (CRMP: Ocean SAMP - Chapter 6 - Recreation and Tourism)	
6895	Construction; any other applicable business (CRMP: Ocean SAMP - Chapter 7 - Marine Transportation, Navigation and Infrastructure)	
6896	Construction; any other applicable business (CRMP: Ocean SAMP - Chapter 8 - Renewable Energy)	
6897	Construction; any other applicable business (CRMP: Ocean SAMP - Chapter 9 - Other Future Uses)	
6898	Construction; any other applicable business (CRMP: Ocean SAMP - Chapter 10 - Existing Statutes, Regulations and Policies)	
6899	Construction; any other applicable business (CRMP: Ocean SAMP - Chapter 11 - Policies of the Ocean SAMP)	

APPENDIX B: Common Acronyms Used in This Report

GENERAL ACRONYMS

APA – Rhode Island Administrative Procedures Act
APRA – Rhode Island Access to Public Records Act
ERLID – Electronic Record Locator Identification number
MPA – Master Price Agreement
NAICS – North American Industry Classification System
PDCA – Plan, Do, Check, Act
RFP – Request for Proposal
RIGL – Rhode Island General Law
RIMFC – Rhode Island Marine Fisheries Council
SBI – Small Business Impact

GOVERNMENTAL ENTITY ACRONYMS

ACI – Rhode Island Adult Correctional Institute
AG – Rhode Island Office of the Attorney General
BHDDH – Rhode Island Department of Behavioral Healthcare, Developmental Disabilities and Hospitals
COMMERCE – Rhode Island Commerce Corporation
CRMC – Rhode Island Coastal Resources Management Council
DBR – Rhode Island Department of Business Regulation
DEA – Rhode Island Division of Elderly Affairs
DEM – Rhode Island Department of Environmental Management
DHS – Rhode Island Department of Human Services
DMV – Rhode Island Division of Motor Vehicles
DOA – Rhode Island Department of Administration
DOE – Rhode Island Department of Education
DOH – Rhode Island Department of Health
DOT – Rhode Island Department of Transportation
DLT – Rhode Island Department of Labor and Training
DPS – Rhode Island Department of Public Safety
EOHHS – Rhode Island Executive Office of Health and Human Services
HRC – Rhode Island Housing Resources Commission
OER – Rhode Island Office of Energy Resources
OMB – Rhode Island Office of Management and Budget
ORR – Rhode Island Office of Regulatory Reform
RIHEAA – Rhode Island Higher Education Assistance Authority
RIPTA – Rhode Island Public Transit Authority
RIRRC – Rhode Island Resource Recovery Center
RISLA – Rhode Island Student Loan Authority
SBA – United States Small Business Administration
SOS – Rhode Island Office of the Secretary of State
TAXATION – Rhode Island Division of Taxation

APPENDIX C: Rhode Island General Law § 42-35.1-3

TITLE 42 State Affairs and Government

CHAPTER 42-35.1 Small Business Regulatory Fairness in Administrative Procedures

SECTION 42-35.1-3

§ 42-35.1-3 Economic Impact statements. – (a) Prior to the adoption of any proposed regulation that may have an adverse impact on small businesses, with the exception of emergency regulations adopted in accordance with subsection 42-35-3(b) and excluding those businesses defined in subsection (c) of this section, each agency shall prepare, in conjunction with assistance and oversight from the office of regulatory reform and in congruence with the analysis required in subsection (b) of this section, an economic impact statement that includes the following:

- (1) An identification and estimate of the number of the small businesses subject to the proposed regulation;
 - (2) The projected reporting, recordkeeping, and other administrative costs required for compliance with the proposed regulation, including the type of professional skills necessary for preparation of the report or record;
 - (3) A statement of the effect or probable effect on impacted small businesses;
 - (4) A description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.
- (b) The economic impact statement required herein shall be published in guide form as well as posted on the department of administration and the office of management and budget websites. The guide should be published and/or posted on or around the same date as the regulation change and shall include a description of actions need by the small business to meet the requirement of the regulation. The office of regulatory reform shall develop criteria for the economic impact statement.
- (c) The following professional and business activities shall not be considered a small business for purposes of this section:
- (1) Financial institutions including banks, trusts, savings and loan associations, thrift institutions, consumer and industrial finance companies, credit unions, mortgage and investment bankers and stock and bond brokers;
 - (2) Insurance companies, both stock and mutual;

- (3) Mineral, oil and gas brokers;
- (4) Subdividers and developers;
- (5) Landscape architects, architects and building designers;
- (6) Entities organized as nonprofit institutions;
- (7) Entertainment activities and productions including motion pictures, stage performances, television and radio stations and production companies;
- (8) All utilities, water companies and power transmission companies, except electrical power generating transmission companies providing less than four and one-half (4.5) kilowatts; and
- (9) All petroleum and natural gas producers, refiners and pipelines.

History of Section.

(P.L. 2009, ch. 229, § 1; P.L. 2009, ch. 230, § 1; P.L. 2012, ch. 89, § 2; P.L. 2012, ch. 120, § 2; P.L. 2012, ch. 445, § 1.)

APPENDIX D: Economic Impact Statement Form

Economic Impact Statement Template for Existing Regulations

Guidance for Determining How Many Small Businesses will be Impacted by the Proposed Regulation

The U.S. Small Business Administration (SBA) defines small businesses according to size standards which are matched to the North American Industry Classification Systems (NAICS). The SBA table of small business size standards can be found at the following URL: <http://www.sba.gov/content/table-small-business-size-standards>. The SBA defines a small business differently depending on the industrial classification using either employee number or annual revenue. Because staff will most likely not have access to annual revenue data, small businesses should be considered to have an employee size of NO MORE THAN:

- 100 for Wholesale Trade (Sector 42);
 - 200 for Retail Trade (Sector 44-45); and
 - A small business is defined as one with fewer than 500 employees
- **Step 1: Identify Business Sectors to be Impacted:** Staff developing the regulation should generate a list of the business sectors (using the 6-digit NAICS codes) which their program thinks will be impacted by the regulation.
 - For the most current list of NAICS codes with definitions:
http://www.census.gov/eos/www/naics/2007NAICS/2007_Definition_File.pdf
 - **Step 2: Determine the Number of Small Businesses in Each Sector:** Once there is a list of 6-digit NAICS codes that are expected to be impacted by the regulation, determine the **number** of small businesses in Rhode Island with those NAICS codes by going to the SBA's online searchable database of self-certified small businesses: http://dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm

Once at the SBA "Dynamic Small Business Search" page:

- i) In the first section ("Location of Firm"), scroll down to highlight Rhode Island. (Leave all other selections [congressional district, county, etc.] blank.)
- ii) Leave the "Government Certifications" selections as "Not Required" (this should be the default setting).
- iii) Leave the "Ownership and Self-Certifications" selections blank.
- iv) In "Specific Nature of Business," enter the 6-digit NAICS code(s) from step one above.
- v) Leave the next four sections blank (General Nature of Business; Profile Last Updated; Maximum Acceptable Bonding Levels; and Quality Assurance Standards).
- vi) In the "Size" section, select "No More Than" and enter 500 employees (leave "Annual Revenue" blank).
- vii) Do not make any entries under "Capabilities" or "Searching for a Specific Profile."
- viii) Under "Search Results Display Options" select the number of results you want to be shown (e.g. 500), and leave the columns to be displayed and tabular format at the default setting.
- ix) At the bottom of the screen, click on "Search Using These Criteria."
- x) The number of firms displayed in your results table is the number of small businesses to be impacted by this regulation for the NAICS codes selected.

Note: In some cases, staff will already have a list of businesses in RI that are projected to be impacted because the industry is currently regulated by an existing regulatory program and the information is collected in an existing database. Staff should determine whether this method will yield a more accurate list of small businesses to be impacted as opposed to searching the SBA database by NAICS code.

SMALL BUSINESS IMPACT STATEMENT

In order to accurately predict the impact the adoption, amendment, or repeal of a regulation will have on small businesses, the promulgating authority must conduct a thorough analysis that not only considers the potential effects of the action but also quantifies the costs, if any, associated with each. The questions below are designed to aid promulgating authorities in conducting their analysis.

Agency submitting regulation:

Subject matter of regulation:

ERLID Number:

Statutory authority:

Other agencies affected:

Other regulations that may duplicate or conflict with the regulation:

Describe the scope and objectives of the regulation:

What was the rationale for establishing this regulation?

Does the rationale still exist?

Is the rationale still relevant?

Business industry(ies) affected by the regulation:

Types of businesses included in the industry(ies):

Total number of small businesses included in the regulated industry(ies) *Please see the attached guidance documents for assistance determining the total number of small businesses:*

Number of small businesses potentially subject to the proposed regulation:

How often do small businesses contact your agency for assistance with clarification of the regulation and/or receive assistance with compliance issues?

What is the cost to your agency of establishing and enforcing this regulation?

What would the consequences be if the regulation did not exist?

Effective date used in cost estimate:

	Yes	No	<i>*Note: For each question, please answer “yes” or “no” and offer a brief explanation. Please describe any facts, data, views, arguments, or other input from small businesses, organizations or any other sources that were used to quantify the impacts outlined below.</i>
1.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Do small businesses have to create, file, or issue additional reports?
2.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Do small businesses have to implement additional recordkeeping procedures?
3.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Do small businesses have to provide additional administrative oversight?
4.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Do small businesses have to hire additional employees in order to comply with the proposed regulation?
5.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Does compliance with the regulation require small businesses to hire other professionals (e.g. a lawyer, accountant, engineer, etc.)?
6.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Does the regulation require small businesses to purchase a product or make any other capital investments in order to comply with the regulation?
7.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Are performance standards more appropriate than design standards?
8.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Does the regulation require small businesses to cooperate with audits, inspections, or other regulatory enforcement activities?
9.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Does the regulation have the effect of creating additional taxes and/or fees for small businesses?
10.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Does the regulation require small businesses to provide educational services to keep up to date with regulatory requirements?
11.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Is the regulation likely to <i>deter</i> the formation of small businesses in RI?
12.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Is the regulation likely to <i>encourage</i> the formation of small businesses in RI?
13.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Can the regulation provide for less stringent compliance or reporting requirements for small businesses?
14.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Can the regulation establish less stringent schedules or deadlines for compliance or

	<input type="checkbox"/>	<input type="checkbox"/>	reporting requirements for small businesses?
15.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Can the compliance or reporting requirements be consolidated or simplified for small businesses?
16.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Can performance standards for small businesses replace design or operational standards?
17.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Are there alternative regulatory methods that would minimize the adverse impact on small businesses?
18.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Have any small businesses or small business organizations been contacted during the preparation of this document? If so, please describe.

APPENDIX E: Major Categories of the North American Industry Classification System (NAICS)

NAICS codes are used throughout the ORR review process, as they are the industry standard for classifying “revenue-producing business activity.” Below are the primary categories, along with certain subcategories that may not be self-explanatory, or categories that include several disparate subgroups. See www.naics.com for more information.

- **Agriculture, Forestry, Fishing and Hunting**
- **Mining, Quarrying, and Oil and Gas Extraction**
- **Utilities**
- **Construction**
- **Manufacturing:** includes food, beverage, and tobacco product manufacturing
- **Wholesale Trade**
- **Retail Trade**
- **Transportation and Warehousing**
- **Information:** includes publishing, film/video/broadcast production and distribution, telecommunications, data processing, libraries, and internet publishing/search portals
- **Finance and Insurance**
- **Real Estate and Rental and Leasing:** includes other types of rentals, such as cars, consumer goods, and machinery
- **Professional, Scientific, and Technical Services:** includes legal, accounting, architectural, engineering, design, computer systems, management consulting, research and development, advertising and public relations, photography, veterinary, and similar professional services
- **Management of Companies and Enterprises:** includes management, holding companies, and corporate, subsidiary, and regional managing offices
- **Administrative and Support and Waste Management and Remediation Services:** includes office administration, employment agencies, business support, collection agencies, credit bureaus, travel agencies, investigation and security services, exterminators, landscaping, waste collection, waste treatment and disposal, remediation, and other waste management services
- **Educational Services:** includes all K-12 and post-secondary schools and colleges, technical and trade schools, driving schools, and exam preparation and tutoring
- **Health Care and Social Assistance:** includes day care services
- **Arts, Entertainment, and Recreation:** includes performing arts, spectator sports, museums, amusement parks, gambling, golf courses, and similar recreational facilities
- **Accommodation and Food Services**
- **Other Services (except Public Administration):** includes automotive and equipment repair and maintenance, hair and barber salons, funeral homes, laundry, non-veterinary pet care, photofinishing, parking garages, and religious, civic, advocacy, and professional associations
- **Public Administration**

ENDNOTES

ⁱ Period One Report: http://www.omb.ri.gov/documents/reform/regulatory-review/Period%20Two_2013.pdf

ⁱⁱ Period Two Report: http://www.omb.ri.gov/documents/reform/regulatory-review/Period%20One_2013.pdf

ⁱⁱⁱ 2013 Small Business Survey: <http://www.omb.ri.gov/documents/reform/regulatory-review/SmallBusinessSurvey.pdf>