LICENSING AND REGULATORY AFFAIRS
CUSTOMER DRIVEN. BUSINESS MINDED.

Office of Regulatory Reinvention

Presentation to

House
Regulatory Reform Committee

February 12, 2013

Michigan's Regulatory Challenge

States | Cities

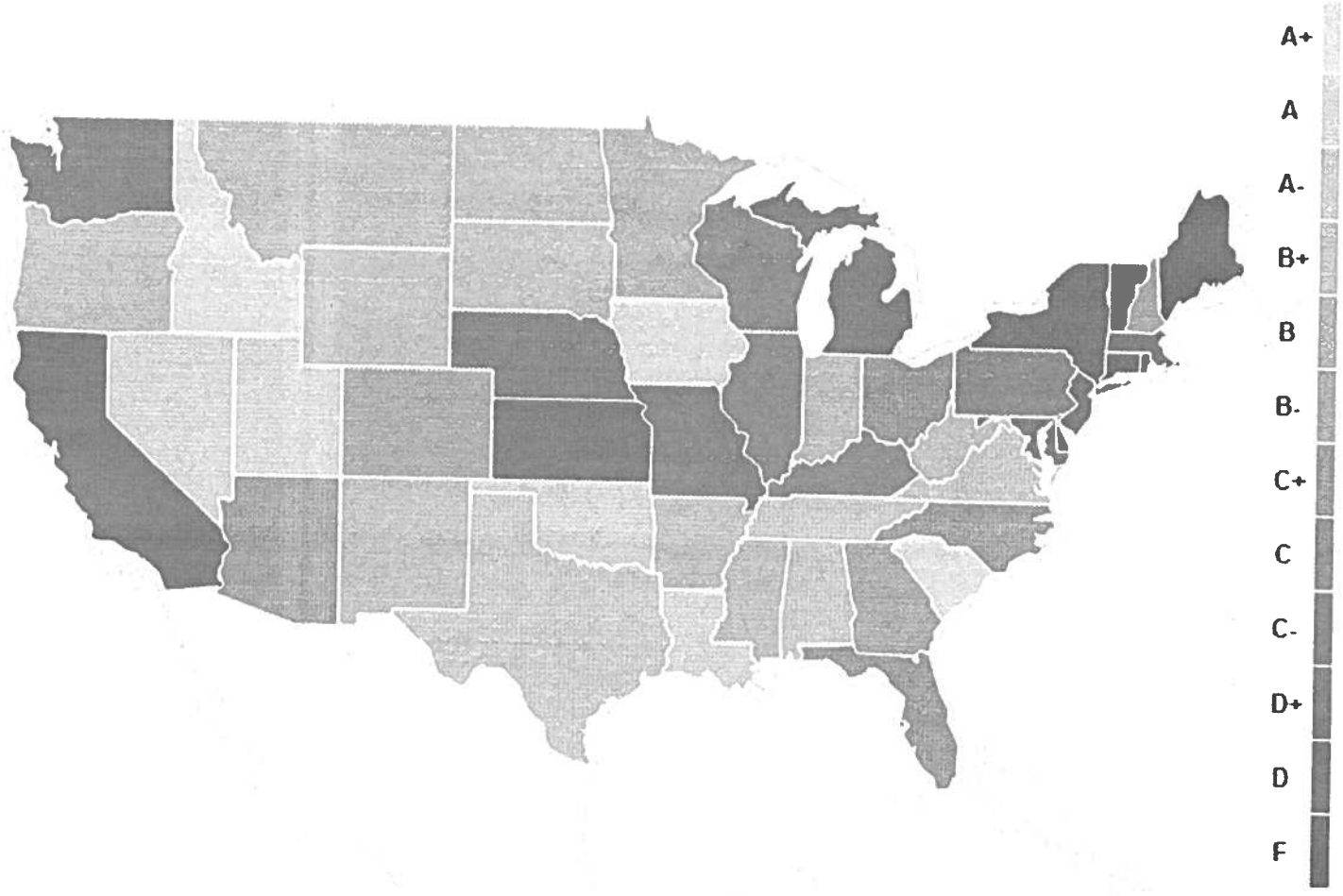
Overall friendliness

Ease of starting a business
Hiring costs

Regulations
Health & safety
Employment, labor & hiring
Tax code
Licensing
Environmental
Zoning

Training programs
Networking programs

Current economic health
Optimism about future
Growth rate last year



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Source:
Thumbtack.com

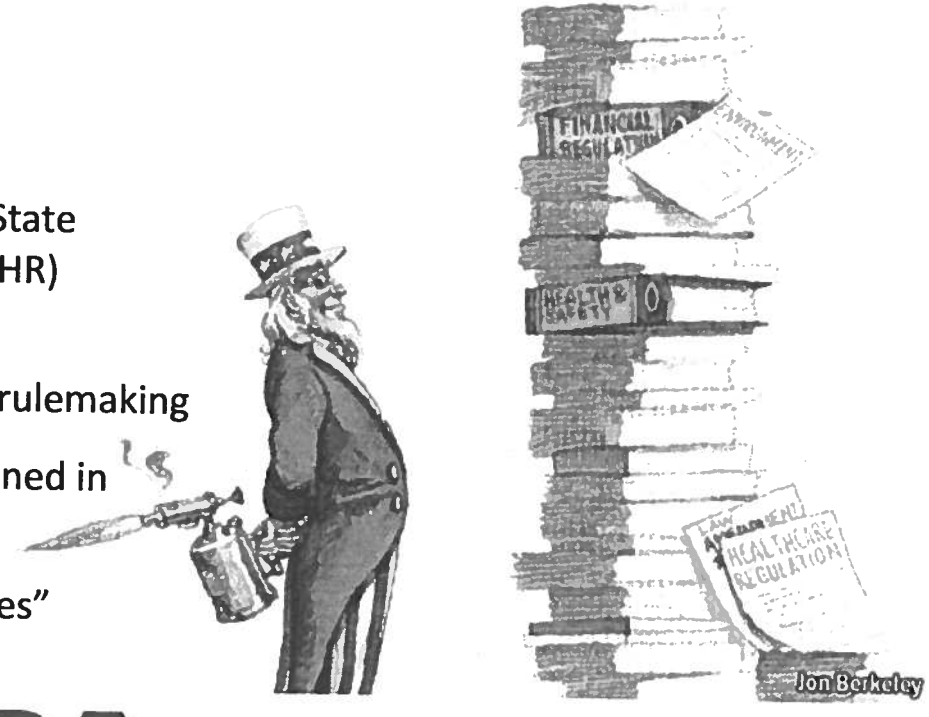
Office of Regulatory Reinvention Overview

- **Mission: Create a regulatory environment that is simple, fair, efficient and transparent, and that supports business growth and job creation.**

- Has been operating since April 25, 2011.

- Responsibilities of ORR per EO 2011-5

1. All rulemaking functions formerly housed in the State Office of Administrative Hearings and Rules (SOAHR) transferred to ORR
2. Systematic review of existing Michigan rules and rulemaking
3. Oversight of "non-rule regulatory actions" as defined in EO 2011-5
4. Implement "best regulatory management practices"



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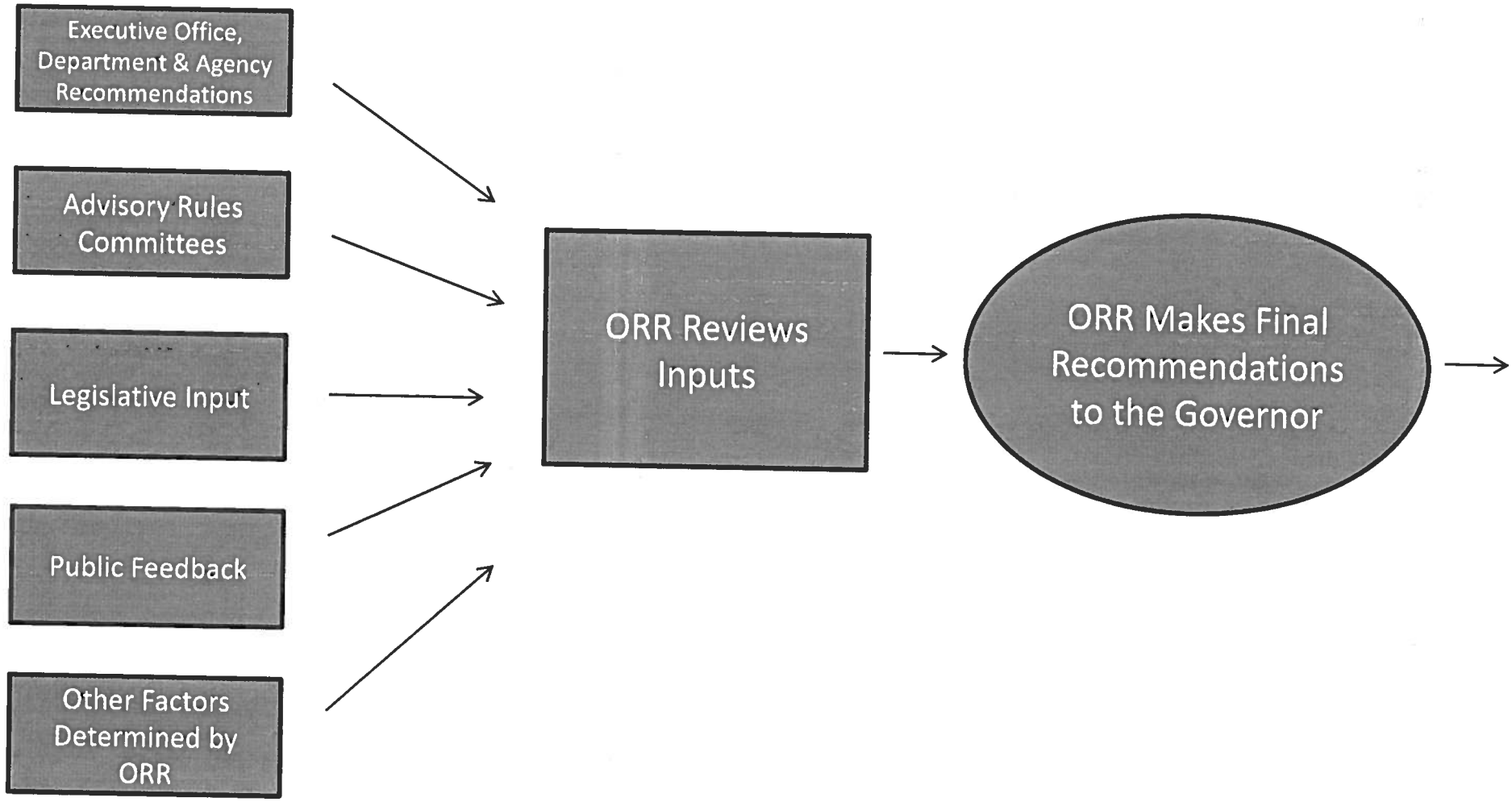
ORR Process



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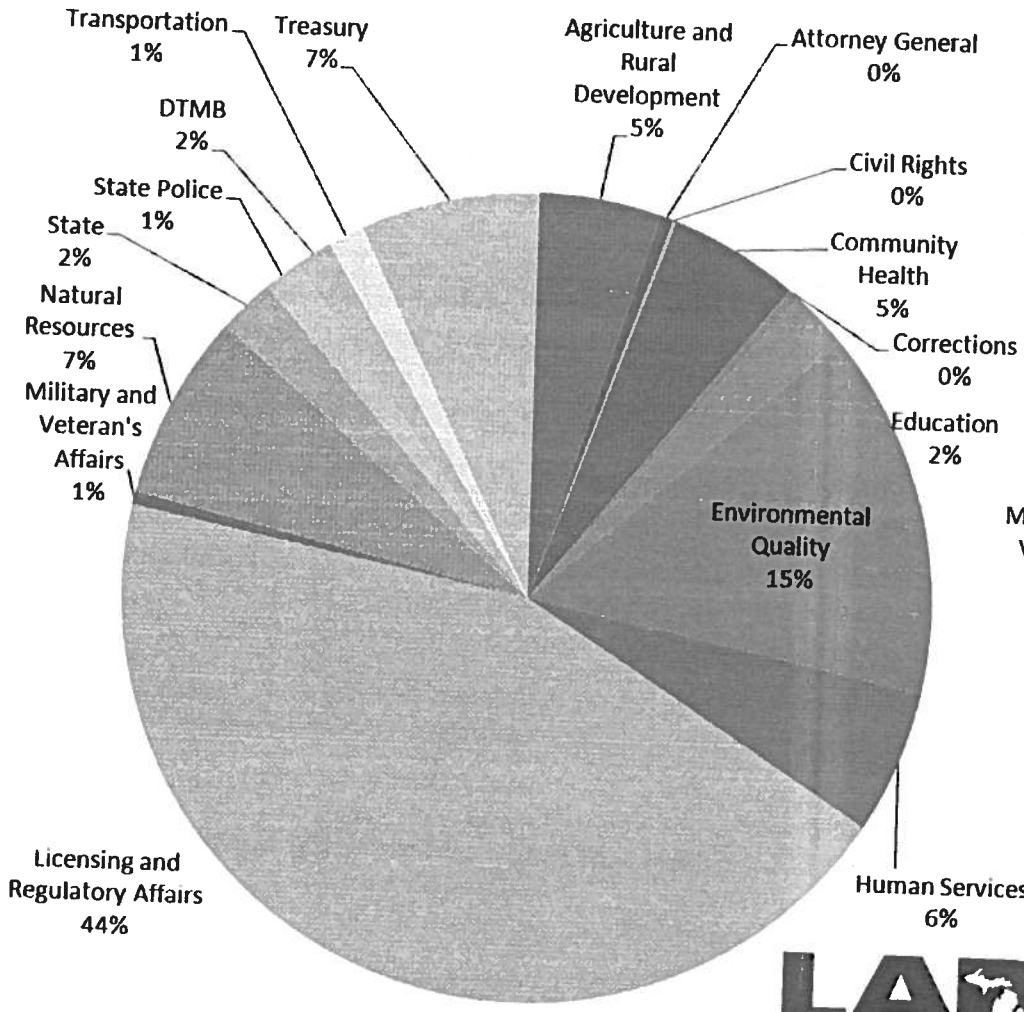
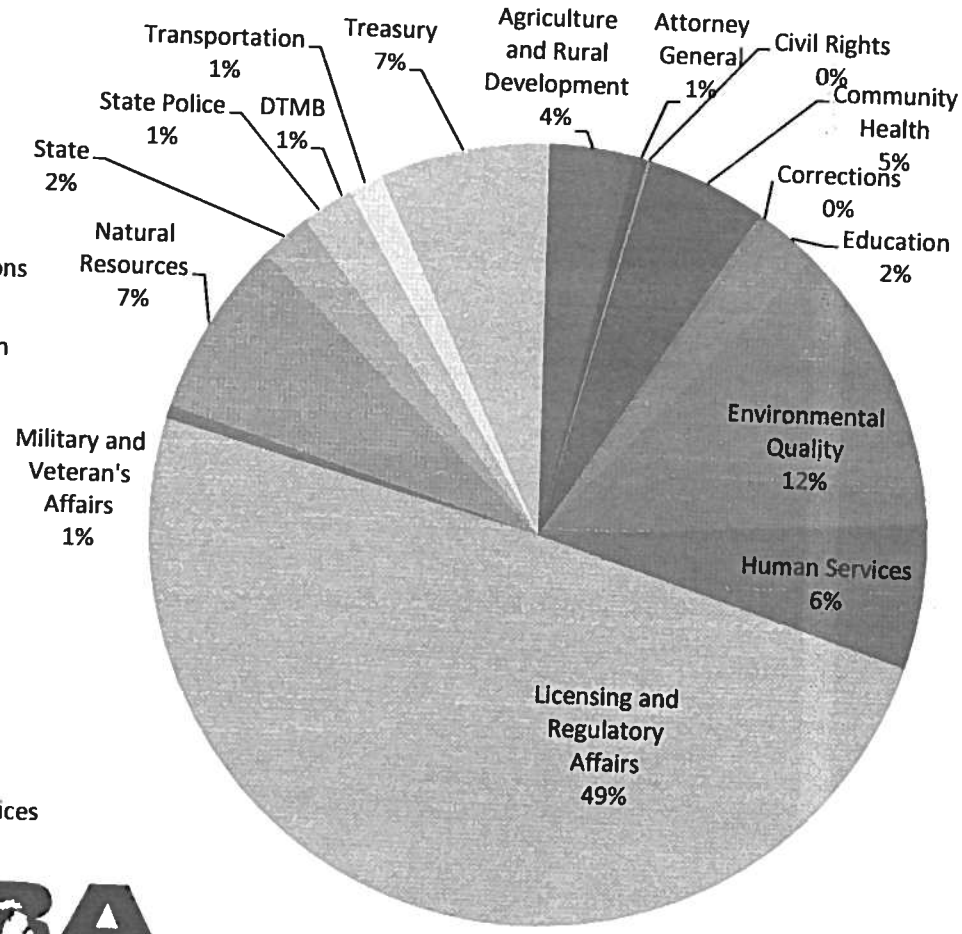
Rules By Department

19,230 MI Rules as of 4/25/2011



18,143 Total MI Rules Today



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Rule Evaluation Criteria

- Under EO 2011-5, every rule must be evaluated by the following 7 factors:
  1. Health or safety benefits
  2. Whether rules mandated by constitution/statutory provision
  3. Cost of compliance (complexity, reporting and other factors)
  4. Whether conflict with/duplicate similar state or federal rules
  5. Extent to which exceed national or regional compliance standards
  6. Date of last evaluation and impact of technology, economic or other conditions
  7. Other changes or developments that demonstrate no continued need for the rule

Focusing on Burdensome Rules and Regulations *First*...

- While it's important to get ridiculous rules such as these off the books – our first priority is to get rid of the most costly and burdensome rules and regulations.
- To facilitate this, we are working to:
  - Identify **high-impact** changes that we can implement **quickly**
  - Create a regulatory culture that gives companies **tools** to comply with regulations, instead of the old **punitive** or "gotcha" culture
  - Create a **predictable** regulatory environment
  - Eliminate **unnecessary** and **costly** reporting

Advisory Rules Committees

- Advisory Rules Committees (ARCs) are advisory in nature, and focus on evaluation of regulations under 7 factors included in EO 2011-5.

- **Eight ARCs created to date**: Environmental (DEQ), Insurance & Finance (OFIR), Inspections & Permitting (LARA), Liquor Control (LCC), Occupational Licensing (LARA), Natural Resources (DNR), Workplace Safety (MIOSHA), and Rulemaking Process.

- ARCs typically consist of 10-20 members including regulators, regulated community members and the public; 120-day term unless extended by ORR.

- ORR selects and appoints members, and chairs each ARC.

Environmental Recommendations

- **Eliminating and simplifying rules:** The recommendations contemplate the rescission of **330 DEQ rules** (or over **11%** of the current total). In addition, the ORR recommended that the DEQ re-write and streamline rules pertaining to air toxics, clean-up of contaminated sites (Part 201), and liquid industrial waste. The rules should be more performance-based, and less prescriptive.

- **Making Michigan More Competitive:** Eliminating the Michigan-specific amendments to the rules that exceed federal standards will result in **less complex** and **more efficient** regulations and will make Michigan more competitive in **attracting and growing businesses**. In some cases, Michigan has made amendments to national code that no one else in the Great Lakes region has adopted.

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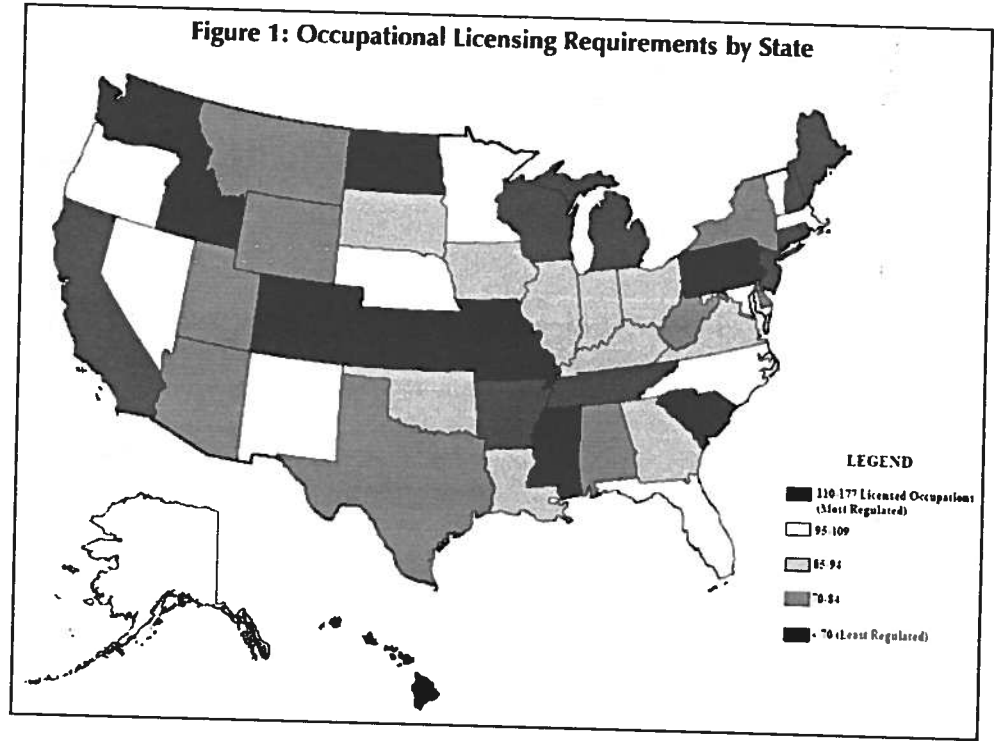
Occupational Licensing Recommendations

- Michigan is the **sixth** most-regulated state, in terms of occupational regulations.

- Occupational regulations operate as a **barrier to entry** into a given profession. This inhibits entrepreneurship and restricts competition, leading to increased costs and decreased levels of service for consumers.

- ORR ARC evaluated 87 occupations regulated by the state and made 62 recommendations for existing occupational regulations and best practices for future licensing statutes.



Occupational Licensing Recommendations

The ORR recommended 18 occupations and 9 boards for deregulation, including:

- Acupuncturist
- Auctioneers
- Community Planner
- Consumer Finance Services
- Dieticians & Nutritionists
- Forensic Polygraph Examiner
- Forester
- Immigration Clerical Assistant
- Insurance Solicitor
- Interior Designer
- Landscape Architect
- Ocularist
- Professional Employer Organizations
- Proprietary School Solicitors
- Respiratory Care
- Security Alarm Contractors
- Speech Pathologist
- Vehicle Protection Product Warrantor

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Workplace Safety Recommendations

- **Eliminating and simplifying rules:** The ORR made **624** recommendations for changes to **334** separate MIOSHA rules that exceed the federal standards. The recommendations contemplate the rescission of over **611** distinct MIOSHA requirements (this includes entire rules or parts of rules). Elimination of duplicative and unnecessarily burdensome rules will **reduce costs** for businesses and **allow MIOSHA to focus on enforcing rules that are core to their mission** of workplace safety. None of the rescinded requirements are present in federal OSHA regulations.

- **Making Michigan More Competitive:** Eliminating the Michigan-specific amendments to the rules that exceed federal standards will result in **less complex** and **more efficient** regulations and will make Michigan **more competitive in attracting and growing businesses.**

Insurance & Finance Recommendations

- Michigan's unique product requirements, along with restrictive statutes governing filings, rate making and underwriting, are **outliers** when compared with the majority of other states.

- Most of Michigan's insurance laws and regulations are over two decades old and fail to reflect modern conditions.

- ORR recommendations:
  - **Remove barriers to innovation**
    - *Example:* Rescind rules that impose blanket bans on the use of particular clauses in contracts – discretionary clauses and three types of "nonconforming" clauses – that frustrate new product development and innovation.
  - **Make Michigan more competitive with other states**
    - *Example:* Amend the Insurance Code to establish a "file and use system" for approval of all future insurance forms.
  - **Remove significant government-mandated costs that have little benefit to the consumer**

Liquor Control Recommendations

- **Enhancing economic development**: The ORR made several recommendations to encourage economic development and make Michigan a **more attractive place to live and visit**. One recommendation creates a new type of resort license — this will create an increased incentive to invest in Michigan to further enhance its desirability as a destination. Another recommendation permits wine and brandy festivals — just like beer festivals, these festivals could become major attractions for communities.

- **Improving internal Michigan Liquor Control Commission processes:** The ORR and MLCC identified dozens of ways to **speed up** the MLCC's licensing processes and **improve the efficiency** of the system. These changes include eliminating state approval of every food agreement a licensee enters into and eliminating unnecessary investigations (for example, when a restaurant owner wants to open a new restaurant, the LCC does a full investigation of the owner, even though he or she already has a liquor license!).

- **Modernizing outdated systems**: There are several recommendations to **modernize** Michigan's outdated regulatory scheme, including allowing craft brewers to have the same rights that winemakers and distillers have in distributing their products. If implemented, these recommendations will **enhance economic freedom** and **reduce the cost** of the overall system — which should be beneficial for consumers.

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Who to Contact at ORR

- General Information:
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- Steve Arwood, Director (517.241.7124; arwoods@michigan.gov)
- Rob Nederhood, Deputy Director (517.335.8658; nederhoodr@michigan.gov)
- Phil Hendges (517.335.8658; hendgesp@michigan.gov)
- Liz Smalley (517.335.8658; smalleyl@michigan.gov)
- Deidre O'Berry (517.241.1671; o'berryd@michigan.gov)
- In addition, we will work closely with LARA Communications Representative John Groen (517.373.6963, groenj@michigan.gov)

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The Office of Regulatory Reinvention

Department of Agriculture and Rural Development Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule-Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repeal	Rule Sets Identified for Amendment	Rules Amended	Rules Added
Agriculture and Rural Development	Animal Industry Division	15	104					
Agriculture and Rural Development	Environmental Stewardship Division	2	43			2		
Agriculture and Rural Development	Executive Division	3	29		16			
Agriculture and Rural Development	Finance and Technology Division	16	143			16		
Agriculture and Rural Development	Food and Dairy Division	8	63		163			
Agriculture and Rural Development	Laboratory Division	6	44		8			
Agriculture and Rural Development	Pesticide and Plant Pesticide Management Division	25	218		109	5		
Total	7	75	644	0	296	23	0	0

The Office of Regulatory Reinvention

Attorney General Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule-Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repealed	Rule Sets Identified for Amendment	Rules Amended	Rules Added
Attorney General	Consumer Protection and Charitable Trusts Division	5	95			3		
Total		**5**	**95**			**3**		

The Office of Regulatory Reinvention

Department of Civil Rights Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule-Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repeal	Rule-sets Identified for Amendment	Rules Amended	Rules Added
Civil Rights	Civil Rights Commission	2	28					
Total	**1**	**2**	**28**					

The Office of Regulatory Reinvention

Department of Corrections Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule-Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repeal	Rule Sets Identified for Amendment	Rules Amended	Rules Added
Corrections	Bureau of Correctional Facilities	1	39					
Corrections	Executive Bureau	1	39	4		1		
Total	**2**	**2**	**78**	**4**		**1**		

2/5/2013

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Department of Community Health Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule-Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repeal	Rule Sets Identified for Amendment	Rules Amended	Rules Added
Community Health	Behavioral Health and Developmental Disabilities Administration	14	211	11		5		
Community Health	Medical Services Administration	11	293	15	7	3		
Community Health	Office of Services to the Aging	6	60					
Community Health	Operations Administration	2	22			1	5	
Community Health	Policy and Planning	3	40	6		1	24	5
Community Health	Public Health Administration	29	276	2				2
TOTAL	7	**65**	**902**	**34**	**7**	**10**	**29**	**7**

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Department of Education Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule-Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repealed	Rule Sets Identified for Amendment	Rules Amended	Rules Added
Education	State Tenure Commission	1	33			1	5	
Education	Superintendent of Public Instruction	30	396	45	37	15	35	4
TOTAL	**2**	**31**	**429**	**45**	**37**	**16**	**40**	**4**

The Office of Regulatory Reinvention
Department of Environmental Quality Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule-Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repealed	Rule Sets Identified for Amendment	Rules Sets Amended	Rules Added
Environmental Quality	Air Quality Division	18	348	7	1	5	17	0
Environmental Quality	Office of Environmental Assistance	1	8	7	27	1	8	0
Environmental Quality	Remediation and Redevelopment Division	6	65	72	96	11	2	0
Environmental Quality	Water Resources Division	24	411	73	3	10	1	1
Environmental Quality	Office of Oil, Gas, & Minerals	5	381	0	0	0	0	0
Environmental Quality	Office of Waste Management & Radiological Protec	5	338	0	84	0	0	0
Environmental Quality	Office of Drinking Water & Municipal Assistance	9	622	0	22	0	0	0
TOTAL	**7**	**68**	**2173**	**159**	**233**	**27**	**28**	**1**

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Department of Human Services Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule-Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repealed	Rule Sets Identified for Amendment	Rules Amended	Rules Added
Human Services	Bureau of Children and Adult Licensing	18	857	44	8	4	2	
Human Services	Child and Family Services Administration	3	38	18	14	3		
Human Services	Family Independence Services Administration	7	176	7	5	4	10	5
Human Services	Michigan Rehabilitation Services	1	18	0		0		
Total	4	**29**	**1089**	69	27	11	12	5

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Department of Licensing and Regulatory Affairs Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule-Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repeal	Rule-sets Identified for Amendment	Rules Amended	Rules Added
Licensing and Regulatory Affairs	Corporations, Securities, & Commercial Licensing	33	737	41		22	6	15
Licensing and Regulatory Affairs	Bureau of Construction Codes	24	1013	14	2	13	17	1
Licensing and Regulatory Affairs	Bureau of Employment Relations	2	74		1	2		
Licensing and Regulatory Affairs	Bureau of Fire Services	18	706			6		26
Licensing and Regulatory Affairs	Bureau of Health Care Services	66	1361	18	2	24	29	51
Licensing and Regulatory Affairs	Bureau of Services for Blind Persons	3	62	3		1	8	
Licensing and Regulatory Affairs	Liquor Control Commission	16	213		6	6		
Licensing and Regulatory Affairs	Michigan Administrative Hearings System	17	314	8	2	4	4	12
Licensing and Regulatory Affairs	MIOSHA	156	3128	13		16	92	17
Licensing and Regulatory Affairs	Office of Financial and Insurance Regulation	48	410	4	6	25	12	
Licensing and Regulatory Affairs	Office of Policy and Legislative Affairs	1	1		12			
Licensing and Regulatory Affairs	Public Service Commission	29	745	1	70	10	21	48
Licensing and Regulatory Affairs	Unemployment Insurance Agency	1	6					
Licensing and Regulatory Affairs	Wage and Hour Division	3	43	2		2		
Licensing and Regulatory Affairs	Workers' Compensation Agency	2	139			2	9	
TOTAL	**16**	**419**	**8952**	**104**	**101**	**133**	**198**	**170**

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Department of Military and Veterans Affairs Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule-Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repealed	Rule-sets Identified for Amendment	Rules Amended	Rules Added
Military and Veteran's Affairs	Office of the Director and Adjudant General	7	82	29		2		
Military and Veteran's Affairs	Veteran's Trust Fund Board of Trustees	3	15	5				
Total	**2**	**10**	**97**	**34**		**2**		

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Department of Natural Resources Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule-Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repeal	Rule Sets Identified for Admendment	Rules Admended	Rules Added
Natural Resources	Administrative Division	1	7	76	76			
Natural Resources	Executive Division	2	66			1		
Natural Resources	Fisheries Division	6	222	9		1		
Natural Resources	Forest Management Division	10	97	25	7	5		
Natural Resources	Law Enforcement Division	15	882		3	11		
Natural Resources	Michigan Historical Center	1	2		3			
Natural Resources	Parks and Recreation Division	3	22	11	2	1		
Natural Resources	Wildlife Division	2	32	13	13	1		
Total	**8**	**40**	**1330**	**134**	**104**	**20**		

The Office of Regulatory Reinvention

Secretary of State Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule-Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repeal	Rule Sets Identified for Amendment	Rules Amended	Rules Added
State	Administrative Hearings	1	9					
State	Automotive Related Businesses	5	63			2		
State	Driver Licensing	6	67			2		
State	Elections & Campaign Finance	6	147		52			
State	Office of Customer Services	1	51	1		1		
State	Other Business Services	1	6					
State	Vehicles & Watercraft	3	41	3				
Total	**7**	**23**	**384**	4	52	5		

2/5/2013

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Michigan State Police Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule-Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repealed	Rule Sets Identified for Amendment	Rules Amended	Rules Added
State Police	Criminal Justice Information Center	1	9	1			11	
State Police	Emergency Management and Homeland Security Division	2	15					
State Police	Forensic Science Division	2	14		9			
State Police	Michigan Commission on Law Enforcement Standards (MCOLES)	3	102			1		
State Police	Traffic and Safety Division	6	125					
Total	**5**	**14**	**265**	**1**	**9**	**1**	**11**	

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Department of Technology, Management and Budget Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repeal	Rule Sets Identified for Amendment	Rules Sets Amended	Rules Added
Technology, Management and Budget	General	2	21		146			
Technology, Management and Budget	Office of Property Services	4	40		15	2	6	
Technology, Management and Budget	Public Schools Employees' Retirement Board	1	31					
Technology, Management and Budget	Purchasing Division	1	9					
Technology, Management and Budget	State Employees' Retirement Board	1	31					
Total	**5**	**9**	**132**	**0**	**161**	**2**	**6**	

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Department of Transportation Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule-Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repeal	Rule Sets Identified for Amendment	Rules Amended	Rules Added
Transportation	Aeronautics Commission	2	48			1		
Transportation	Bureau of Finance	1	23					
Transportation	Bureau of Highway Development	10	136			5		1
Transportation	Bureau of Urban and Public Transportation	4	54		19	3		
Total	4	17	261		19	9		1

2/5/2013

The Office of Regulatory Reinvention

Department of Treasury Rule Review

Department	1st Level Bur/Div/Agency	Total # of Rule-Sets	Total # of Rules	Rules/Subsections Identified for Rescission/Repeal	Rules/Subsections Rescinded/Repealed	Rule Sets Identified for Amendment	Rules Amended	Rules Added
Treasury	Bureau of Bond Finance	1	18			1		
Treasury	Bureau of Local Government Services	3	70	92	92	2		
Treasury	Bureau of State Lottery	2	202			2		
Treasury	Bureau of Tax & Economic Policy	7	195	20		8		
Treasury	Customer Service Bureau	3	50	5				
Treasury	Financial Services Bureau	1	10					
Treasury	Michigan Gaming Control Board	2	439	15		2		
Treasury	Michigan State Housing Development Authority	1	62					
Treasury	Michigan Strategic Fund	4	38	23		1		
Treasury	Student Financial Services Bureau	14	200	66		2		
Total	**10**	**38**	**1284**	221	92	18	0	

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