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# Regulatory Reinvention in Michigan

Presentation to

House Regulatory Reform Committee

February 25, 2015

# 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.**

- Created under EO 2011-5 and operating since April 25, 2011

- Responsibilities of ORR per EO 2011-5

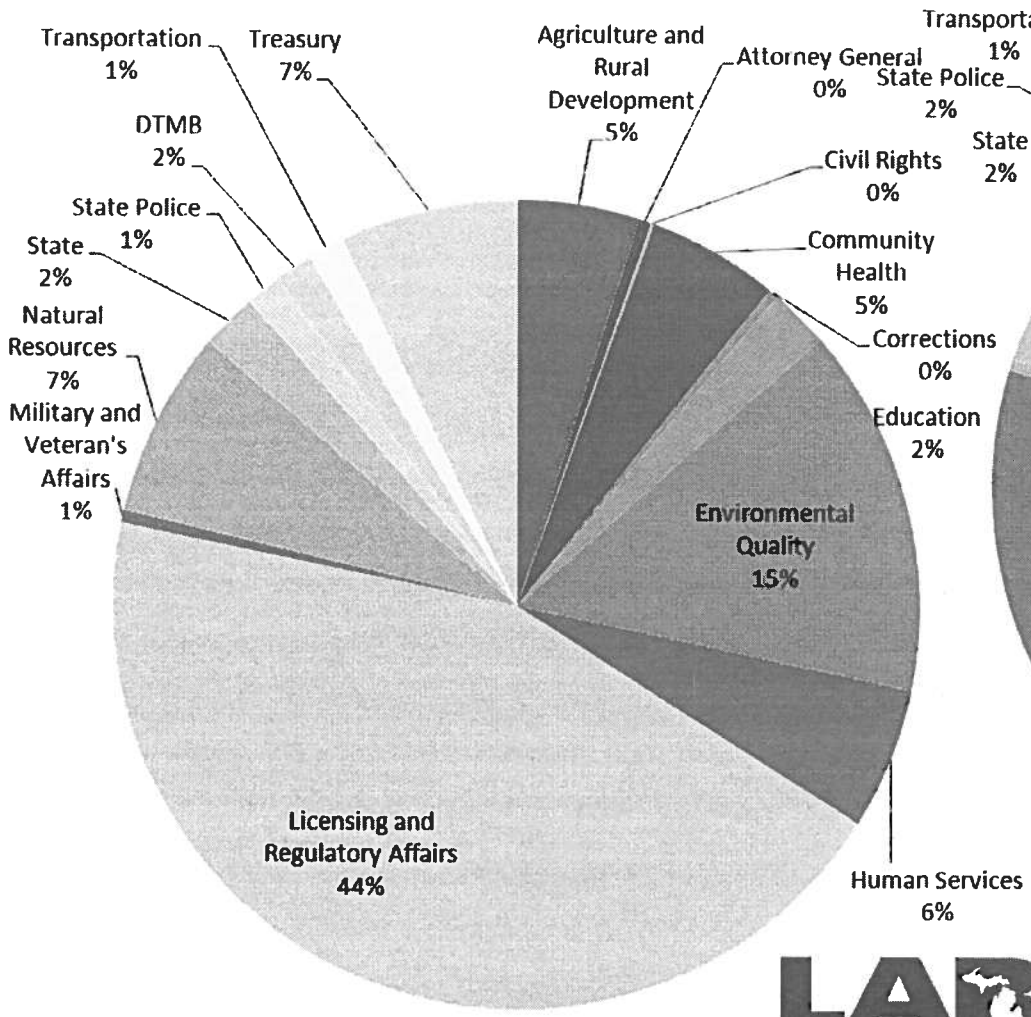
1. All rulemaking functions formerly housed in the State Office of Administrative Hearings and Rules (SOAHR) transferred to ORR
2. Systematic review of existing Michigan rules and rulemaking
3. Oversight of "non-rule regulatory actions" as defined in EO 2011-5
4. Implement "best regulatory management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

# Rule Evaluation Criteria

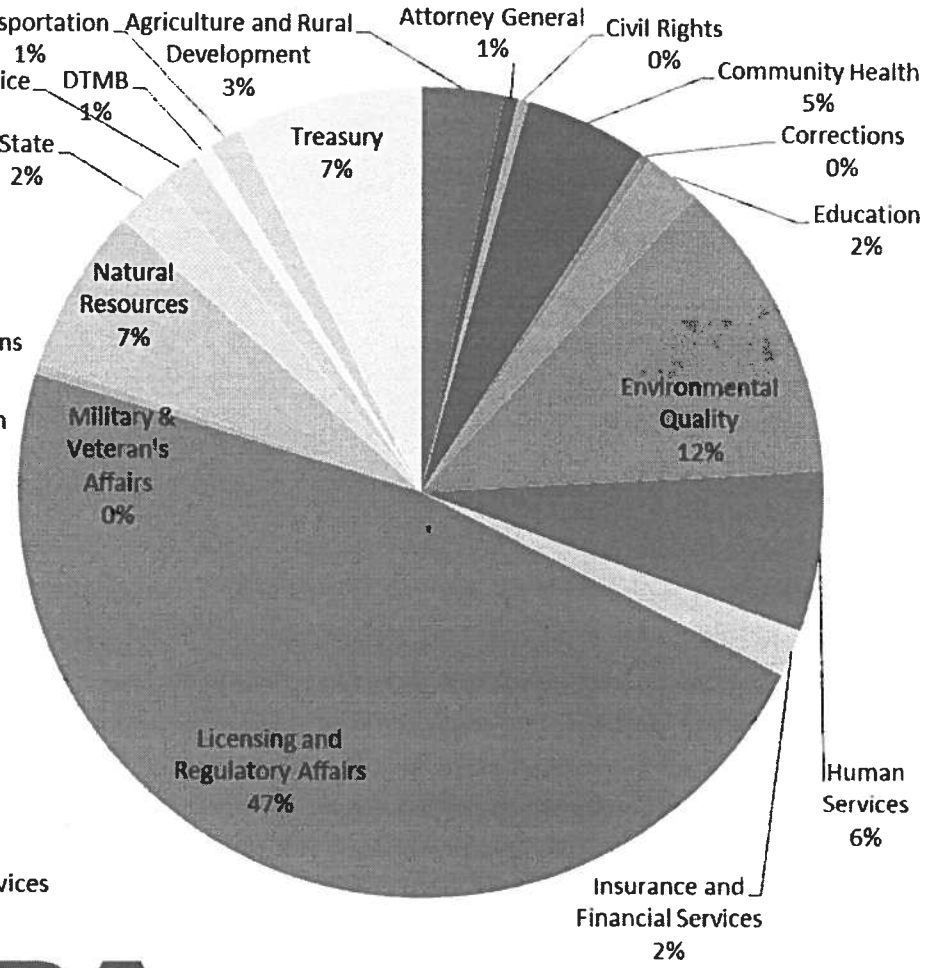
- Under EO 2011-5, every rule must be evaluated by the following 7 factors:
  1. Health or safety benefits
  2. Whether rules mandated by constitution/statutory provision
  3. Cost of compliance (complexity, reporting and other factors)
  4. Whether conflict with/duplicate similar state or federal rules
  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

# Rules By Department

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




## 17,295 Total MI Rules Today

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# Net Rule Change Since 4/25/2011

| Department | Rescinded | Added | Net Rule Change |
|---|---|---|---|
| Agriculture and Rural Development | 364 | 3 | -361 |
| Attorney General | 0 | 0 | 0 |
| Civil Rights | 0 | 48 | 48 |
| Community Health | 34 | 19 | -15 |
| Corrections | 0 | 0 | 0 |
| Education | 41 | 9 | -32 |
| Environmental Quality | 327 | 31 | -296 |
| Human Services | 138 | 113 | -25 |
| Insurance and Financial Services | 29 | 0 | -29 |
| Licensing and Regulatory Affairs | 1490 | 918 | -572 |
| Military and Veteran's Affairs | 20 | 0 | -20 |
| Natural Resources | 320 | 27 | -293 |
| State | 53 | 0 | -53 |
| State Police | 10 | 0 | -10 |
| Technology, Management, and Budget | 160 | 0 | -160 |
| Transportation | 19 | 1 | -18 |
| Treasury | 141 | 56 | -85 |
| **Total** | **3141** | **1225** | **-1921** |

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

| ARC Report | Report Date | No. of Recommendations | No. of Recs Implemented |
|---|---|---|---|
| Environment | December 23, 2011 | 77 | 50 |
| Insurance & Finance | October 5, 2011 | 46 | 34 |
| Workplace Safety | January 27, 2012 | 9 | 4 |
| Liquor Control | March 2, 2012 | 72 | 18 |
| Occupational Licensing | February 7, 2012 | 63 | 20 |
| Natural Resources | September 12, 2012 | 16 | 11 |
| Inspections & Permitting | March 6, 2013 | 27 | 12 |
| Rulemaking | January 24, 2013 | 18 | 2 |

# Progress To Date

- Net reduction of **1,921** administrative rules.
  - **Burdensome:** Rules were rescinded eliminating an unnecessary MDEQ Wastewater Report not used by the department in any regulatory function. Elimination of this unnecessary requirement saves businesses time and money without compromising regulation safety.
  - **Obsolete:** Rules were rescinded eliminating the "Seal of Quality" for agricultural products. The program had not been active in more than three decades.
- Advisory Rule Committee meetings, resulting in….
  - **328** recommendations covering eight areas of regulation that will significantly impact Michigan's economy.
  - **151** of the recommendations are implemented, including **50** bills signed by Governor Snyder that will improve Michigan's environmental, workplace safety, insurance & finance, liquor control, natural resources, and occupational licensing regulatory climates.

# Occupational Licensing Recommendations

- ORR ARC reviewed all occupations regulated by the state, and evaluated whether the regulation of a profession provides a public health and safety benefit to consumers to warrant use of public resources to regulate them.
- ORR recommended 18 occupations 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
- Last Spring, regulation was eliminated for the following 7 occupations : auctioneers, community planners, dieticians and nutritionists, immigration clerical assistants, interior designers, ocularists, and proprietary school solicitors.

# 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.

# ARC Recommendations for 2015

- ORR looks forward to focusing on implementing more recommendations in the coming year.
- **Inspections & Permitting:** Legislation to implement the following:
  - Hear all Construction Code Appeals at the state level.
  - Remove the requirement to be a government employee to qualify to register as a building official, plan reviewer or inspector.
  - Enhance the standards for enforcing agency approval of delegated authority.
- **Rulemaking**: Amending the Administrative Procedures Act, PA 306 of 1969, to do the following:
  - Simplifying the process for particular rule amendments such as updating national standards and codifying the ability to make amendments after a public hearing.
  - Modernize and enhance the public notice requirement and the publishing of the Michigan Register.

# Who to Contact at ORR

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