

STATE AUDITOR'S OFFICE PERFORMANCE AUDIT



Regulatory Reform: Communicating Regulatory Information and Streamlining Business Rules

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WASHINGTON
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Executive Summary

Why we conducted this audit

Washington state has regulated business activity since it became a state more than 120 years ago. Government regulation is designed to do everything from making sure people have clean drinking water and safe food supplies to guaranteeing that a gallon of gas really contains four full quarts. As Washington's economy has grown in size and complexity, so have its regulations.

Doing business in Washington today means sifting through a complex maze of state and local laws and regulations. At the state level alone, someone wanting to open a small convenience store with a gas pump, for example, would have to get regulatory approval from up to a dozen different state agencies, in addition to approvals from local jurisdictions.

To be successful, businesses must be able to find, understand, and comply with the regulations that apply to them. They spend time and money trying to learn and comply with those regulations. The challenge is especially difficult for small businesses, usually lacking the resources that enable larger companies to hire attorneys and other specialists to help them comply. When businesses fail to fully comply with regulations, they face fines and penalties.

Nationwide, states are trying to find ways to ensure their regulations are followed while also trying to reduce the burden on businesses. We looked at regulatory reform efforts in other states and found none can claim the perfect solution. The states making the most progress in serving the needs of businesses have developed one-stop portals to provide businesses the information and resources they need to comply with state regulations.

Since the early 1980s, Washington state lawmakers have repeatedly called for state agencies to improve the regulatory environment and overall business climate. Legislators and governors launched a series of efforts to meet business concerns, including directives to streamline rules and create one-stop resources for licensing, regulatory assistance, and business information.

Despite all that has been done, Washington is still a long way from the one-stop vision state leaders endorsed. With this audit, the State Auditor's Office has begun a series of performance audits designed to find opportunities for Washington's regulatory agencies to improve their interactions with businesses.

We conducted this first audit in the series to answer the following questions:

Do Washington state government websites effectively provide regulatory information to businesses?

Answer in brief: Regulatory information on state websites is incomplete, and not all agency websites are easy to use.

Do Washington regulatory agencies have processes in place to streamline their business rules consistent with governors' orders?

Answer in brief: Agencies could improve their rule streamlining processes. Several agencies regularly reviewed their rules using specific criteria and a documented process, but agencies should do more to measure the results of streamlining efforts.

Scope and methodology

We conducted this project in three phases, to answer the audit questions and to build a foundation of data for future audits.

1. **Inventory of business regulations.** We began our audit by identifying 1,377 business permits, licenses, and inspections administered by 26 state regulatory agencies. We published the inventory in September 2011 on the State Auditor's Office website at www.sao.wa.gov/EN/Audits/PerformanceAudit/Pages/RegReform.aspx.
2. **Website access to business information.** While creating the inventory, we encountered difficulty locating and understanding regulatory information on the state's websites. In that context, we assessed how efficiently the 26 agencies communicate online about their permits and licenses. We also evaluated the three central business websites.
3. **Streamlining business regulations.** We surveyed the regulatory agencies to learn how they streamline their existing business rules, and we visited 11 agencies that said they had done extensive streamlining.

What we found

Website access to business information

Businesses expect clear, consistent, and up-to-date regulations and information that is easy to locate and understand. Existing laws and executive orders support those same goals. However, the state has not yet reached its goals.

- **Washington has not yet achieved the vision of a one-stop business portal.** Washington currently provides regulatory information to businesses through three central business websites, but each is incomplete. Only 16 percent of business licenses (and only two of the ten most requested licenses) are available through the Business Licensing Service website. Only about a third of all business permits are described in the Office of Regulatory Assistance online handbook, and they are exclusively environmental permits. Business.wa.gov is also incomplete. The table on page 6 summarizes the three existing central business websites, their statutory or executive requirements, and what they actually provide.
- **Regulatory information on regulatory agency websites is incomplete, and the sites are not all easy to use.** While all permits and licenses are available online, complete regulatory information for 57 of the most requested permits and licenses is not available. In addition, the websites do not share a common look and feel.
- **Only 23 percent of permits and licenses provide online information about processing times,** despite direction to do so from the Legislature and Governor. Without this information, businesses can face significant challenges to plan and budget projects.

Rule Streamlining

By regularly reviewing business rules using a documented process with specific streamlining criteria, agencies can ensure those rules are necessary, clear, and consistent. Measuring the results of streamlining lets agencies know whether their efforts are producing their intended effects.

- **Agencies are streamlining some of their rules.** Several agencies regularly used specific criteria and documented processes to review business rules. This report contains examples of agency streamlining practices that are clearly in alignment with governors' orders.
- **Three agencies – Ecology, Health, and Labor & Industries – could improve their streamlining practices by formalizing their review processes.** All three said they streamline when the rules are open for other reasons, but they lacked a formal process using specific criteria and conducted in regular intervals.
- **None of the agencies we visited formally measured the results of streamlining activity to determine whether rule revisions had their intended effects.**

Recommendations

Website access to business information

- **We recommend the state** continue to pursue a single, one-stop portal for all business transactions with state government in the longer term, and in the meantime, take several immediate steps to improve the central business and regulatory agency websites.
- **We make four short-term recommendations, to the Governor, Legislature, and Office of Regulatory Assistance,** to ensure that the Business Licensing Service and Office of Regulatory Assistance websites are expanded to meet the current requirements of state law, and that Business.wa.gov is enhanced to connect business customers with all business-related state websites.
- **We recommend the Office of the Chief Information Officer** develop website standards that enable regulatory agencies to develop clear, consistent, and usable web content.
- **We recommend all regulatory agencies** provide complete and accurate information for all business licenses and permits on their websites.

Rule streamlining

- **We recommend all state regulatory agencies** adopt streamlining processes that include:
 - Documentation of the review requirement and the process
 - Review in regular intervals to ensure **all** business rules are evaluated to determine if they are in need of streamlining

- Specific criteria to evaluate the need, consistency and clarity of existing rules
- Measurement and tracking of results, before and after rules are streamlined
- **We recommend the Governor** require agencies to measure and demonstrate the results of their streamlining activities by:
 - Holding agencies accountable for demonstrating clear, measurable results from streamlining in accordance with Executive Order 06-02
 - Monitoring results through the Government Management Accountability and Performance Process, a reinstated improvement subcabinet, or some other regular reporting structure with executive-level leadership

Washington's three central business websites are far from complete

Website and Source	Specific requirements	As of September 2011
Business Licensing Service (BLS) – RCW 19.02.030	Department of Revenue is to establish “a computerized one-stop master license system...”	System contains just 16 percent of state business licenses and only two of the 10 most-requested licenses
	13 agencies directed to participate fully	Of those required to participate: <ul style="list-style-type: none"> • One agency provides all its licenses through BLS and four provide some • Two agencies do not issue licenses • Five agencies do not participate • One agency registers businesses through the Business License application process
	Governor may require additional agencies to join system	Of those not required to participate: <ul style="list-style-type: none"> • Two agencies joined voluntarily • Eleven additional agencies issue licenses but are not required to participate
Office of Regulatory Assistance (ORA) – RCW 43.42.040	At a minimum, the web site shall provide ...federal, state, and local licenses, permits, and approvals necessary to start and operate a business or develop property	Website contains information on only 31 percent of state business permits (exclusively environmental permits)
Business.wa.gov – Executive Order 06-02	Regulatory agencies are directed to: <ul style="list-style-type: none"> • Develop a secure, online one-stop business portal to make licensing, permitting, regulatory approvals, and tax collection easier for business • Establish measurable service delivery standards 	The “Permits, Licenses and Inspections” section provides links to only seven of 26 regulatory agencies.

Source: State Auditor's Office analysis of websites.

What's Next

We conducted this performance audit under the authority of the state's performance audit law which was enacted in 2005 through the statewide citizen initiative, I-900. The law requires the responsible legislative body to hold a public hearing within 30 days of its publication.

Representatives of the State Auditor's Office will report on this performance audit to the Joint Legislative Audit Review Committee or another legislative committee. Please check the state Legislature's website (www.leg.wa.gov) for the exact date, time, and location. The public will have the opportunity to comment at this meeting.

The audited entity and responsible legislative body will decide how to address our recommendations. The State Auditor's Office conducts periodic reports to determine what action was taken in response to the audit.

The next audit in the Regulatory Reform series will address permit processing times. The audit is currently in the planning phase and its scope and objectives will be published online later this year.

Introduction

Overview

As Washington's economy has grown in size and complexity, so have its government regulations. In 2010 alone, state agencies proposed nearly 17,000 pages of new and revised rules – more than double the number proposed 30 years earlier. New regulations often respond to state and federal laws intended to protect the public.

Doing business in Washington today means sifting through a complex maze of state and local laws and regulations. At the state level alone, someone wanting to open a small convenience store with a gas pump, for example, would have to get regulatory approval from up to a dozen different state agencies, in addition to approvals from local jurisdictions.

Both business and government can benefit from regulatory reform. For example, easy access to clearly written regulatory information and effective agency processes to streamline business rules help ensure Washington businesses receive the information they need to comply with all applicable business regulations.

Companies can lose time and money trying to locate and understand the rules they need to follow to conduct business. The problem is especially difficult for small businesses, typically lacking the resources that larger companies often use to hire attorneys and other compliance specialists to help them comply with regulations.

Lawmakers have responded to calls for regulatory reform by directing state agencies to streamline regulations and improve communications with business. Since the early 1980s, Washington legislators have passed dozens of bills and governors have issued executive orders to improve the regulatory environment and the overall business climate. Over the years, state agencies streamlined thousands of sections of state regulations and built websites to communicate their business regulations online.

We conducted this audit, the first in what will be a series of regulatory reform audits, to investigate two important aspects of the regulatory challenge:

- 1. Do Washington state government websites effectively provide regulatory information to businesses?**
- 2. Do Washington state regulatory agencies have processes to streamline their business rules consistent with governors' orders?**

Our goal in conducting this series of audits is to promote more effective regulation at a lower cost to both business and government, not to promote deregulation. In future audits we plan to address issues such as:

- Permit processing times
- The targeting and coordination of business inspections
- The basis for state regulations that exceed federal standards
- The cost effectiveness of a one-stop portal for all business transactions with state government

Defining Regulatory Terms:

Regulations: Any regulatory activity the state conducts with businesses. For the purposes of this audit, we refer to regulations as state-level business permits, licenses, and inspections.

Permits and licenses: Because no unique official definition consistent across all agencies currently exists, we identified permits and licenses according to the label each agency used. Registrations and certifications are included in the inventory of licenses.

Regulatory information:

Information that describes the purpose of a permit or license, explicitly states who needs it, describes how to apply, provides the fee, and identifies the maximum or average processing time.

Streamlining process:

A reliable process to identify business rules that need to be revised, making those revisions, and ensuring those revisions have their intended results.

Streamlined rules: Business rules that are necessary to accomplish the regulatory mission, are clearly written, and are consistent with rules of other government entities.

Measuring the results of regulatory improvement

Whenever agencies conduct regulatory reform initiatives or revise their business regulations, they can understand whether they are producing the intended effects only if they track and measure the results of those efforts.

State agencies already have the ability to measure the results of their efforts on their own operations – for example, by tracking changes in the number of complaints or in the staff time spent responding to questions. However, the state lacks a comparable mechanism to track the effects of regulatory changes on businesses. Until the state creates such a mechanism, it will not know the effects of regulatory improvement on business.

Recent reforms in the United Kingdom and Canada offer examples of how to track the impact of the changes to minimize, simplify and clarify business regulations.

- In 2004, the UK began a comprehensive national and local effort to simplify regulation and cut red tape for business. The project transformed the regulatory culture, simplified regulations, enhanced online tools, improved local and national coordination and improved certainty for businesses. Over five years, a UK government report estimated their efforts resulted in \$5 billion in net annual savings by businesses and government.
- In 2004, Canada launched the Paperwork Burden Reduction Initiative to relieve small and medium-sized businesses from the administrative cost and paperwork burden of regulatory compliance. The initiative involves measuring the costs and impact of regulatory compliance on small business and pursuing opportunities to reduce and simplify regulatory requirements. Its two components are:
 1. An Advisory Committee on Small Business and Entrepreneurship;
 2. A Statistics Canada *Survey of Regulatory Compliance Costs*.
- Two Canadian agencies (Statistics Canada, the Canadian equivalent of the U.S. Census bureau, and Industry Canada, the government agency responsible for regional economic development) created a survey that allows businesses to tell the government how much it costs to comply with regulatory paperwork requirements. The survey, conducted every three years, tracks changes in those costs over time. The 2008 survey results identified an average 15-percent reduction in the time required for businesses to complete regulatory paperwork and a nearly 3-percent reduction in regulatory costs to businesses, after considering inflation.

Without pursuing similar strategies along this line, Washington will not be able to identify the overall cost impact of regulation – or of regulatory reforms – on the businesses they affect. We plan to pursue further analysis of cost-effectiveness indicators in future performance audits of business regulations.

An illustration of how various regulatory reform activities are intended to produce particular results in both the shorter term and longer term, as well as potential performance measures, is provided in Appendix C.

Scope and Methodology

We conducted this audit in three phases to meet the objectives of this audit and to build a foundation for the future audits in the series.

1. Inventory of business regulations. To support this audit and others planned in this series, we developed an inventory of the 1,377 business permits, licenses, and inspections administered by 26 Washington state agencies. We reviewed the inventory with staff members at each agency to ensure it was accurate and complete as of September 2011. **Exhibit 1** shows the 26 regulatory agencies and the number of permits, licenses and inspections that each administers. See **page 11** for more information about the inventory.

2. Website access to business information. Because we encountered difficulty locating and understanding online regulatory information while creating the inventory, we evaluated the information provided by the state's three central business assistance websites and by the websites of the 26 regulatory agencies.

We evaluated whether the central business websites provided complete information about permits and licenses. We relied on relevant state laws and executive orders to determine what the sites should include.

To assess the 26 agency websites, we evaluated the completeness of their regulatory information and the ease with which business customers could locate and access permit and license applications online. Washington state government lacks consistent standards for website design and content, so we relied on leading practices for federal government websites found on www.HowTo.gov and www.Usability.gov to evaluate the agency sites' completeness and ease of use. We selected those sites because they are managed by web specialists from several federal agencies to help public agencies make their websites as useful and informative as possible. **Appendix D** contains more information about the website guidelines we used in our evaluation.

3. Streamlining business regulations. To determine whether the processes regulatory agencies use to streamline their business rules are consistent with executive orders, we surveyed the agencies about their existing processes and any streamlining activities they conducted in the past decade. Eleven agencies said they had conducted extensive streamlining during the past 10 years or had tracked the effects of their streamlining activity. We visited those 11 agencies between July and September 2011 and examined one to four regulatory rule chapters at each agency.

During each visit, we interviewed agency staff and gathered documentation related to their streamlining process and recent rule reviews for those selected rules. We compared each agency's process to the requirements established in executive orders issued by Governor Locke in 1997 (EO 97-02) and Governor Gregoire in 2006 (EO 06-02). We looked at the instructions that guide each agency's streamlining efforts, how often they reviewed their rules, the criteria they used to streamline their regulations, and how they measured the results of their streamlining efforts.

We conducted this audit under the authority of the state's performance audit law (RCW 43.090.470), approved as Initiative 900 by Washington state voters in 2005, and in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A describes the provisions of Initiative 900 and how the audit addressed those provisions.

Appendix B describes the audit scope and methodology in detail.

Appendix C provides a graphic depiction of a Regulatory Reform logic model.

Exhibit 1

**26 state regulatory agencies administer
1,377 business permits, licenses, and inspections**

Agency	Permits	Licenses	Inspections	Total
Accountancy	0	1	2	3
Agriculture	25	81	60	166
Archeology	1	2	0	6
Early Learning	0	3	6	9
Ecology	82	10	107	199
Employment Security	0	0	1	1
Financial Institutions	5	30	21	56
Fish & Wildlife	18	64	10	92
Gambling Commission	6	46	1	53
Health	20	237	27	284
Higher Education Coordinating Board	0	4	0	4
Horse Racing Commission	0	9	0	9
Insurance Commissioner	3	23	1	27
Labor & Industries	71	12	24	107
Licensing	4	75	11	90
Liquor Control Board	13	57	5	75
Lottery	0	4	0	4
Natural Resources	32	0	21	53
Parks & Recreation	2	0	0	2
Revenue	2	2	4	8
Secretary of State	0	22	0	22
Social & Health Services	0	19	13	32
State Patrol	0	12	11	23
Transportation	20	2	0	22
Utilities & Transportation Commission	4	19	7	30
Workforce Training & Education Coord. Board	0	1	2	3
Total	308	735	334	1,377

Source: 2011 State Auditor's Office Inventory of Regulations.

Note: Licenses include registrations and certifications.

Website access to business information

In this audit, we asked the following question:

Do Washington's state government websites effectively provide regulatory information to businesses?

Answer in brief: Regulatory information on the state's websites is incomplete, and not all agency websites are easy to use.

In the 21st century, the Internet is synonymous with commerce. Just as the computer transformed communication and the economy in the late 20th century, the Internet is revolutionizing the movement of information and money in the current century.

In this environment, businesses expect that state government will make complete, accurate, and understandable regulatory information available through its public websites. It is not enough to put "some" or "most" information online. When businesses face penalties if they do not comply with all the regulations, it is only fair that they be able to find out about 100 percent of those regulations online.

Business, government, and citizens all have a stake in the availability of clear and complete information.

- Businesses need to know about all the regulations under which they operate and how government will apply them.
- Government staff spend time and money answering businesses' questions when websites are difficult to navigate or contain incomplete regulatory information.
- The public deserves to know that the regulatory system is working effectively and efficiently, to accomplish the purpose of the regulations, from clean water to safe child care centers.

Inventory of Business Regulations

Before we conducted this audit, the state lacked a complete inventory of state business permits, licenses, and inspections. Without such an inventory we would not have been able to assess whether the state was providing businesses with all the information they need to understand regulations that affect them. To assemble the inventory, we searched state websites and identified 26 agencies that issue permits or licenses to businesses, or conduct business inspections.

Agency staff members confirmed the accuracy of our information. The inventory includes the following information for 1,377 state-level business permits, licenses, and inspections:

- The name and purpose of each regulation
- The business activity being regulated
- Where the application is available, with links to online applications
- The fee
- Citations for the laws and administrative rules that govern the regulation
- The processing time identified on the agency website or application
- Whether the application or information about the specific regulatory requirement is available on the Business Licensing Service or Office of Regulatory Assistance websites
- The number of applications received from 2006 through 2010

Registrations and certifications are included in our inventory of licenses. Because the inventory is business-focused, it does not include professional licenses. The inventory is published on our website at:

<http://www.sao.wa.gov/EN/Audits/PerformanceAudit/Pages/RegReform.aspx>.

Background

Over the years, Washington's lawmakers and executives established three business websites, each characterized in law or executive order as a "one-stop" or a single point of contact for a particular type of regulatory information.

These websites are intended to help businesses understand and comply with permitting and licensing requirements. Each has a slightly different objective.

The websites are:

- **The Business Licensing Service (BLS)** is the state's primary business licensing portal. Created in the 1970s as the Master License Service at the Department of Licensing, it was renamed in 2011 when lawmakers moved it to the Department of Revenue. Lawmakers created the service to provide a single state business registration and licensing system, and current law describes it as "a computerized one-stop master license system for businesses in Washington state." The website is currently available at <http://bls.dor.wa.gov>.
- **The Governor's Office of Regulatory Assistance (ORA)** website contains information about environmental permitting, small business assistance, and regulatory improvement efforts, plus links to a wide range of other topics. The Legislature created ORA in 2002 in the Governor's Office as the Office of Permit Assistance. In 2003, lawmakers assigned the current name and expanded ORA's duties to include a full range of regulatory issues and small business assistance. Its responsibilities include providing "information and or links to information on federal, state, and local rule-making processes and permitting and regulatory requirements applicable to Washington businesses..." ORA's website is available at <http://ora.wa.gov>.
- Web users who type "**Business.wa.gov**" into their browsers are directed to the "**Doing Business**" tab on Access Washington, the state's primary government website. Business.wa.gov was created in response to Executive Order 06-02, which called for a "single, secure, online portal [to] make licensing, permitting, regulatory approvals or filings, and tax collection easier for business." Although the Doing Business tab is not a stand-alone website we refer to it in this report as one of the three central websites.

In addition to the three websites, 26 agencies provide regulatory information to businesses on their own websites.

Issue 1: Washington has not yet achieved the vision of a one-stop business portal

In spite of specific statutory and executive direction to simplify regulatory interactions with businesses, Washington is still a long way from achieving the vision of a one-stop business portal. None of Washington's three central business websites provides complete regulatory information about all of the state's business licenses and permits.

Only 16 percent of state business licenses are available through the BLS website

Our inventory of business regulations shows that 23 of the 26 regulatory agencies issue business licenses. State law directs the Department of Revenue to develop and administer "a computerized one-stop master license system..." (RCW 19.02.030); it specifically requires full participation by 13 state agencies (RCW 19.02.050). The law allows the Governor to require additional agencies to participate. We therefore expected the BLS website to include all business licenses issued by the agencies identified in the law. Instead, we found:

- Only the Department of Revenue provides all of its licenses through the BLS website.
- Only 16 percent of all the state's business licenses are available through the BLS website.
- Only two of the ten most-requested licenses are available through the BLS website.

Exhibit 2 sets out the number and percentages of required licenses we found on BLS as of September 2011. **Exhibit 3** lists the state's 10 most-requested licenses and indicates which are available through the BLS website.

A Business Licensing Guide located on the BLS website provides information about licensing requirements associated with various business activities and locations. It has a list of licenses available through BLS, as well as links to some state, local and federal agencies, but it does not provide a comprehensive list of state regulations a business would need to comply with.

Exhibit 2

Only 16 percent of state business licenses are available through BLS

Business licenses on BLS by agency

Agency	Licenses	Licenses on BLS website	Percent on BLS website
Required by law to fully participate (see notes):			
Agriculture	81	13	16%
Fish & Wildlife	64	0	0%
Health	237	12	5%
Labor & Industries	12	0	0%
Licensing	75	35	47%
Liquor Control Board	57	52	91%
Revenue	2	2	100%
Secretary of State	22	0	0%
Social & Health Services	19	0	0%
Utilities & Transportation Commission	19	0	0%
Not required to participate:			
Accountancy	1	0	0%
Archeology	2	0	0%
Early Learning	3	0	0%
Ecology	10	4	40%
Financial Institutions	30	0	0%
Gambling Commission	46	0	0%
Higher Education Coordinating Board	4	0	0%
Horse Racing Commission	9	0	0%
Insurance Commissioner	23	0	0%
Lottery	4	1	25%
Transportation	2	0	0%
Washington State Patrol	12	0	0%
Workforce Training and Education Coordinating Board	1	0	0%
Totals	735	119	16%

Source: 2011 State Auditor's Office Inventory of Regulations.

Note: The law also requires Commerce and the State Parks and Recreation Commission to fully participate in BLS, but neither issues licenses to businesses.

Employment Security and Labor & Industries register businesses through the Business License application when notified by the Department of Revenue.

Exhibit 3

**Only two of the ten most requested business licenses
are available through BLS**

Top 10 most requested licenses

Agency	License	Applications 2006-2010	On BLS Website?
1. Revenue	Business License	638,788	Yes
2. Secretary of State	Limited Liability Company – Certificate and Formation Registration	147,311	No
3. Labor & Industries	Contractor Registration	50,755	No
4. Utilities & Transportation Commission	Unified Carrier Registration (UCR)	21,952	No
5. Liquor Control Board	Special Occasion License	16,802	No
6. Agriculture	Export Sanitary Certificate	10,228	No
7. Licensing	Salon/Shop/Personal Services/Mobile Unit License	8,399	No
8. Ecology	Underground Storage Tank License	7,122	Yes
9. Fish & Wildlife	Wholesale Fish Dealer or Fish Buyer License	5,420	No
10. Horse Racing Commission	Washington Horse Racing Commission (WHRC) Commercial License	5,018	No

Source: *Inventory of Regulations, validated by state agencies.*

Why are more licenses not available from BLS?

As we reported in our December 2010 performance audit of the Master License Service, the precursor to BLS, several regulatory agency officials said they were reluctant to participate because:

- They believed their licenses were too complex for the system to handle effectively
- They felt their established licensing processes worked well
- Their agencies did not accept credit and debit card payments and did not want to incur the transaction costs associated with these forms of payment (MLS accepted credit/debit card payments, as does BLS.)
- They believed the cost of adding infrequently issued licenses would exceed the benefit to the agency
- Their experience with MLS made them skeptical that they would save time or money by joining the system

Even if all regulatory agencies were required to or wanted to fully participate, BLS program managers at the Department of Revenue said the system lacked the capability to include all state business licenses. They said the current BLS system is supported by an aging data processing system that the agency is working to replace. Managers also said they have hired a vendor to begin a BLS Replacement Study in July 2012, with a new system targeted for completion in two to three years.

The ORA website has information for only 31 percent of state business permits

Our business regulation inventory shows that 16 of the 26 regulatory agencies issue permits to businesses. State law (RCW 43.42.040) requires the ORA website to provide information about “federal, state, and local rule-making processes and permitting and regulatory requirements” related to constructing, operating, or expanding a business. ORA’s website includes a wide range of content. For this audit, we limited our analysis to state-level business permits.

When lawmakers revised the ORA law in 2009, they directed the office to provide additional information, including details on fees, processing times, and what agencies require from applicants. Based on the law, we expected to find descriptions of all Washington’s business permits on the website. However, Exhibit 4 shows that the Permit Handbook on ORA’s website:

- Includes permit information for just six of the 16 agencies that issue business permits
- Provides information for only 31 percent of all the business permits we identified in our inventory (all of the permits that are included are environmental, and most are issued by Ecology)

ORA’s website also offers an online questionnaire to help a business determine what permits, licenses, or approvals a project might need. However, the questionnaire identifies only environmental permits that may be needed, with no assurance that the list is complete. The website also contains a link to a Small Business Guide.

Why is more permit information not available from ORA?

During the audit, ORA personnel said they did not have the resources to expand the website to provide information on all permits. Therefore, they chose to focus on environmental regulations and business start-up issues and had designed the website accordingly. In December 2011, ORA managers told members of the House State Government and Tribal Affairs Committee that about 80 percent of their efforts were directed toward environmental permitting.

Exhibit 4

ORA's website describes only a third of state business permits

Permit information on ORA's website by agency

Agency	Permits	Described on ORA's website	Percent on ORA's website
Agriculture	25	1	4%
Archeology	1	1	100%
Ecology	82	76	93%
Financial Institutions	5	0	0%
Fish & Wildlife	18	14	78%
Gambling Commission	6	0	0%
Health	20	3	15%
Insurance Commissioner	3	0	0%
Labor & Industries	71	0	0%
Licensing	4	0	0%
Liquor Control Board	13	0	0%
Natural Resources	32	1	3%
Parks & Recreation	2	0	0%
Revenue	2	0	0%
Transportation	20	0	0%
Utilities & Transportation Commission	4	0	0%
Total	308	96	31%

Source: 2011 State Auditor's Office Inventory of Regulations.

Business.wa.gov links users to seven regulatory agencies' websites

Executive Order 06-02 directs state agencies to simplify their permitting and regulatory compliance procedures and to take other steps to make it easier for businesses to operate in Washington. It spelled out six specific requirements, the first of which was to develop a "one-stop business portal." The order said, "This single, secure online portal will make licensing, permitting, regulatory approvals or filings, and tax collection easier for business." In response, several agencies collaborated to create Business.wa.gov.

During the audit, we looked specifically at the portion of the site titled "Permits, Licenses and Inspections," expecting the webpage to include information on all business permits and licenses. We found it far from complete.

The Doing Business section of Access Washington (the destination for users who type "Business.wa.gov" into their web browsers) contains a page titled "Permits, Licenses and Inspections," but this page provides links to just seven of the 26 regulatory agencies – the departments of Ecology, Financial Institutions, Labor & Industries, Licensing, the Office of the Insurance Commissioner, the Liquor Control Board, and the Office of the Secretary of State. It does not mention the remaining 19 regulatory agencies, although it provides links to the BLS and ORA websites.

Why does Business.wa.gov not link users to more regulatory agencies?

The limited information available may be related to a lack of dedicated resources for website development. The agencies that created the Business.wa.gov pathway absorbed the development costs within existing resources.

Issue 2: Regulatory information on agencies' websites is incomplete, and the sites are not all easy to use

Because the state's three central websites are incomplete, businesses must navigate through up to 26 different agency sites to find all the information they need to comply with state business regulations. While each of the agencies' websites include all of the businesses permits and licenses they administer, they do not always provide relevant regulatory information about those permits and licenses, including who needs them, how to apply, the fee, and agency processing time. We found that it can be difficult to use the business portions of the state websites. They do not share a common "look and feel," which makes it difficult to find business licenses, permits, and related information on each website. However, once located, we found it relatively easy to navigate to most of the license and permit applications.

How we evaluated regulatory agency websites

We evaluated the agencies' websites to see whether they provided complete regulatory information and whether users could easily locate and navigate to that information. Several years ago, the former state Information Services Board (ISB) created a guide for developing and maintaining websites, but it did not specifically address business users' needs. The ISB's responsibilities were transferred to the newly formed Office of the Chief Information Officer (OCIO) in 2011. The website guide was not available on the new OCIO website when we conducted this audit.

In the absence of current state direction, we evaluated the business portions of agency sites based on guidance provided by two federal government websites designed to help government agencies communicate effectively online to their customers. Those sites emphasize the importance of presenting information for a specific audience in a prominent location so those users can easily find it, and the importance of organizing that information to meet the users' needs. The sites are:

- **HowTo.gov**, managed by the U.S. General Services Administration and the Federal Web Managers Council. This site identifies effective practices and provides training and guidance on web content, management, usability, and design.
- **Usability.gov**, a multi-agency initiative managed by the public affairs office of the U.S. Department of Health and Human Services. This site advises web specialists on how to create sites that are "highly responsive, easy-to-use, and useful."

Appendix D summarizes the guidance we found on HowTo.gov and Usability.gov that pertains to regulatory agency websites and shows how we used that guidance to define an effective regulatory agency website for the purposes of this audit.

We evaluated agency websites to determine whether they contained complete regulatory information about their business permits and licenses, and we assessed a business customer's ease of use in locating that information.

Appendix B describes our methodology in detail.

To complete this evaluation, we selected 57 high-volume licenses and permits (listed in **Appendix F**) -- including at least one from each agency -- that accounted for 74 percent of all state permit and license applications from 2006 through 2010. We reviewed the information that the agency provided online about each permit and license and the web pathway from the home page to each application. We looked at *all* permits and licenses for information about processing times because we had gathered that data earlier for our inventory.

Completeness. We determined websites were complete if they met the following conditions for each permit or license:

- Described the **purpose**
- Stated explicitly **who needed it**
- Provided information on **how to apply**
- Identified the permit/license **fee**
- Identified the agency's typical or average **processing time** (We made this determination for all licenses and permits issued by each agency, because this information was available in the inventory.)

Ease of use. We determined websites were easy to use if they:

- Shared a "common look and feel" by including a **prominently placed business "button"** to take users from the home page to business permit and license information, and by organizing permit and license information by **industry or business activity**
- Helped business customers navigate to applications by providing a **clear pathway** from the agency home page to the selected applications, and by placing each application **no more than three clicks** from the home page

To ensure that government websites are easy to use, both Usability.gov and HowTo.gov recommend that agencies conduct "usability testing" in which they study the way actual customers use their websites to find information and complete their transactions.

Measuring results. In addition, Executive Order 06-02 directs agencies to measure the results of their regulatory improvement efforts. To meet this requirement when they revise websites to improve the ease of use, agencies could conduct before and after usability tests, or measure reductions in error rates by applicants or reductions in the number of contacts they receive from customers seeking phone, email, or in-person assistance.

No agency website provided complete information for the permits and licenses we reviewed

Ultimately, anything other than complete regulatory information poses a significant and potentially costly risk for business owners. Understanding regulatory requirements is especially burdensome for small businesses that cannot afford to hire attorneys or consultants to help them understand and comply with the state's regulations.

Businesses can be subject to fines and other penalties if they are found to be out of compliance. If they lack information about processing times, they cannot make fully-informed investment and operational decisions.

Exhibit 5 shows that agencies provide substantial online information about many of the permits and licenses we reviewed, but they are **least likely** to provide information about processing times. For example:

- Seven agencies provided information about the **purpose** of the selected licenses or permits, but 12 did not provide that information.
- Fourteen agencies described **who needed** the license or permit, but five – Archeology, Insurance Commissioner, Lottery, Secretary of State, and State Patrol – did not do that for any license or permit we reviewed.
- All agencies told customers **how to apply** for all but a few of the selected licenses and permits. Only Health and Lottery did not include this information for every license and permit we reviewed.
- Most agencies provided **fee information** about some or all of the selected licenses and permits, but three – Archeology, Early Learning and the Higher Education Coordinating Board – did not include fee information for any of the licenses and permits we reviewed.
- Only three agencies – Early Learning, the Gambling Commission, and the Higher Education Coordinating Board – published **processing times** for all of their licenses and permits. Nine agencies provided times for some, but 13 gave their customers no indication of how long they would take to process applications for any of their permits or licenses.

Exhibit 5

Most agencies' websites for businesses do not have complete regulatory information

Summary evaluation of agency website completeness of regulatory information

Agency	Sample of 57 permits & licenses reviewed					All permits & licenses	
	Permits & licenses reviewed ¹	What is the purpose?	Who needs it?	How to apply?	What is the fee?	How long does it take?	Overall completeness
Accountancy	1						
Agriculture	3						
Archeology	1						
Early Learning	1						
Ecology	5						
Employment Security	0	N/A	N/A	N/A	N/A	N/A	N/A
Financial Institutions	3						
Fish & Wildlife	3						
Gambling Commission	3						
Health	5						
Higher Education Coordinating Board	1						
Horse Racing Commission	1						
Insurance Commissioner	2						
Labor & Industries	3						
Licensing	5						
Liquor Control Board	3						
Lottery	2						
Natural Resources	1						
Parks & Recreation	1						
Revenue	1						
Secretary of State	3						
Social & Health Services	1						
State Patrol	1						
Transportation	3						
Utilities & Transportation Commission	3						
Workforce Training & Education Coordinating Board	1						

Source: State Auditor's Office analysis of agency websites.

Note: ¹ Complete list of permits and licenses reviewed can be found in Appendix F.

Agency Summary Legend

Criteria met for all or nearly all permits/licenses reviewed	
Criteria met for most permits/licenses reviewed	
Criteria met for approximately half permits/licenses reviewed	
Criteria met for some permits/licenses reviewed	
Criteria met for none or very few permits/licenses reviewed	

Only 23 percent of permits and licenses provide processing time information to businesses. Fewer agencies' websites met current requirements for posting processing times than for any of the other standards in this portion of our audit. Overall, only 23 percent of the state's 1,000-plus licenses and permits include online information about how long it will take the agency to process the applications.

Permit and license processing time is the one element of regulatory information that both the Governor and Legislature have repeatedly directed state agencies to provide to businesses. Business owners need reliable information about processing times to develop realistic project plans.

Executive Order 06-02 directed "agencies that collect taxes or provide permits, licenses, approvals, and other regulatory services to ... establish measurable service delivery standards to address issues such as turnaround or response times." When the Legislature revised the ORA law in 2009, it called for agencies to provide additional information about all permits, including an estimate of the time required to process an application, from the date of submission to the date of decision.

However, as of September 2011, most agencies were not doing so.

Managers at many of the regulatory agencies we visited said it is difficult to include such information on their websites because:

- Doing so could increase the agency's legal liability and the potential for lawsuits if it cannot meet the published time period
- Businesses would be upset if they knew how long processing would take
- Their agency cannot control how long some permitting elements will take, such as background checks conducted by federal agencies
- The complexity of projects can vary significantly, as can agency review times
- Predicting processing time could create false hope for business owners

Ease of use varies among agency websites

Regardless of how much information an agency website contains, customers receive no benefit if they cannot find it. HowTo.gov and Usability.gov recommend that government websites present business information in a prominent and consistent location, and organize it so that users can find what they need quickly and easily.

Business customers experience "ease of use" – or "difficulty of use" – in at least two ways when they visit regulatory agencies' websites: first by experiencing the individual site, and second by navigating through multiple sites when they need permits, licenses, or other information from more than one agency.

Websites operated by private-sector companies almost always are designed to provide the user with a "common look and feel" of elements that appear consistently, such as the "shopping cart" that is typically placed in the upper

right-hand corner of retail sites. The consistent design of retail business websites enables customers to quickly obtain the information they need to complete their transactions.

Washington state government websites, however, vary greatly in appearance, design, and organization. Each presents a unique identity, uses different symbols to identify itself, and organizes information in unique ways. In fact, the home screens of many agency sites do not include the official state seal, so the user cannot immediately recognize that they are part of Washington state government. We found logos for private-sector social media services like Facebook, Twitter, and YouTube appear more frequently on the 26 regulatory agency home pages than either the state seal or the logo for the Access Washington site.

Prominent business button. We evaluated the ease of use of the 26 state regulatory websites by determining whether they had a prominent business “button” and whether they organized their business information by activity or industry. These attributes are important because they contribute to a “common look and feel” among organizational websites.

We considered a business “button” prominent if it was located in a predictable location, such as at the top or side of the home page, and stood out in a way that made it easy to spot and recognize. For the 26 regulatory agencies, we found:

- Seventeen agencies had a prominent business button on their home page
- Six agencies had a business button that was not prominent
- Three agencies did not have a business button
- The agencies that did have business buttons used 22 different terms to label them, adding to the confusion for users trying to locate business information on agency websites. Labels included “Doing Business,” “Providers,” “Retailer’s Area,” and “Business and Permits.”

Organization of business information by industry or activity. Sixteen of the 26 agencies organized their regulatory information by business activity or industry. The remaining 10 organized the information in other ways, such as alphabetically. This inconsistent organization contributes to the difficulty a business customer encounters in navigating from one regulatory website to another.

Ease of navigation. The agencies provided **clear pathways** to 52 of the 57 permit and license applications. They placed applications **within three clicks of the home page** for 45 of the selected license and permit applications. **Exhibit 6** shows the results of our evaluation.

Exhibit 6

Navigation to individual applications is good on most agency websites

Summary evaluation of agency website ease of navigation

Agency	Permits/ licenses reviewed ¹	Is the pathway to the information clear?	Is the application within three clicks of the homepage?	Overall score for ease of navigation
Accountancy	1	●	●	●
Agriculture	3	◐	◐	◐
Archeology	1	●	●	●
Early Learning	1	●	○	◐
Ecology	5	●	◐	◐
Employment Security	0	N/A	N/A	N/A
Financial Institutions	3	●	●	●
Fish & Wildlife	3	●	●	●
Gambling Commission	3	●	◐	◐
Health	5	●	◐	●
Higher Education Coordinating Board	1	○	●	◐
Horse Racing Commission	1	●	●	●
Insurance Commissioner	2	●	◐	◐
Labor & Industries	3	◐	◐	◐
Licensing	5	●	●	●
Liquor Control Board	3	◐	●	◐
Lottery	2	●	●	●
Natural Resources	1	●	●	●
Parks & Recreation	1	●	●	●
Revenue	1	●	●	●
Secretary of State	3	●	●	●
Social & Health Services	1	●	●	●
State Patrol	1	●	●	●
Transportation	3	●	●	●
Utilities & Transportation Commission	3	●	●	●
Workforce Training and Education Coordinating Board	1	●	●	●

Source: State Auditor's Office analysis of agency websites.

Note: 1 Complete list of permits and licenses reviewed can be found in Appendix F.

Agency Summary Legend

Criteria met for all or nearly all permits/licenses reviewed	●
Criteria met for most permits/licenses reviewed	◐
Criteria met for approximately half permits/licenses reviewed	◑
Criteria met for some permits/licenses reviewed	◒
Criteria met for none or very few permits/licenses reviewed	○

Recommendations

Easy access to complete regulatory information is critical to **minimizing** the time and cost of regulation to businesses, government agencies, and taxpayers, and **maximizing** the likelihood of compliance. Government websites should contain complete regulatory information, and be easy to use.

While Washington lawmakers repeatedly have stated their intention to create a comprehensive, one-stop center for business permitting information and license applications, current efforts have fallen short of that goal. Most recently, state leaders discussed creating a single, one-stop portal for **all business transactions** with state government, including permitting, tax payments, and workers' compensation and unemployment insurance. The State Senate voted 48-0 in 2012 for legislation (SB 6356) that would have directed executive branch agencies to create a single transaction portal by January 1, 2013, with help from private-sector information technology companies. While the bill died in the House, the Senate action shows bipartisan support for such an approach.

More recently, in response to Executive Order 12-01, the state's Chief Information Officer is working with several agencies to lay the foundation for a one-stop for small businesses to conduct regulatory transactions. The multi-agency team is reviewing business community needs, identifying strategies to address those needs, and evaluating technical options for a portal that would provide a single sign-on for business. A high-level design and implementation plan including potential funding options are expected by the end of September 2012.

Given the focus on and benefits of creating one-stop regulatory sites for businesses, it is clearly in the state's best interest to pursue a simple, convenient location where businesses can conduct all of their transactions with the state. However, a single comprehensive business transaction portal may be a longer term goal of the state because of current resource constraints. Because the existing central business websites do not contain complete regulatory information, the portal cannot be immediately created by simply consolidating the websites.

To help facilitate a **one-stop portal** while meeting current user needs, we recommend the state take the following steps:

1. **The Legislature and Governor** should continue to pursue a single, one-stop portal for all business transactions with state government.
2. **The Governor** should use existing legal authority to direct expansion of the BLS website to include information and applications to all state agency business licenses. The regulatory agencies should work with the Department of Revenue to develop a timetable to include all of their licenses as system capacity allows.
3. **The Legislature** should revise the law (RCW 19.02.050) to remove the two agencies required to participate but that do not issue business licenses (the Department of Commerce and the Parks and Recreation Commission), and to add the agencies that do issue business licenses but do not now participate. The Legislature should also clarify that "full participation" by agencies requires them to provide information and applications for all of their business licenses available on the BLS website.

4. **The Office of Regulatory Assistance** should ensure that its website meets the statutory requirement (RCW 43.42.040) to provide regulatory information for all business permits.
5. **The Office of Regulatory Assistance** should expand the content of the “permits, licenses, and inspections” page of the Doing Business section of Access Washington to provide links to the central business websites and to the business sections of the 26 regulatory agencies’ websites.
6. **The Office of the Chief Information Officer** should develop standards based on leading usability practices that enable agencies to produce clear, consistent, and usable web content. Standards should include requirements such as:
 - A prominent, consistently labeled link to business regulations and information on the agency home page
 - Clear pathways within a minimum number of clicks from the home page to specific license and permit applications
 - Periodic usability testing by business customers to verify websites are complete and easy to use
 - Measuring the results of website revisions to ensure they produce the intended results
7. **All regulatory agencies** should provide complete and accurate regulatory information for businesses on their websites for all licenses and permits, including:
 - The purpose of the license or permit
 - The types of businesses or business activities that require them
 - How to apply
 - All application fees
 - An estimate of the time required to process the application. Estimates could take several forms, such as the maximum processing time required (or allowed by law), a range of time based on recent experience, or the average time required to process 95 percent of applications during a recent period

Streamlining Business Rules

Rule streamlining is critical to establishing and maintaining a manageable regulatory environment – and to creating a positive business climate. Streamlined rules are those that are necessary to accomplish the regulatory mission, are clearly written, and are consistent with rules of other government agencies. Streamlining involves a reliable process to identify rules that need to be revised, making those revisions, and ensuring changes produced their intended results. In this audit we asked the following question:

Do Washington state regulatory agencies have processes to streamline their business rules consistent with governors' orders?

Answer in brief: Agencies could improve their rule streamlining processes. Several agencies regularly reviewed their rules using specific criteria and a documented process; however agencies should do more to measure the results of their streamlining efforts.

Regulation is a core government function and is driven by business and citizen needs, legislation, federal requirements, and other activities. In 2010, Washington state agencies submitted nearly 17,000 pages of rules to the Office of the Code Reviser. Agencies reduced rule revisions to about 13,000 pages in 2011 following Governor Gregoire's moratorium on "non-critical rule-making."

The complexity of regulations drives costs for businesses, government agencies, and taxpayers alike. The dense regulatory environment affects some businesses much more than others. Large, well-established companies are much better positioned than smaller firms to absorb regulatory expenses, retain regulatory specialists, and spread the costs over more employees and greater production.

With so much at stake, state leaders have long recognized the importance of writing clear, concise rules and making sure those rules are consistent with authorizing laws and other directives. When agencies use effective streamlining practices, they are better able to ensure their rules are necessary, clear, and consistent. By streamlining them regularly, agencies can eliminate or revise outdated language and minimize the amount of time government employees spend answering questions from confused customers. By using clear criteria to identify what rules need to be streamlined, they can improve transparency and predictability for businesses. Most importantly, clear rules can promote better regulatory outcomes, such as public health and safety, and ultimately a thriving economy.

Background

The Washington Administrative Code (WAC) contains rules agencies have adopted to carry out laws enacted by the Legislature and Governor. Regulatory agencies' rules are organized by chapters that prescribe business regulations for various activities. Agencies periodically revise, augment or eliminate those regulations as laws and other external factors change. For at least 20 years, federal and state regulatory reforms have included efforts to streamline rules to reduce the regulatory burden on businesses, cut costs, and increase compliance. **Appendix E** describes selected federal and state streamlining efforts.

At the federal level, President Clinton issued an Executive Order in the early 1990s requiring agencies to develop plans to periodically review their rules to ensure they were necessary, mutually compatible, and not duplicative. In 2011, President Obama issued an Executive Order that reaffirmed President Clinton's original order and required federal agencies to submit plans for reviewing their rules. In their plans, federal agencies said they expected to save billions of dollars by streamlining their rules.

In Washington, Governor Locke issued **Executive Order 97-02** in 1997 requiring agencies to develop plans to review "... rules that have significant effect on businesses, labor, consumers, and the environment." Governor Gregoire retained this order in active status after she took office in 2005. The order directs agencies to regularly evaluate rules for: need; effectiveness and efficiency; clarity; intent and statutory authority; coordination among agencies with similar authority; cost; and fairness. The elements related specifically to rule streamlining are those focused on consistency, clarity, and need. The order requires agencies to develop a process for "on-going review" of their rules, and it established the Governor's Subcabinet on Management Improvement and Results to oversee the process. The subcabinet issued five progress reports, the last in December 2001. The final report provided summaries of agencies' significant accomplishments related to directives in the executive order. The report also provided the cumulative number of agencies' rules that had been reviewed or repealed, and those rewritten based on clear rule writing requirements.

In 2006, Governor Gregoire issued **Executive Order 06-02** "to make it easy to do business in Washington." It calls on agencies to simplify their regulatory procedures, provide clear rules and regulations, and measure the results of their actions. Agencies must "write their processes, rules, online tools, and public information in clear language that will improve accessibility, reduce processing times, and increase user-friendliness." It tells them to establish standards and measure their performance on such factors as permit turnaround times, consistency, and the quality of outcomes.

Given the requirements of these two executive orders, citizens and businesses should expect all state regulatory agencies to have processes in place to review their business rules and identify those that need to be streamlined, and to measure the results of streamlining efforts.

Reviewing agencies' streamlining processes

We surveyed the 26 regulatory agencies to learn about their streamlining processes and activities. Based on the survey responses, we visited 11 agencies that indicated they had conducted extensive streamlining and/or tracked the results of their efforts. We selected those 11 agencies because we thought they offered the best opportunity for learning about state agencies' regulatory rule review processes. At each agency, we reviewed one to four chapters of administrative rules, covering such functions as drinking water systems, real estate licensing, toxic waste, and retail fireworks sales. We targeted the selection of rule chapters on diverse regulatory issues to be able to include multiple divisions within the agencies. **Appendix G** lists the rules we reviewed at each agency.

We interviewed agency staff and reviewed agency documents to determine whether those agencies had rule review processes consistent with the requirements in Executive Orders 97-02 and 06-02. Among the questions we asked were whether they had reviewed the rules within the past four years, and whether they had a method to measure the results of any streamlining activity they completed. **Appendix H** includes results for each of the 11 agencies we visited.

We expected streamlining processes to include:

- **Documentation** of the requirement to review for streamlining and the review process in a written agency rule, policy, or plan, or in a specific job description. Documentation ensures agency personnel are aware of the requirement and have clear instruction to conduct the process consistently.
- **Regular intervals** of rule reviews. We selected a minimum of four years as our benchmark, because that was the initial period identified in Executive Order 97-02. Reviewing rules in regular intervals to determine need for streamlining ensures rules are kept up-to-date as industries evolve and business practices change.
- **Criteria-based review** including at least two of the three primary streamlining criteria required in the executive order: clarity, consistency, or need.
- **Measuring results** of any streamlining activities. Measurement could involve collecting data before and after streamlining changes and developing performance indicators to determine whether the changes have had their intended effects. The most basic measures could include the number of rules reviewed or pages eliminated, as agencies reported in the original progress reports to the Governor. More advanced performance indicators may include such measures as the number of customer complaints or the rate of business compliance.

Appendix I provides the last progress report the subcabinet submitted to the Governor in 2001, following Executive Order 97-02.

Regulatory agencies we visited

Early Learning

Ecology

Fish and Wildlife

Health

Horse Racing Commission

Insurance Commissioner

Labor & Industries

Licensing

Liquor Control Board

Social and Health Services

Washington State Patrol

Regulatory agencies we did not visit

Accountancy

Agriculture

Archeology

Employment Security

Financial Institutions

Gambling Commission

Higher Education Coordinating Board

Lottery

Natural Resources

Parks and Recreation

Revenue

Secretary of State

Transportation

Workforce Training and Coordinating Board

Issue 1: Agencies are streamlining some rules, but could improve their rule streamlining processes.

Several agencies regularly reviewed their rules to ensure they were clear, consistent, and necessary using specific criteria and a documented process; however, none measured the results of streamlining. We found that every agency we visited had applied at least one of the streamlining criteria in reviewing the selected rules in the past four years.

We looked at the agencies' streamlining processes for the rules we selected and found that:

- Seven of the 11 agencies had **documented** processes to review all or most of the selected rules in **regular intervals** and used appropriate streamlining criteria.
- Three of the agencies — Ecology, Health, and Labor & Industries — said they do review their rules for streamlining; however, their reviews were not consistent with the review process we were looking for based on the executive orders.
- While none of the agencies **measured the results of streamlining**, one of the 11 agencies (Ecology) had collected data that could be used for that purpose.

Exhibit 7 shows what we learned about the 11 agencies' streamlining processes and activities for the selected rules.

Exhibit 7
Agencies could improve their streamlining review processes
 Summary evaluation of streamlining processes

Agency	Number of rule chapters evaluated*	Process elements				Actively review
		Documented	Regular intervals	Criteria-based	Measuring results	
Early Learning	3					
Ecology	4					
Fish & Wildlife	4					
Health	4					
Horse Racing Commission	1					
Insurance Commissioner	4					
Labor & Industries	4					
Licensing	4					
Liquor Control Board	4					
Social & Health Services	4					
State Patrol	4					

Source: State Auditor's Office analysis of agency streamlining processes.

Note: *A complete list of all rule chapters reviewed can be found in Appendix G. Individual agency evaluation results are provided in Appendix H.

Agency Summary Legend

All rule chapters meet criteria	
3/4 of rule chapters meet criteria	
1/2 of rule chapters meet criteria or rule chapters partially meet criteria	
1/8 to 1/4 of rule chapters meet criteria	
No rule chapters meet criteria	

Good examples of streamlining review elements

As we reviewed the agencies' documentation, we found examples of the elements of a review process that clearly aligned with the direction provided in the executive orders. If the regulatory agencies had a mechanism to share good practices, the state could improve the quality and consistency of streamlining all business rules.

Regular intervals. Reviewing rules to determine need for streamlining at regular intervals ensures they are kept up-to-date, clear, and consistent with state and federal legislative requirements. Seven of the 11 agencies provided evidence of a process to regularly review at least some of their rules. For example:

- Office of the Insurance Commissioner organized its rules by subjects, such as "Property and Casualty" and "Life and Annuity," and developed a schedule to regularly review each topic. The process requires staff to review its rules every three years for streamlining.
- State Patrol developed a regulation manual that requires staff to review its rules every two years for streamlining. A designated staff member monitors the process and notifies the responsible division of upcoming deadlines. For example, the DNA identification rules are sent to the Crime Lab Division, and fire protection rules are sent to the Fire Protection Bureau.
- Early Learning developed a schedule based on direction in a state law to review its rules for streamlining every two years. The agency updates rules more frequently when laws or federal requirements change, and the schedule ensures all rules are reviewed at least every other year.

Criteria-based reviews. By using specific criteria to guide streamlining efforts, agencies can ensure their actions are consistent and can determine whether rules are actually streamlined. Eight of the 11 agencies we visited demonstrated that they use specific criteria to review at least some of their regulatory rules. For example:

- Licensing's Business and Professions Division developed a criteria checklist that staff members used to review rules for streamlining. The checklist enabled them to consider each of the streamlining elements from Executive Order 97-02 and to prioritize rulemaking action based on the magnitude of need. For example, if the rules for chauffeurs were less clear or consistent than rules for collection agency fees, indicating a greater need for review, the review of rules for chauffeurs would be prioritized.
- State Patrol's regulation manual requires staff to streamline rules, such as towing and fireworks rules, based on the same criteria outlined in Executive Order 97-02, including consideration of whether the rule is necessary and clearly written.
- Social and Health Services adopted a policy requiring its staff to streamline rules based specifically on the criteria identified in Executive Order 97-02.

Measuring and tracking results. Agencies can understand if their rule streamlining efforts are having the desired effects only if they measure the results of their actions. Of the 11 agencies we visited, only Ecology's Waste 2 Resources Program provided evidence that it collects data that could be used to measure results. This program collects and analyzes customer complaint information to inform their rule reviews.

Other approaches. Several agencies shared additional practices that they believed were instrumental in helping them streamline their rules. For example:

- Managers in Labor & Industries' Industrial Safety and Health Division developed a plain language manual to help staff members who were attempting to simplify the wording of agency rules or write new rules. The manual provides guidelines and additional resources to help staff ensure that rules are user friendly, easy to navigate and understand.
- The Horse Racing Commission embarked on a comprehensive streamlining project by hiring a third-party attorney to review its rules and identify where streamlining was needed. By hiring an outside attorney, the Commission ensured the review was conducted by someone without personal involvement in the rules.
- Fish and Wildlife also conducted a comprehensive streamlining review by hiring an attorney to identify where streamlining could improve rule enforcement. The attorney continues to serve on staff as a permanent rules coordinator.

Three agencies could improve their streamlining activities with a formal review process

Three of the agencies we visited – Ecology, Health, and Labor & Industries – could improve their rule streamlining activities by developing documented processes based on specific criteria and conducting reviews in regular intervals. While all three agencies said they do have informal processes to streamline, without a documented requirement to review rules using streamlining criteria and in regular intervals, agencies cannot ensure that specific rules are still necessary, nor can they consistently improve the clarity and consistency of their rules.

Managers at all three agencies said their processes were not specifically documented. They told us they streamlined their rules when they were open for other reasons, such as for technical changes. Although we found these agencies were reviewing most or all of the selected rules using at least one of the streamlining criteria, their processes did not specifically prescribe streamlining.

Officials at Health said they undertake many rule revisions at the request of customers and constituent groups, but do not regularly review rules for streamlining. Health managers said rule revisions primarily occur "as needed," and rules are streamlined when they are open for other reasons.

Ecology staff said their rules are extensive and are regularly reviewed and revised to meet changing federal requirements. However, sometimes only sections of a chapter are reviewed, and other rules are opened only rarely. Ecology program staff prepare biennial program plans that include performance measures. While rules are sometimes reviewed during development of the plans to determine the

need for rulemaking, no formal review of the rules is required. Thus, the agency has no assurance that all their rules are regularly reviewed for streamlining.

Labor&Industries lacked a formal, documented streamlining process, but officials said they used different processes to review and streamline rules administered by the agency's different divisions. For example, the agency created an advisory committee of business and labor representatives in 2006 to help streamline employment standards that had not been reviewed in 20 years; the process was ongoing for two and a half years. In that time, they reviewed and streamlined about half the employment standard rules. The agency plans to make some rule revisions after the current moratorium on non-critical rulemaking ends.

While all three of these agencies did provide evidence that some of their rules had been streamlined, a formally documented process would help ensure that all rules are kept up to date and clear over time.

Regulatory agencies are not formally measuring their streamlining results

State agencies routinely collect data for a wide range of performance indicators, often to justify budget requests or to comply with the requirements of the Government Management Accountability and Performance (GMAP) program. However, we found no evidence that these 11 agencies had used data to evaluate the effects of their streamlining or other regulatory improvement initiatives since 2000.

Without data and a way to measure their results, agencies cannot determine whether their efforts have produced their intended effects, and therefore cannot improve their efforts over time. From 1997 through 2001, following the issuance of Executive Order 97-02, agencies reported quarterly to the Governor's office the number of rule sections they had reviewed and the number of pages of rules they eliminated as a result of those reviews. The reports stopped after 2001.

None of the agencies we visited provided evidence that they had continued to track that information or collect other information related to rules streamlining, such as a reduction in business questions or complaints or an increase in business compliance.

When we conducted the audit, only one agency, Ecology, was collecting any data that could be used to gauge the effectiveness of their rule revisions, and then for only one of the four rule chapters we reviewed.

The Department of Ecology generates data for its Waste 2 Resources program, including the regulation of biosolids. By developing a software program to record specific issues related to the Waste 2 Resources rules, Ecology program managers have laid the foundation for a system that could be adapted to help other programs or agencies identify rules that need clarification, updating or other revision and determine whether their streamlining is working.

Why don't more agencies have better streamlining review processes?

Based on our visits to agencies and discussions with program officials, we identified several possible reasons why agencies do not have streamlining processes consistent with governors' orders :

- **No required reporting.** The expiration in 2000 of a key reporting requirement of Executive Order 97-02 appears to have caused regulatory agencies to place a lower priority on implementing streamlining. The order required agencies to report annually on regulatory improvement efforts. While the order remains in force and agencies are still required to review their rules, they are not required to report the results.
- **Limited executive-level oversight.** The subcabinet created to oversee regulatory reform has been inactive for several years. Executive Order 97-02 created the Governor's Subcabinet on Management Improvement and Results to oversee ongoing rule reviews. The subcabinet included the heads of the Office of Financial Management and Ecology, Employment Security, Health, Labor & Industries, Revenue, and Social and Health Services. Creation of the subcabinet gave regulatory improvement a higher priority for executive agencies and a forum for sharing progress reports.
- **Limited accountability.** Executive Order 06-02 requires agencies that collect taxes or provide permits, licenses, approvals, and other regulatory services to measure their performance and report publicly every three months through the Government Management Accountability and Performance (GMAP) program. As of April 2012, the GMAP "economic vitality dashboard" included data on permit decision-making times from Ecology and Fish and Wildlife, and on application processing times from Revenue, the Liquor Control Board, and the Office of Minority and Women's Business Enterprises. However, none of the GMAP data related to rule clarification or streamlining activities.
- **Few established standards.** Executive Order 06-02 also requires agencies to adopt "measurable service delivery standards" for regulatory communications with business. There is limited information to show that agencies set those standards.
- **Limited budget and staff.** Most agencies cited a lack of resources to explain why they did not have all the elements of an effective rule streamlining process in place.

Recommendations

Agencies that have documented processes to review business regulations in regular intervals and based on specific streamlining criteria are better equipped to demonstrate that the rules are needed, clear, and consistent. Clear and consistent rules can lead to increased business compliance and reduced costs for both government and businesses. Executive Orders 97-02 and 06-02 provide specific direction to state agencies to regularly review and streamline their rules and to establish and regularly measure the results of their efforts. In the past, agencies reported their streamlining results to the Governor that included reviewed, repealed or rewritten rule sections.

While agencies exhibit some aspects of effective streamlining processes, we found significant opportunities for overall improvement in efforts to streamline regulations.

We recommend the state take the following steps to make its business rule streamlining processes consistent with Executive Orders 97-02 and 06-02:

1. **All state regulatory agencies** should adopt streamlining processes that include:
 - Documentation of the review requirement and the process
 - Review in regular intervals to ensure **all** agency business rules are evaluated to determine if they are in need of streamlining.
 - Specific criteria to evaluate the need, consistency and clarity of existing rules
 - Measurement and tracking of results, before and after rules are streamlined
2. **The Governor** should require agencies to measure and demonstrate the results of their streamlining activities by:
 - Holding agencies accountable for demonstrating clear, measurable results from streamlining in accordance with Executive Order 06-02.
 - Monitoring results through the Government Management Accountability and Performance Process, a reinstated improvement subcabinet, or some other regular reporting structure with executive-level leadership.

Agency Responses



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

August 31, 2012

The Honorable Brian Sonntag
Washington State Auditor
P.O. Box 40021
Olympia, WA 98504-0021

Dear Auditor Sonntag:

Thank you for the opportunity to respond to the State Auditor's Office performance audit report on "Regulatory Reform: Communicating Regulatory Information and Streamlining Business Rules" received on August 24, 2012. The Office of Financial Management worked with the 15 Cabinet agencies to provide a consolidated response. Non-Cabinet agencies will respond separately.

As you are aware, Governor Gregoire has made regulatory reform a top priority throughout her administration. She has issued a series of executive orders and requested numerous pieces of legislation aimed at improving how state agencies work together to reduce barriers for business, while protecting public health and safety and not compromising environmental quality that Washington citizens expect.

Actions to reform Washington's regulatory environment have been under way for some time. We wish your report would have recognized more of the significant improvements that have been made or are in process. We have included details on these efforts in the attached response. We are proud of the achievements the agencies have made and remain committed to making it easier to do business in the state of Washington.

We recognize there is room to improve and remain committed to continuing on the regulatory improvement path. That path is defined specifically in Governor Gregoire's Executive Orders (06-02, 10-05, 10-06, 11-03, and 12-01) to help ensure that Washington creates the optimal conditions for businesses to thrive. Thank you for ideas to further these efforts; some of them can be implemented within existing resources.

We appreciate the inclusion of Appendix J, which clearly demonstrates that Washington state's regulatory reform efforts meet and, in many cases, surpass other states' efforts. We also appreciate that the report acknowledges there are legitimate barriers to achieving some of the recommendations outlined in the audit. For example, you recognize that recommending the pursuit of a single, one-stop portal for all business transactions with state government "may be a longer term goal of the state because of current resource constraints." We also look forward to the planned future performance audit that will examine the cost effectiveness of a one-stop portal.



Honorable Brian Sonntag
August 31, 2012
Page 2 of 2

As a point for consideration, we believe a comprehensive survey of businesses would have informed the scope of this audit, as well as the scope of any subsequent audits, to determine if the issues that matter most to businesses are the ones being reviewed.

Sincerely,



Marty Brown
Director

Enclosure

cc: Marty Loesch, Chief of Staff, Office of the Governor
Fred Olson, Deputy Chief of Staff, Office of the Governor
Honorable Sam Reed, Secretary of State
Honorable Mike Kreidler, State Insurance Commissioner
Honorable Peter Goldmark, Commissioner of Public Lands, Department of Natural Resources
Dan Newhouse, Director, Department of Agriculture
Bette Hyde, Director, Department of Early Learning
Ted Sturdevant, Director, Department of Ecology
Paul Trause, Commissioner, Employment Security Department
Scott Jarvis, Director, Department of Financial Institutions
Phil Anderson, Director, Department of Fish and Wildlife
Mary Selecky, Secretary, Department of Health
Don Bennett, Executive Director, Washington Student Achievement Council
Judy Schurke, Director, Department of Labor and Industries
Alan Haight, Director, Department of Licensing
Don Hoch, Director, Parks and Recreation Commission
Brad Flaherty, Director, Department of Revenue
Robin Arnold-Williams, Secretary, Department of Social and Health Services
John Batiste, Chief, Washington State Patrol
Paula Hammond, Secretary, Department of Transportation
Jeffrey Goltz, Chairman, Utilities and Transportation Commission
Stan Marshburn, Deputy Director, Office of Financial Management
Kari Burrell, Director, Executive Policy Office, Office of the Governor
Wendy Korthuis-Smith, Director, Accountability and Performance, Office of the Governor
Bharat Shyam, State Chief Information Officer, Office of Financial Management
Karen Pernerl, Acting Director, Office of Regulatory Assistance
Richard C. Sweeney, Executive Director, Board of Accountancy
Allyson Brooks, Director, Department of Archeology & Historic Preservation
Rick Day, Director, Gambling Commission
Robert Lopez, Executive Secretary, Horse Racing Commission
Pat Kohler, Administrative Director, Liquor Control Board
Bill Hanson, Chair, Lottery Commission
Eleni Papadakis, Executive Director, Workforce Training and Education Coordinating Board

OFFICIAL STATE CABINET AGENCY RESPONSE TO THE PERFORMANCE AUDIT ON REGULATORY REFORM: COMMUNICATING REGULATORY INFORMATION AND STREAMLINING BUSINESS RULES

AUGUST 31, 2012

This coordinated management response to the audit report received on August 24, 2012, is provided by the Office of Financial Management on behalf of the following Governor's Cabinet agencies: Department of Agriculture, Department of Early Learning, Department of Ecology, Employment Security Department, Department of Financial Institutions, Department of Fish and Wildlife, Department of Health, Higher Education Coordinating Board (now the Washington Student Achievement Council), Department of Labor and Industries, Department of Licensing, Parks and Recreation Commission, Department of Revenue, Department of Social and Health Services, Washington State Patrol, Department of Transportation and the Utilities and Transportation Commission.

ISSUE 1: Washington has not yet achieved the vision of a one-stop business portal.

RECOMMENDATION 1: The Legislature and Governor should continue to pursue a single, one-stop portal for all business transactions with state government.

RESPONSE

We agree that easy access to complete regulatory information is critical to minimizing the time burden and cost of regulation to businesses, government and taxpayers. While we agree a one-stop regulatory site for business is in the state's best interest, as the report notes, "a single comprehensive business transaction portal may be a longer term goal of the state because of current resource constraints."

As the report acknowledges, efforts have been made to create a one-stop portal for all business transactions, including permits, licenses, tax payments, workers' compensation and unemployment insurance. As referenced in the report, the 2012 Legislature considered Senate Bill 6356 that, if approved, would have directed executive branch agencies to create a single portal for business transactions by January 1, 2013. The fiscal note for SB 6356 identifies an indeterminate fiscal impact; however, multiple agencies identified the fiscal impact as "large." Such a project would take years to complete.

In January 2012, Governor Gregoire issued Executive Order 12-01, which, in part, directed the state's Office of the Chief Information Officer, the Department of Commerce, the Department of Revenue, the Office of Regulatory Assistance and other executive agencies that license businesses or collect taxes and insurance premiums to: (1) review business community needs; and (2) evaluate technical options for creating an integrated enterprise system using a single sign-on or portal for business interactions with state agencies.

Appendix J of the report states that, as of January 2011, two states (Colorado and South Carolina) have developed a one-stop portal. As part of its research, the multi-agency work group established under Executive Order 12-01 reviewed other states' efforts to create a one-stop portal. To date, however, it appears neither the Colorado or South Carolina portals are truly one-stop. Approximately 12 other states are pursuing a one-stop portal, and while other states may be ahead

of Washington, no state portals appear to be actually one-stop. This illustrates the difficulty and complexity of creating such a portal.

Action Steps and Time Frame

- Pursuant to Executive Order 12-01, ORA in collaboration with other regulatory agencies, will continue to enhance the Business.wa.gov portal as resources allow. Ongoing.
-

ISSUE 2: Regulatory information on agencies' websites is incomplete, and the sites are not all easy to use.

RECOMMENDATION 2: The Governor should use existing legal authority to direct expansion of the Business Licensing Service (BLS) website to include information and applications to all state agency business licenses. The regulatory agencies should work with the Department of Revenue to develop a timetable to include all of their licenses as system capacity allows.

RESPONSE

We agree that the BLS should ultimately be expanded to include information and applications for all state business licenses. In fact, significant planned enhancements to BLS are under way. However, as the report acknowledges, even if all regulatory agencies were required or wanted to fully participate, the system lacks the capability to include all state business licenses. The current BLS system is supported by an aging mainframe that the Department of Revenue is working to replace. The agency hired a vendor to begin a BLS replacement study in July 2012, with a new system targeted for completion in two to three years. We do not believe there should be a requirement to participate in BLS until the system can accommodate the growth.

Action Steps and Time Frame

- Not applicable.

RECOMMENDATION 3: The Legislature should revise the law (RCW 19.02.050) to remove the two agencies required to participate but that do not issue business licenses (the Department of Commerce and the Parks and Recreation Commission), and to add the agencies that do issue business licenses but do not now participate. The Legislature should also clarify that "full participation" by agencies requires them to provide information and applications for all their business licenses available on the BLS website.

RESPONSE

We do not agree the Legislature should revise RCW 19.92.050 to include additional agencies' permits to the BLS until the system can adequately accommodate them. We would, however, support the Legislature amending RCW 19.92.050 to clarify that "full participation" by agencies requires them to provide information and applications for all their business licenses available on the BLS website.

Action Steps and Time Frame

- Not applicable.

RECOMMENDATION 4: The Office of Regulatory Assistance should ensure that its website meets the statutory requirement (RCW 43.42.040) that it provides regulatory information for all business permits.

RESPONSE

As the report states, the Office of Regulatory Assistance does not have sufficient resources to expand its website to provide information on all permits. That's why it chose to focus on environmental regulations and business start-up issues, and designed the website accordingly. The www.ora.wa.gov website contains both the Environmental Permit Handbook (under the environmental permitting tab) and the Washington State Small Business Guide (under the small business tab). The Small Business Guide gives business owners complete guidance for licenses and permits issued by the 22 regulatory agencies that participated in building the Guide. These regulatory agencies meet quarterly to review and update the Guide under the Office of Regulatory Assistance's direction. This guide is in response to Section 7 of the Governor's Executive Order 10-05, Improving the Way State Government Serves Small Business.

Action Steps and Time Frame

- The Office of Regulatory Assistance will continue its work to support small businesses and improve the availability of accurate and consistent regulatory information available to its customers. Ongoing.

RECOMMENDATION 5: The Office of Regulatory Assistance should expand the content of the "permits, licenses and inspections" page of the Doing Business section of Access Washington to provide links to the central business sections of the 26 regulatory agencies' websites.

RESPONSE

As part of carrying out Executive Order 12-01, the Business.wa.gov website will be enhanced.

Action Steps and Time Frame

- The Office of Regulatory Assistance will consider appropriate measures to ensure regulatory agencies will be properly linked as these changes are made to the Business.wa.gov website. By December 2013.

RECOMMENDATION 6: The Office of the Chief Information Officer should develop standards that enable agencies to produce clear, consistent and usable web content. Standards should include requirements for:

- A prominent, consistently labeled link to business regulations and information on the agency home page.
- Clear pathways within three clicks from the home page to specific license and permit applications.
- Periodic usability testing by business customers to verify websites are complete and easy to use.
- Measuring the results of website revisions to ensure they are producing the intended results.

RESPONSE

In response to Executive Order 12-01, the Office of the Chief Information Officer is currently leading a multi-agency effort with the departments of Revenue, Licensing, Employment Security, Labor and Industries, and Commerce, as well as the Office of Regulatory Assistance and the Secretary of State, to improve small businesses' ability to conduct business electronically with state government.

Action Steps and Time Frame

- The Office of the Chief Information Officer and the multi-agency team will develop a plan with recommendations. By September 2012.

RECOMMENDATION 7: All regulatory agencies should provide complete and accurate regulatory information for businesses on their websites for all licenses and permits, including:

- The purpose of the license or permit.
- The types of businesses or business activities that require them.
- How to apply.
- All applications and fees.
- An estimate of the time required to process the application. Estimates could take several forms, such as the maximum processing time required (or allowed by law), a range of time based on recent experience or the average time required to process 95 percent of the applications during a recent period.

RESPONSE

Executive Order 12-01 established a Small Business Liaison Program. The Office of Regulatory Assistance leads the small business liaison team to ensure responsive and effective coordination across state agencies, and to facilitate roundtable and outreach sessions with small businesses.

Action Steps and Time Frame

- The Small Business Liaison team is working with agency chief information officers and webmasters to develop more consistent and user-centered approaches across all state agencies that regulate or work with small businesses to find and display online information frequently needed by businesses. By September 30, 2012.

ISSUE 3: Agencies are streamlining some rules, but could improve their rule streamlining processes.

RECOMMENDATION 1: All state regulatory agencies should adopt streamlining processes that include:

- Documentation of the review requirement and the process.
- Review in regular intervals, to ensure all agency business rules are evaluated to determine if they are in need of streamlining.
- Specific criteria to evaluate the need, consistency and clarity of existing rules.
- Measurement and tracking of all results, before and after rules are streamlined.

RESPONSE

We support ongoing efforts to streamline business regulations and rules. However, we do not believe that a “one size fits all” approach to rule streamlining is in anyone’s best interest. For instance, large regulatory agencies manage large numbers of rules. Given that agencies have limited resources, and in order to ensure public health and safety, agencies must prioritize their rulemaking activities. We believe priorities should be based on requirements set by federal regulations, changes to state laws and stakeholder requests. It is during these prioritized rulemaking activities that agencies continually evaluate the need, consistency, and clarity of rules and work to ensure that there is no duplication or overlap with other state or federal laws or rules.

We believe recommending that all regulatory rules be evaluated at least every four years could be counterproductive and might hinder efforts to serve the business community in the most efficient manner. Rather than a cyclical approach that is time driven, we believe each agency should be able to determine the review process that best meets stakeholder needs and what can be achieved with available resources. Moreover, reviewing regulatory rules at regular intervals would be in direct conflict with Governor Gregoire’s Executive Orders 10-06 and 11-03.

Governor Gregoire recognizes that in these unprecedented economic times, small businesses and governments find it more difficult to monitor and respond to proposed changes in rules and policies. She also recognizes that a stable, predictable regulatory and policy environment conserves resources for small businesses. To these ends, Governor Gregoire issued Executive Order 10-06 in November 2010, suspending non-critical rule development and adoption through the end of calendar year 2011. The order applied to all Cabinet agencies, boards, commissions and other agencies that report to the Governor. In addition, the Governor invited all elected officials, institutions of higher education, agencies, boards, commissions and other entities with rulemaking authority to also suspend non-critical rule development and adoption. On October 11, 2011, Governor Gregoire issued Executive Order 11-03, which extends implementation of Executive Order 10-06 for another year, through December 31, 2012.

Per the Governor’s request, the Executive Policy Office published guidelines for implementation of the executive orders. The guidelines asked that all agencies report by January 2012 and again by January 2013 on the number of rules eliminated or suspended in response to the executive order, and the number of and justification for rules that proceeded through development and/or adoption while the order was in effect.

In June 2012, the Office of Financial Management and the Office of Regulatory Assistance issued the report “2011 Implementation of Executive Order 10-06: Suspending Non-Critical Rule Development and Adoption.” A total of 68 agencies (39 subject to the executive order and 29 not) provided information for this report.

Analysis of the agencies’ responses showed:

- A significant reduction in rulemaking activity from the prior year.
- A number of agencies refrained from rulemaking altogether.
- 75 rules were eliminated.
- 483 rules were put on hold.
- 186 rules adopted were required by law.
- 118 rules adopted were requested by the regulated communities.

- 69 rules adopted were related to managing budget reductions and related government reforms.
- 28 were adopted to address public health or safety concerns.
- Five rules were necessary due to court orders.
- 30 rules were adopted after negotiated or pilot rulemaking.

The report on EO 10-06 concluded that it appeared the executive order accomplished its intended purpose of conserving limited public resources and reducing impacts on small businesses during the recession.

The following examples highlight what some of the audited Cabinet agencies are doing to streamline rules processes:

Agriculture – Documents and tracks all rules review. Conducts rules review at regular intervals. Uses criteria for review based on Executive Order 97-02. Measures results through ongoing stakeholder input. Uses ongoing communication with stakeholders to ensure rules and regulations are consistent, clear, and predictable. Majority of rule changes are initiated by stakeholder requests.

Early Learning – Reviews each of its rules every two years as required by RCW 43.215. Agency staff created a matrix that identifies criteria for streamlining, which is provided to stakeholders.

Ecology – Regularly reviews rules for consistency and clarity. Some rules require more frequent updates than others, so a regular interval for all rules is not practical. Ecology believes its rulemaking process achieves the same outcome that the SAO recommends for streamlining through the agency's biennial programming process, internal policies and established rulemaking process.

Social and Health Services – Reviews its rules every four years, as prescribed by agency policy that rules should be streamlined according to the criteria identified in Executive Order 97-02.

Labor and Industries – Regularly reviews rules to determine relevance, consistency and clarity. The process is guided by changes to state or federal laws, budget activities and fiscal changes, input from stakeholders, actuarial recommendations, annual workers' compensation rate-making and classification review. Performs regular and consistent communication with stakeholders. Seven out of 15 programs with rulemaking authority have advisory committees that include business and labor representatives.

State Patrol – Requires staff to review rules every two years. The criteria and process for rule review are specified in the agency's Regulation Manual.

Action Steps and Time Frame

- Agencies will continue to look for opportunities to improve their rule streamlining process. Ongoing.

RECOMMENDATION 2: The Governor should require agencies to measure and demonstrate the results of their streamlining by:

- Holding agencies accountable for demonstrating clear, measureable results from streamlining in accordance with Executive Order 06-02.
- Monitoring results through the Government Management, Accountability and Performance (GMAP) process, a reinstated improvement subcabinet or some other regular reporting structure with executive level leadership.

RESPONSE

Executive Order 06-02 requires agencies that collect taxes or provide permits, licenses, approvals and other regulatory services to measure their performance and report publicly every quarter through the GMAP program. Executive Order 06-02 does not specifically direct agencies to measure their rules streamlining efforts.

In addition, the audit report asserts that none of the agencies formally measures and tracks the results before and after rules are streamlined. We are concerned that there is no consideration of the level of difficulty and staffing resources that an additional reporting requirement will require.

Moreover, the number of pages, or number of rules eliminated, as suggested in the logic model in Appendix C of the report, is not necessarily a good indicator that a rule has been streamlined. In fact, several agencies have found that when streamlining rule language, the rule may become longer due to adding more words, charts or lists to clarify meaning.

As your report notes, the GMAP “economic vitality dashboard” includes data on permit decision making times from Ecology and Fish and Wildlife, and on application processing times from Revenue, the Liquor Control Board, and the Office of Minority and Women’s Business Enterprises. There was an effort to review licenses and permits for inclusion into GMAP and to determine which have the most return on investment for the work to track them. In all, the review covered about 115 business licenses and permits across six agencies, and most were too infrequent to warrant quarterly tracking or did not delay businesses during processing.

Action Steps and Time Frame

- Agencies will continue to ensure that regulations meet standards of need, reasonableness, effectiveness, clarity, fairness, stakeholder involvement, coordination, and consistency with legislative intent. In addition, agencies will look for additional meaningful measures to track regulatory improvement for inclusion in the GMAP process as appropriate. Ongoing.

SECRETARY
of STATE

Sam Reed



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www.secstate.wa.gov

August 7, 2012

The Honorable Brian Sonntag
Washington State Auditor
PO Box 40021
Olympia, WA 98504

Dear *Brian* State Auditor Sonntag,

Our office recognizes the difficult and demanding job that the State Auditor's Office endures in conducting performance audits of the many state agencies and programs. It is especially challenging when one program connects with many other programs. The team of auditors who conducted this audit was pleasant and professional in their questioning at all times and should be commended for their conduct and thoroughness.

Like the State Auditor's Office, we support the concept of a "one-stop shop" experience. However, we do not support such a "one-stop shop" at the expense of customer service. Consolidating forms does not consolidate the services. The Master Business Licensing program excels in passing license requests for over 200 different business licenses to 13 different state regulatory agencies for processing. The application can be a great time saver for a business owner who needs several different licenses to open his business.

Incorporation or the formation of a limited liability company is a different practice from applying for a business license. State law does not require a business to form such an entity. It is a choice that involves decisions by a business owner or owners that relate to taxation and liabilities, and usually involves a group of people. An LLC is unlike a sole proprietorship in every way and we should be very careful not to confuse the two for the customer.

We believe that the best answer to accomplishing more consolidation for businesses is a single database for the five agencies, referred to as the UBI agencies: Secretary of State, Department of Licensing, Department of Revenue, Labor and Industries, and Employment Security Department. If all of the agencies and online customers entered information into a single database, it could be a real one-stop shopping experience, rather than a source of confusion between licensing and incorporating.

Like the Auditor's Office, we are dedicated to finding ways to improve the customer's experience for those who are starting and maintaining businesses in Washington State. Over the past four years, we have added online services, improved the usability of our web site, and worked with many other state agencies to develop an online Business Guide. Our office will continue to work with the Master Business License Program, as well as the other UBI agencies, to consolidate and refine our processes for better customer service.

Sincerely,


SAM REED
Secretary of State





STATE OF WASHINGTON
GAMBLING COMMISSION

"Protect the Public by Ensuring that Gambling is Legal and Honest"

August 15, 2012

The Honorable Brian Sonntag
Washington State Auditor
P.O. Box 40021
Olympia, WA 98504-0021

Dear Auditor Sonntag:

Thank you for the opportunity to respond to the State Auditor's Office Performance Audit on Regulatory Reform ("audit"). We would like to address the following issues and recommendations outlined in the audit:

Website access to business information

Issue 1: Washington has not yet achieved the vision of a one-stop business portal.

Recommendation 2: The Governor should use existing legal authority to direct expansion of the BLS website to include information and applications to all state agency business licenses. The regulatory agencies should work with the Department of Revenue to develop a timetable to include all their licenses as system capacity allows.

Recommendation 3: The Legislature should revise the law (RCW 19.02.050) to add the agencies that do issue business licenses but do not now participate. The Legislature should also clarify that "full participation" by agencies requires them to provide information and applications for all of their business licenses available on the BLS website.

Response: We have been actively working with the Department of Licensing's Master License Service ("MLS") personnel since 2010 to explore the benefits of using MLS. After the Department of Revenue began administering the program in 2010, we began working with them on BLS.

In working with MLS representatives, we learned that MLS must sometimes issue licenses for more than one year in order to align the licenses requested through MLS; however, RCW 9.46.070 restricted the Commission from issuing licenses for a period of more than one year. During the 2012 legislative session, we were successful in getting this RCW changed to allow us to issue licenses for up to 18 months to *possibly* transition to the use of BLS so that BLS can align the expiration date of the Gambling Commission license with other local and state licenses they administer. The legislation became effective June 7, 2012.



The Honorable Brian Sonntag
August 15, 2012
Page 2 of 3

Our last meeting with BLS was in October 2011. In December 2011, we received an email from BLS representatives stating that BLS wants to partner with us but their resources are stretched right now. They were in the process of developing a new licensing model and a number of enhancements that could improve the service they would be able to provide our agency. Therefore, their plan was to re-engage with us in December 2012. At that time, they would know what new licensing processes would meet our needs and see how the new system will affect our program processes. They said that they would contact us in November 2012 to set up a meeting in December 2012.

We contacted a BLS representative in May 2012 to let them know our legislation was approved and to get some information from them so we can report back to our Commissioners. We have not received a response to our request.

Between 2010 and 2011, we met many times with BLS representatives and identified approximately four applications that would best serve the applicants if they remained with us rather than transfer to BLS due to the short turn-around time between the application and the event. These permits include agricultural fair permits, fund-raising events, recreational gaming activities, and card tournaments. Therefore, if future legislation required that all applications use BLS, this might result in slower service to the public.

As a non-appropriated, self-supporting agency, we do have some concerns about the credit card costs we would incur since that is the only payment option available for BLS online applications. In addition, we currently allow licensees whose annual license fees exceed \$800 to pay the fee in two payments. In 2009, we had approximately 630 licensees whose annual license fees averaged over \$6,000. Currently, BLS is not able to accommodate this payment system, which may mean that licensees would have to pay their annual fees in one payment. Before the Commission would switch to BLS, looking at the impact on those licensees is something the Commission would seriously weigh; most of those 630 businesses are small businesses. Because of this, if future legislation *required* all agencies to use BLS, and BLS continued to not be able to accept two payments, this could cause some concern.

We would like to note that this audit does cite from the December 2010 report of the performance audit of the Master License Service but does not address how BLS has progressed on the five recommendations made in the report to add licenses and streamline services. If these short-term recommendations have not yet been addressed to streamline services for BLS since December 2010, the new recommendations may not prove successful.

Issue 2: Regulatory information on agencies' websites is incomplete and the sites are not all easy to use.

The Honorable Brian Sonntag
August 15, 2012
Page 3 of 3

Recommendation 6: The Office of the Chief Information Officer should develop standards based on leading usability practices that enable agencies to produce clear, consistent, and usable web content. The standards should include requirements such as clear pathways within a minimum number of clicks from the home page to specific license and permit applications.

Response: We are in the midst of a complete website redesign. Upon completion of the website redesign, we expect that information cited in this report will be immediately available. The website redesign will also make our website easier to use and navigate. Because of the many different license types and classes that we issue, it may not be reasonable for us to place all applications within three clicks of the home page. We are also in the middle of an ambitious effort to convert nearly all of our applications to online processes. We expect that when this project is complete, ease of use and navigation to our licenses and permits will be significantly improved.

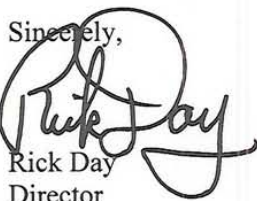
Streamlining Business Rules

Issue 1: Agencies are streamlining some rules, but could improve their rule streamlining process.

Response: The report does not reflect that effective January 2008 a two to three year review process was completed as we rewrote WAC 230 to simplify 650 rules and eliminated 54,000 plus words.

We appreciate the opportunity to respond to the report's findings and recommendations. If you have any questions, please feel free to contact me at (360) 486-3446.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Day", is written over the printed name and title.

Rick Day
Director

Appendix A: Initiative 900

Initiative 900, approved by Washington voters in 2005 and enacted into state law in 2006, authorized the State Auditor's Office to conduct independent, comprehensive performance audits of state and local governments. Specifically, the law directs the Auditor's Office to "review and analyze the economy, efficiency, and effectiveness of the policies, management, fiscal affairs, and operations of state and local governments, agencies, programs, and accounts." Performance audits are to be conducted according to U.S. Government Accountability Office government auditing standards.

In addition, the law identifies nine elements that are to be considered within the scope of each performance audit. The State Auditor's Office evaluates the relevance of all nine elements to each audit. The table below indicates which elements are addressed in this audit. Specific issues are discussed in the Results and Recommendations sections of this report.

I-900 Element	Addressed in the Audit
1. Identification of cost savings	No. The audit identifies opportunities to reduce the cost of government regulation for businesses and state agencies, but does not specify how much could be saved.
2. Identification of services that can be reduced or eliminated	No. The regulation of business activity is a core government function. The audit was designed to help improve the effectiveness of the regulatory process.
3. Identification of programs or services that can be transferred to the private sector	No. Transferring regulatory oversight to the private sector would contradict long-standing state and federal laws and create a serious potential conflict of interest.
4. Analysis of gaps or overlaps in programs or services and recommendations to correct gaps or overlaps	Yes. The audit identifies gaps in the regulatory information state agencies provide to businesses. We recommend agencies take specific actions to improve the quality and accessibility of business information.
5. Feasibility of pooling information technology systems within the department	No. However, there is the potential to integrate the three state central business websites into a true 'one-stop' business transaction portal in the future. We plan to address this issue further in a future audit.
6. Analysis of the roles and functions of the department, and recommendations to change or eliminate departmental roles or functions	No. The audit was designed to improve the quality of business regulation, not to eliminate regulatory functions.
7. Recommendations for statutory or regulatory changes that may be necessary for the department to properly carry out its functions	Yes. We offer specific recommendations to help agencies improve their regulatory processes in streamlining their administrative rules and improving their communication of online information to businesses.
8. Analysis of departmental performance data, performance measures, and self-assessment systems	Yes. We found most regulatory agencies lack data to identify problems with their regulatory systems and to measure the results of their rule streamlining actions.
9. Identification of best practices	Yes. We identify (1) leading practices for providing information on government agency websites and (2) requirements for agencies to conduct regular, documented, and criteria-based regulatory reviews.

Appendix B: Scope and Methodology

Inventory of business regulations

To understand the scope and range of business regulations and to support the series of audits on regulatory reform, we built a comprehensive inventory of state-level permits, licenses and inspections. First, we searched for regulatory information on the state's three central regulatory websites: Business Licensing Service, Office of Regulatory Assistance, and business.wa.gov. We found that the three central websites did not contain complete information, so we reviewed every state agency website and identified 26 agencies that issue business permits or licenses or conduct business inspections. We compiled regulatory information we found on the websites into separate spreadsheets for permits, licenses, and inspections for each agency. We included certifications and registrations as licenses because they most closely resemble licenses.

Inventory Spreadsheets

The inventory spreadsheets contain information that includes:

- The name and purpose of each license, permit or inspection
- The business activity being regulated
- Where the application is available, with links to online applications
- The fee for each license, permit or inspection
- The state laws and administrative rules that govern the permit, license or inspection process
- The permit or license processing time identified on the agency website or application.
- Whether the application or information about the specific regulatory requirement is available through the state Office of Regulatory Assistance (ORA) or Business Licensing Service (BLS) websites

Agency Input

We sent the spreadsheets to the 26 agencies and asked them to verify the information, complete areas with missing information, and enter the number of initial applications received from 2006 to 2010 for each permit and license.

We posted the final inventory spreadsheets to the State Auditor's Office website at <http://www.sao.wa.gov/EN/Audits/PerformanceAudit/Pages/RegReform.aspx> on September 30, 2011.

Website access to business information

Three Central Websites

We found the state's central websites to be incomplete as we created the inventory. As a result, we performed additional analysis to assess their effectiveness in providing regulatory information to businesses. We determined if the regulatory information on the central websites was complete by comparing it to the information developed for the inventory. We looked at the number of licenses that were available on the Business Licensing Service website and the number of permits and licenses available on the Office of Regulatory Assistance website. For business.wa.gov, we reviewed the "Permits, Licenses, and Inspections" tab to determine the number of applications available and found that it contained only links to agency websites. To determine if business.wa.gov contained complete business information, we evaluated whether the "Permits, Licenses and Inspections" tab contained links to all regulatory agency websites.

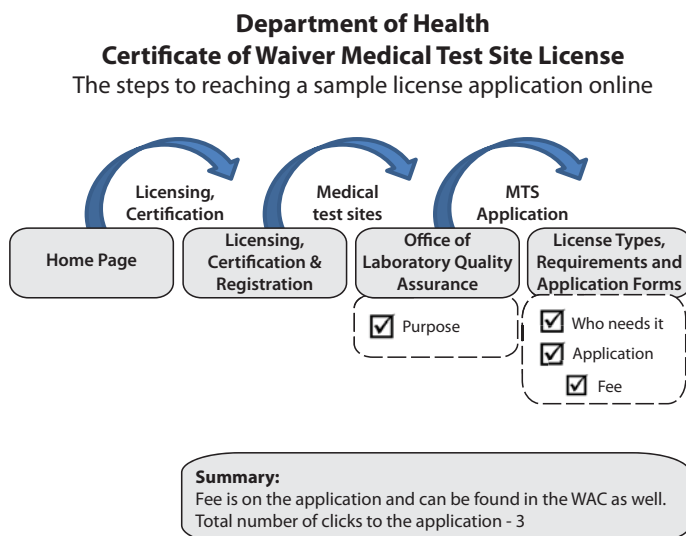
State Agency Websites

To obtain information about businesses' experiences with state regulatory websites, we interviewed six business representatives with diverse business perspectives.

We performed internet research to identify standards and leading practices agencies could implement to improve their websites for business use. We used standards and leading practices for government websites we found on www.HowTo.gov and www.Usability.gov to analyze the websites. Based on these standards and leading practices, we defined an effective state agency website as one that is complete and easy to use.

To evaluate whether the websites were complete and easy to use, we selected one, three or five permits and/or licenses from each agency based on the quantity of permits and licenses the agency issues. We selected permits and licenses with the highest five-year volume of activity at each agency. In total, across all agencies, we mapped 57 permits and licenses, representing nearly 75% of those applied for from 2006 through 2010. For each permit and license, we "mapped" the steps in moving through the website from the homepage to the application.

The following is an example of one of the licenses we mapped:



Maps for all 57 permits and licenses we evaluated are available online at www.sao.wa.gov/EN/Audits/PerformanceAudit/Documents/WebsiteAgencyFlows.pdf

Complete Information

We reviewed the information on the websites for each of the permits and licenses we mapped to determine whether it included:

- the purpose of the permit/license,
- what businesses require the permit/license,
- how businesses apply for the permit/license, and
- the fee

We also used our inventory of business regulations to calculate how many permits and licenses had maximum, minimum or average processing times identified:

- on the application forms or the agencies' websites
- in WAC or RCW
- not indicated at all

Easy to Use

We reviewed the information on the websites for the permits and licenses we mapped to determine whether:

- the pathway to the information was clear
- the application was available within 3 clicks of the homepage

We also reviewed regulatory agency websites to determine if they organized information by industry or business activity or in some other manner. For example, some organized information by an alphabetized list of topics. We also reviewed each website to determine if they had prominent links to business information from the homepage (i.e., a "Business Button") to help businesses identify key information quickly.

Streamlining business rules

We defined streamlining as eliminating outdated, conflicting or otherwise unnecessary rules, or clarifying the language in the rules. We defined an effective streamlining process as one that 1) is documented, 2) is conducted in regular intervals, 3) is based on criteria focused on clarity, need, and consistency, and 4) includes a way for the agency to measure the results to ensure streamlining efforts are having their desired effects.

To evaluate whether regulatory agencies have streamlining processes in place that are consistent with Executive Orders 97-02 and 06-02, we surveyed the 26 state regulatory agencies to collect information about their regulatory streamlining activities for each Washington Administrative Code (WAC) chapter we identified on our inventory of business regulations. In total, the survey covered a total of 217 WAC chapters for the 26 agencies.

Our objective was to learn about the following:

- Processes the agencies had in place to streamline the rules that govern permits, licenses and inspections
- Whether agencies had conducted a review of their rules in the past 10 years
- Whether agencies had made changes to their rules based on a review that resulted in eliminating outdated, conflicting or otherwise unnecessary rules or clarified the language in the rules
- Whether agencies measured the results of any rule changes
- Challenges agencies experienced with streamlining

We used the survey results to select agencies for site visits to learn more about their streamlining activities. We focused on agencies that had conducted significant streamlining or stated in their survey responses that they measure the results of their streamlining activities because we thought they offered the best opportunity for learning about state agencies' regulatory rule review processes.

Site Visits

We selected between one and four WAC chapters to review at each of the 12 agencies. For agencies with four or fewer WAC chapters, we selected all their chapters. For agencies with more than four chapters, we considered the following in our selection:

- Chapters that agencies stated they had extensively streamlined
- Chapters for which agencies stated they tracked the effects of streamlining
- Chapters administered by a variety of divisions within the agency
- Chapters from a variety of regulatory categories
- Chapters associated with the most requested permits and licenses

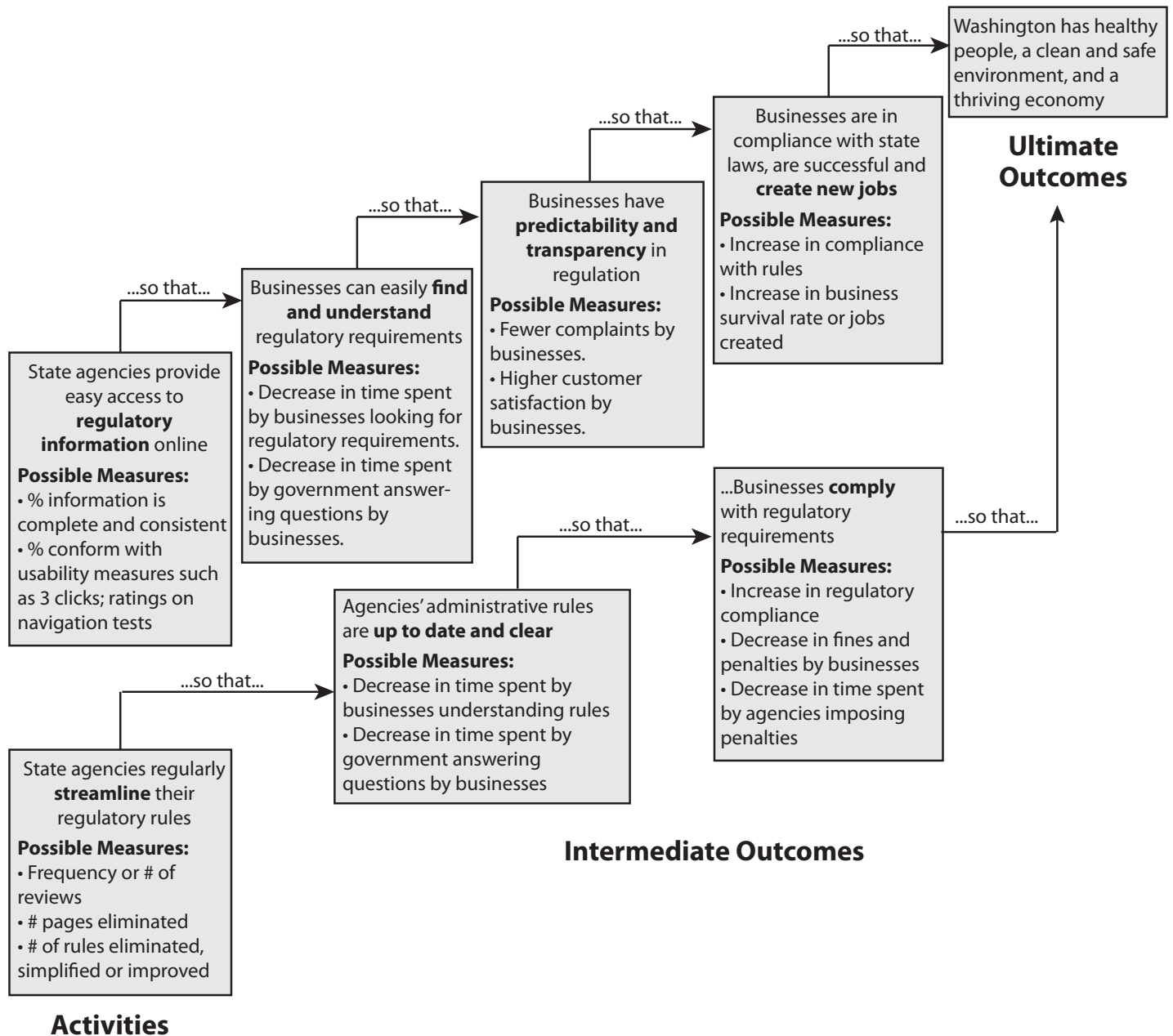
We met with agency representatives and discussed the following about the selected WAC chapters:

- How the streamlining process occurs
- Criteria or guidelines used to streamline
- How the streamlining process is articulated to staff
- How stakeholders are involved in streamlining
- What specific changes have been made and why
- How the results of streamlining are measured
- Streamlining challenges

The agencies provided evidence of their streamlining processes for the selected WAC chapters. We reviewed that evidence to determine whether their streamlining processes met our criteria. Because the evidence we collected focused on streamlining for four or fewer WAC chapters per agency, the results of our review are not necessarily representative of the whole agency. We conducted our agency visits between July and September 2011.

In addition to evaluating agencies' streamlining processes, we also reviewed evidence to determine if they were actively using their streamlining processes. We asked the agencies to provide evidence that they had reviewed or made changes to the selected rules in the last four years. We considered the evidence to be relevant to streamlining if the rule reviews or changes were consistent with the requirements in Executive Order 97-02, such as eliminating unnecessary rules, or updating the rules for consistency or clarity. We did not attempt to determine if changes agencies made resulted in streamlined rules.

Appendix C: Regulatory Reform Logic Model



Appendix D: Federal Website Guidelines

Federal Guidance on Government Website Design

SAO Audit criteria	Federal Guidance	Website Reference
Post complete information on business permits and license	Ensure all information users need is available and displayed on the page where it is needed.	www.Usability.gov Chapter 16:3 – Ensure that necessary information is displayed
Have a prominent business button	Design the homepage to prominently feature the most requested information, including online services and forms used by the public.	www.HowTo.gov Have a Good Homepage
	Prominently advertise commonly requested and used forms and publications so they can be reached quickly.	www.HowTo.gov Forms and Publications
Organize information by industry or business activity	Group all related information and functions in order to decrease time spent searching or scanning.	www.Usability.gov Chapter 16:2 – Group Related Elements
	<ul style="list-style-type: none"> Organize content according to user needs. Use one of the following as the primary form of navigation: <ul style="list-style-type: none"> subject task or service audience group geographic location Any combination of these factors 	www.HowTo.gov Organize Content based on Audience needs
Use clear pathways to information	Use common content, placement, and terminology across agency websites to help users find information.	www.HowTo.gov Common Content, Terminology, and Placement
Place applications within 3 clicks of the homepage	<ul style="list-style-type: none"> Design the site so that the most common tasks can be successfully completed in the fewest clicks. Critical information should be provided as close to the homepage as possible (within 2 to 3 clicks). 	www.Usability.gov Chapter 16:5 – Minimize the number of clicks or pages

Additional Federal Guidance Not Used As Audit Criteria

Guidance	Website Reference
Use plain language on your website.	Plain Language/Writing for the Web
Regularly conduct user testing with actual customers.	Usability Testing
Use various means to analyze your audience, including: <ul style="list-style-type: none"> • Usability testing • Customer satisfaction surveys. 	www.HowTo.gov Audience Analysis
Present all major topics and categories on the homepage.	www.Usability.gov Chapter 5:2 - Show all major options on the homepage
<ul style="list-style-type: none"> • Regularly review web content to make sure it is correct and up-to-date. • Develop a schedule for the reviews. • Review all content at least once per year. • Review top task and popular content more frequently. 	Keep Content Current

Appendix E: Selected Laws and Executive Orders

Year	Activity	Description of Activity
1980	Federal Legislation - Federal Regulatory Flexibility Act	Federal agencies are required to fit regulatory and informational requirements to the scale of businesses, and are required to solicit and consider flexible regulatory proposals and to explain the rationale for their actions to assure that such proposals are given serious consideration. <i>Website:</i> http://www.archives.gov/federal-register/laws/regulatory-flexibility/ <i>Notes:</i> Act was amended by the Small Business Regulatory Enforcement Fairness Act of 1996.
1982	WA Legislation - WA Regulatory Fairness Act (RFA)	The law requires a Small Business Economic Impact Statement of proposed rules that impose more than minor costs on businesses (more than the greater of 0.3% annual revenue or \$100), unless the agency has completed a pilot rule process. <i>Website:</i> http://apps.leg.wa.gov/rcw/default.aspx?cite=19.85
1984	WA Legislation - Governor's Small Business Improvement Council (SBIC)	The Legislature created the Small Business Improvement Council to identify regulatory, administrative and legislative proposals that will improve the entrepreneurial environment for small businesses; advises state business programs on their policies and practices. <i>Website:</i> http://apps.leg.wa.gov/rcw/dispo.aspx?Cite=43.175 <i>Notes:</i> Disbanded in 2003, duties rolled into DCTED's (now Dept. of Commerce) mission.
1993	Federal Government Executive Order (Pres. Clinton) - Executive Order 12866: Regulatory Planning and Review	The order directs agencies developing new regulations to: <ul style="list-style-type: none"> • Identify the problems they want to address and examine whether existing regulations created or contributed to the problem • Identify and assess alternatives to direct regulation • Consider the risks posed by the activity • Design regulations in the most cost effective manner • Base decisions on best available scientific, technical, economic or other info • Identify and asses alternative forms of regulation and specify performance objectives rather than specifying behavior or manner of compliance • Avoid inconsistent, incompatible or duplicative regulations • Impose the least burden on society • Draft regulations to be simple and easy to understand <p>The order directs the Office of Management and Budget (OMB) to review rulemaking to ensure it complies with the EO.</p> <p>The order directed agencies to prepare an annual Regulatory Plan to identify significant upcoming regulatory actions, including objectives, summary of action, legal basis, need and schedule. Plans were circulated to other agencies to identify conflicts.</p> <p>The order also directed agencies to develop a plan involving the public, to periodically review existing regulations to make them less burdensome, more effective or in greater alignment with the President's priorities.</p> <i>Website:</i> http://www.archives.gov/federal-register/executive-orders/pdf/12866.pdf

Year	Activity	Description of Activity
1993	WA Executive Order (Gov. Lowry) - Executive Order 93-06: Improving State Regulatory Activities	<p>The order created the Task Force on Regulatory Reform to:</p> <ul style="list-style-type: none"> • Link GMA with environmental review • Better coordinate regulatory agencies • Improve permit processes • Make recommendations to streamline rulemaking <p>Website: http://www.governor.wa.gov/execorders/eoarchive/eo93-06.htm</p>
1994	Report to the Governor (Gov. Lowry) - Task Force on Regulatory Reform: Final Report	<p>The Task Force recommended the state:</p> <ul style="list-style-type: none"> • Ensure the Legislature and agencies understand regulatory implications • Reduce paperwork and increase technical assistance • Simplify appeals • Increase guidance on existing policies • Strengthen legislative oversight on new rules N/A (report in State Archives) <p>Notes: <i>Interim report spurred 1994 Legislation.</i></p>
1994	WA Legislation - Implementing Regulatory Reform	<ul style="list-style-type: none"> • Specifies agency's evaluation process before adopting a new rule • Requires public comment prior to adoption of the rule • Requires agencies to prepare a written summary of all comments received and a response to comments • Requires agencies to determine whether an alternative process is appropriate • Provides for appeal to the governor of emergency rules • Provides for JARRC rule review • Establishes criteria agencies must consider before proposing new rules • Authorizes an appeal to the governor in some cases • Encourages reduction small business impacts • Develops standardized info reporting format for permits, licenses, and services • Requires technical assistance reps for agencies <p>Website: http://apps.leg.wa.gov/documents/billdocs/1993-94/Pdf/Bills/Session%20Law%201994/2510-S2.SL.pdf</p> <p>Notes: <i>Governor vetoed portions of the bill as it passed the Legislature.</i></p>
1994	WA Executive Order (Gov. Lowry) - Executive Order 94-07: On Regulatory Reform	<ul style="list-style-type: none"> • Encouraged agencies to focus on issues posing the greatest risks to the public • Encouraged agencies to make regulation less intrusive and more transparent • Required agencies to prepare an annual FY agenda for significant rules under development and to provide quarterly reports on rulemaking activities to OFM • Encouraged agencies to promote voluntary compliance of rules <p>Website: http://www.governor.wa.gov/execorders/eoarchive/eo94-07.htm</p> <p>Notes: <i>Rescinded in 1995 by EO 95-05.</i></p>

Year	Activity	Description of Activity
1995	WA Legislation - Integration of Growth Management Planning and Environmental Review	<ul style="list-style-type: none"> • Integrated project and environmental review processes of cities and counties • Created the Growth Management Planning and Environmental Review Fund to provide grants to assist counties and cities planning under all GMA requirements in preparing SEPA environmental analyses that are integrated with comprehensive plans and development regulations • Required the use of best available science • Clarified Shorelines Management Act • Created the permit assistance center within Ecology • Created a land use study commission <p>Website: http://apps.leg.wa.gov/documents/billdocs/1995-96/Pdf/Bills/Session%20Law%201995/1724-S.SL.pdf</p> <p>Notes: Partial veto by Governor Lowry.</p>
1995	WA Legislation - Regulatory Reform Act of 1995 Regulatory Reform Act of 1995 (continued)	<ul style="list-style-type: none"> • Requires rule-making authority for rules adopted by DSHS, DOR, DOE, DOH, DFW, DOL, ESD, WSDA, and DNR • Restricts other agencies to rules required by federal law or the WA legislature • Established procedures for pilot rule projects for volunteers • Required public education and input prior to adoption of rules • Required agencies to periodically review their rules • Revised procedures for rule appeals, amendment, or repeal • Required a small business economic impact statement prior to adoption • Provided for a legislative regulatory oversight committee • Encouraged employees to identify rules warranting review • Provided for technical assistance by agencies to help businesses voluntarily comply with rules • Revises rule review procedures for agencies and the courts • Declares that penalties for violations of rules may be imposed only for willful violations • Provides for the issuance of a statement of deficiency • Provides for the award of fees and expenses where a rule is declared invalid, not to exceed \$25K • Provides for uniform, consolidated business license procedures <p>Website: http://apps.leg.wa.gov/documents/billdocs/1995-96/Pdf/Bills/Session%20Law%201995/1010-S.SL.pdf</p> <p>Notes: Governor vetoed portions of the bill as it passed the Legislature.</p>
1996	Federal Legislation - Small Business Regulatory Enforcement Fairness Act	<ul style="list-style-type: none"> • Produce Small Entity Compliance Guides for some rules • Be responsive to small business inquiries about compliance with the agency's regulations • Submit final rules to Congress for review • Have a penalty reduction policy for small businesses • Involve small businesses in the development of some proposed rules <p>The law also established Small Business Regulatory Fairness Boards to confer with small businesses about compliance and enforcement issues, and report findings annually to Congress. The legislation also gives small businesses expanded authority to recover costs when a Federal agency is found to have acted excessively in enforcing Federal regulations.</p> <p>Website: http://www.archives.gov/federal-register/laws/small-business/</p>

Year	Activity	Description of Activity
1997	Executive Order (Gov. Locke) - Executive Order 97-02: Regulatory Improvement	<ul style="list-style-type: none"> Required each state agency to begin a review of its rules that have significant effects on businesses, labor, consumers, and the environment Established the following criteria for the review: need; effectiveness and efficiency; clarity; intent and statutory authority; coordination; cost; fairness Required each agency to report to the Governor on the progress made toward completing its regulatory review and other measures taken to improve its regulatory program until 2000 Created the Governor's Subcabinet on Management Improvement and Results <p>Website: http://www.governor.wa.gov/execorders/eoarchive/eo_97-02.htm</p>
2002	WA Legislation - Office of Permit Assistance	<p>The law created the Office of Permit Assistance (OPA) within OFM and transferred the duties of the Permit Assistance Center at Ecology to OPA.</p> <p>OPA is required to operate on the principle that citizens should receive:</p> <ul style="list-style-type: none"> A date and time for a decision on a permit Information required to make a decision on a permit Estimate of fees for the permit <p>OPA is required to:</p> <ul style="list-style-type: none"> Compile and periodically update one or more handbooks containing lists and explanations of permit laws Establish and provide notice of a point of contact for obtaining information Develop a call center and a website Provide active project coordination <p>OPA was set to expire on June 30, 2007.</p> <p>Website: http://apps.leg.wa.gov/documents/billdocs/2001-02/Pdf/Bills/Session%20Law%202002/2671-S2.SL.pdf</p> <p>Notes: The Governor vetoed the emergency clause and the provisions creating the Permit Assistance Advisory Council.</p>
	Office of Permit Assistance (continued)	
2003	WA Legislation - Office of Regulatory Assistance	<p>The law renames the Office of Permit Assistance the Office of Regulatory Assistance (ORA) and requires ORA to coordinate with state agencies to develop an office web site containing information about environmental regulatory requirements for businesses and citizens of Washington.</p> <p>Website: http://apps.leg.wa.gov/documents/billdocs/2003-04/Pdf/Bills/Session%20Law%202003/1550-S.SL.pdf</p>
2005	Executive Order (Gov. Gregoire) - Executive Order 05-03: Plain Talk	<ul style="list-style-type: none"> Directs all agencies to adopt the principles and practices of Plain Talk in announcements, publications and other public documents, to include: <ul style="list-style-type: none"> Clear language Only relevant information, presented logically Short sentences Active voice Layout and design to aid in ease of reading and understanding <p>Website: http://www.governor.wa.gov/execorders/eo_05-03.pdf</p>

Year	Activity	Description of Activity
2006	Executive Order (Gov. Gregoire) - Executive Order 06-02: Regulatory Improvement	<ul style="list-style-type: none"> • Directs all regulatory, taxing, licensing, and permitting agencies and programs to improve and simplify service to Washington citizens and businesses • Requires the Governor's Regulatory Improvement Program to work with agencies to: <ul style="list-style-type: none"> • Develop a one-stop business portal • Provide multi-agency reviews for permits through streamlined processes • Engage in on-going regulatory improvement • Listen to clients through surveys, focus groups and complaint tracking • Talk clearly to the public • Be accountable through measurable service delivery standards to address issues such as turnaround or response times and measure progress • Set targets for improvement and report results quarterly through Governor and agency GMAP review sessions <p>Website: http://www.governor.wa.gov/execorders/eo_06-02.pdf</p>
2009	WA Legislation - The Office of Regulatory Assistance	<ul style="list-style-type: none"> • More specifically defines ORA's services to reflect current practice • Requires ORA to report to the Legislature biennially • Allows ORA to serve as a central point of contact in a coordinated permit process involving multiple agencies • Allows ORA to negotiate cost reimbursement agreements <p>Website: http://apps.leg.wa.gov/documents/billdocs/2009-10/Pdf/Bills/Session%20Law%202009/1730-S.SL.pdf</p>
2009	Executive Order (Gov. Gregoire) - Executive Order 09-07: Washington's Natural Resources Reform Initiatives	<p>The Executive Order creates a Natural Resources cabinet including WSDA, DOH, Ecology, Recreation and Conservation Office, WUTC, Commerce, and OFM to coordinate environmental protection programs and policies, by:</p> <ul style="list-style-type: none"> • Improving service to citizens by: <ul style="list-style-type: none"> ◦ developing a "One Front Door" public interface ◦ expanding multi-agency permitting teams ◦ enhancing tourism and uses of the state's natural resources • Consolidating regional boundaries • Sharing resources and services to reduce duplication and increase efficiency through coordinating fieldwork, using common application processes and standardized forms and developing a single point of access for common GIS data <p>The cabinet was directed to report annually to the Governor beginning 10/2010.</p> <p>Website: http://www.governor.wa.gov/execorders/eo_09-07.pdf</p> <p>Notes: The first year's report is available at: http://www.governor.wa.gov/news/2010/Natural_Resources_Report.pdf</p>

Year	Activity	Description of Activity
2010	Executive Order (Gov. Gregoire) - Executive Order 10-05: Improving the Way State Government Serves Small Business	<p>The order directs:</p> <ul style="list-style-type: none"> • Commerce to lead the development of WA's application to the US Treasury for federal funds through the State Small Business Credit Initiative • WSDA and Commerce to incorporate small business into state export strategies • L&I, ESD and DOR to examine options for reducing state imposed costs for small businesses and report to the Governor in January 2011 • ESD, L&I and DOR to coordinate efforts to reduce the underground economy, including a public education campaign • DOR to collaborate with stakeholders to evaluate ways to reduce the complexity of the state's tax system • ESD and L&I to provide alternatives for late payments of taxes and premiums • Commerce, ORA and other key agencies to consolidate licensing, registration and certification into one online resource • Commerce, ORA and other key agencies to identify ways to streamline regulatory processes for small business <p>http://www.governor.wa.gov/execorders/eo_10-05.pdf</p>
2010	Executive Order (Gov. Gregoire) - Executive Order 10-06: Suspending Non-Critical Rule Development and Adoption	<p>The Executive Order directs state agencies to suspend development and adoption of rules that are not immediately necessary through December 31, 2011. OFM is required to publish guidelines where rulemaking may proceed.</p> <p>Website: http://www.governor.wa.gov/execorders/eo_10-06.pdf</p> <p>Notes: Guidelines available at: http://www.parks.wa.gov/rules/Implementaion%20guidelines.pdf</p>
2011	Federal Gov't Executive Order (Pres. Obama) - Executive Order 13563: Improving Regulation and Regulatory Review	<p>The Executive Order reaffirms the principles, structures and definitions established in Executive Order 12866 and requires agencies to submit plans for regulatory review.</p> <p>http://www.gpo.gov/fdsys/pkg/FR-2011-01-21/pdf/2011-1385.pdf</p>
2011	WA Legislation - State Economic Policy - Rule-Making Process	<ul style="list-style-type: none"> • Requires agencies to consider specified methods to reduce the impact of a proposed rule on small businesses • Requires agencies to provide notice of a rule directly to known interested small businesses when a Small Business Economic Impact Statement is required on the rule <p>http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/Session%20Law%202011/5500.SL.pdf</p>

Year	Activity	Description of Activity
2011	WA Legislation - Office of Regulatory Assistance	<ul style="list-style-type: none"> • Repeals the termination date for ORA • Requires ORA to provide the following additional information in its biennial report <ul style="list-style-type: none"> • Difficulties encountered in implementing programs or using tools • Trends or differences between goals and targets and achieving those targets <p>Recommendations of changes to make cost reimbursement, coordinated and other processes effective http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/Session%20Law%202011/1178.SL.pdf</p>
2011	WA Legislation - Small Businesses -Civil Violation -Time to Correct	<p>The law extends the two business day period to seven calendar days for a small business to correct a violation before agencies may impose a fine, civil penalties, or administrative sanctions for a violation of a state law or agency rule. http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/Session%20Law%202011/1150.SL.pdf</p>
2011	WA Legislation - Concerning the Master License Service Program	<p>The law transfers the administration and all powers, duties, and functions related to the Master License Service program, including the program's dedicated account, from the Department of Licensing to the Department of Revenue. http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/Session%20Law%202011/2017-S.SL.pdf</p>
2011	Executive Order (Gov. Gregoire) - Executive Order 11-03: Extending Executive Order 10-06	<p>The Executive Order extends Executive Order 10-06, suspending the development and adoption of rules that are not immediately necessary, through December 31, 2012. OFM is required to publish guidelines where rulemaking may proceed. http://www.governor.wa.gov/execorders/eo_11-03.pdf</p>

EXECUTIVE ORDER 06-02

REGULATORY IMPROVEMENT

Improve, Simplify and Assist

WHEREAS, this Administration wants to make it easy to do business in the state of Washington; and

Citizens and businesses deserve state agencies that will be innovative and creative in simplifying their procedures for permits, licenses, regulatory compliance and all other business operations; and

Businesses should expect state agencies to provide:

- Clear rules and regulations;
- Consistent, high-quality, problem-solving service;
- Timely responses;
- User-friendly processes; and

All state agencies and other levels of government should work to reduce multi-agency barriers for business; and

Citizens need results that protect the public health and safety and do not compromise environmental quality; and

The top priorities of this administration include improving and simplifying the licensing, permitting, tax collection and other state business systems; and

The directors of certain state agencies, and a representative for local jurisdictions, signed a Project Charter in January 2006, which guides the development and implementation of a one-stop business portal for Washington citizens and businesses.

NOW, THEREFORE, I, Christine O. Gregoire, Governor of the state of Washington, direct all regulatory, taxing, licensing, and permitting agencies and programs to improve and simplify service to Washington citizens and businesses.

The Governor's Regulatory Improvement Program will work with agencies to:

- A. **Develop a One-Stop Business Portal.** This single, secure, online portal will make licensing, permitting, regulatory approvals or filings, and tax collection easier for business.
- B. **Provide Multi-Agency Reviews for Permits.** Agencies will ease the burden of dealing with multiple agencies for permits by streamlining the process with features such as multi-agency permit teams, concurrent permit reviews, offering single points of contact, and providing on-line tools, education, and outreach. State agencies also will develop permit review systems and procedures that include local and federal agencies.
- C. **Engage in On-going Regulatory Improvement.** The Director of the Office of Regulatory Assistance will work with state, local and federal agencies to make on-going improvements that will make the permitting, licensing, and regulatory processes easier and more effective. To do this, the Office of Regulatory Assistance will:
 - Consult regularly with stakeholders;
 - Develop and implement innovative regulatory best practices;
 - Work with local and federal governments to develop coordinated permitting, licensing and related regulatory systems;
 - Utilize the latest technology to ensure all the work of businesses and citizens with the state is as efficient and user-friendly as possible; and
 - Report annually to the Governor on the status of regulatory improvement work plans.
- D. **Listen to Our Clients.** Agencies will use surveys, focus and advisory groups, interviews, complaint tracking or other methods to understand citizen and business perspectives and to improve service design and delivery.
- E. **Talk Clearly to the Public.** Agencies will make their letters, instructions and processes clear and understandable to citizens and businesses. They will standardize and simplify forms and applications. They will write their processes, rules, online tools, and public information in clear language that will improve accessibility, reduce processing times and increase user-friendliness.
- F. **Be Accountable.** Agencies that collect taxes or provide permits, licenses, approvals, and other regulatory services will:
 - Establish measurable service delivery standards to address issues such as:
 - o Turnaround or response times,
 - o Professionalism and helpfulness,
 - o Consistency,
 - o Efficiency and effectiveness, and
 - o Overall quality of service outcomes;

- Regularly measure progress;
- Report quarterly through Governor and agency Government Management, Accountability, and Performance (GMAP) review sessions;
- Consider benchmarks from similar agencies or programs;
- Set targets for improvement; and
- Use Plain Talk standards (Executive Order 05-03) for written materials.

This Executive Order shall take effect immediately.

Signed and sealed with the official seal of the state of Washington, on this ____ day of February, 2006, at Olympia, Washington.

By:

Christine O. Gregoire
Governor

BY THE GOVERNOR:

Secretary of State

EXECUTIVE ORDER 97-02

REGULATORY IMPROVEMENT

WHEREAS, administrative rules are necessary to implement laws that protect the public health, safety, welfare, and the environment, and to ensure efficient administration of state government.

WHEREAS, in recent years, there has been a steady growth in the number and complexity of administrative rules and their impact on businesses and the general public without a systematic review of their need, effectiveness, reasonableness, clarity, potential conflicting requirements, and consistency with legislative intent.

WHEREAS, to achieve meaningful regulatory reform, clear goals, timelines, and commitments must be established and adhered to by the Governor's office, the Subcabinet on Management Improvement and Results, and each agency head.

NOW THEREFORE, I, Gary Locke, Governor of the State of Washington, declare my commitment to better serve the people of the state of Washington by taking every step necessary to improve the effectiveness and fairness of our regulatory processes. It is, therefore, the purpose of this executive order to accomplish the following:

- To ensure that state regulations that have significant impact on labor, consumers, businesses, and the environment are reviewed on an open and systematic basis and to ensure that they meet standards of need, reasonableness, effectiveness, clarity, fairness, stakeholder involvement, coordination among regulatory agencies, and consistency with legislative intent and statutory authority.
- To ensure that state regulations are consistent with all requirements of the Administrative Procedure Act and that rule making occurs when required by law.
- To create a Subcabinet on Management Improvement and Results to oversee the regulatory review process and to ensure that state government pursues a fair, effective, and sensible regulatory strategy that emphasizes:
 - Priorities, whereby rules focus on issues of greatest need;
 - Partnership, whereby rule making involves participation of business, labor, the environmental community, non-profit groups, local government, and other stakeholders;
 - Plain language, whereby rules are written and organized so they may be easily understood and used by people who are affected by them; and
 - Performance, whereby rules are fair, effective, and achieve maximum public protection with reasonable requirements.

To accomplish these purposes, by virtue of the power vested in me, I hereby order and direct the following actions:

I. Regulatory Review

Upon the effective date of this executive order, each state agency shall begin a review of its rules that have significant effects on businesses, labor, consumers, and the environment. Agencies shall determine if their rules should be (a) retained in their current form, or (b) amended or repealed, if they do not meet the review criteria specified in this executive order. Agencies shall concentrate their regulatory review on rules or portions of a rule that have been the subject of petitions filed under RCW 34.05.330 or have been the source of complaints, concerns, or other difficulties that relate to matters other than the specific mandates of the statute on which the rule is based. Agencies that have

already established regulatory review processes shall make them consistent with the requirements of this executive order. Each agency head shall designate a person responsible for regulatory review who shall serve as the agency's contact for regulatory review with the Office of the Governor and the Office of Financial Management.

The following criteria shall be used for the review of each rule identified for review:

1. **Need.** Is the rule necessary to comply with the statutes that authorize it? Is the rule obsolete, duplicative, or ambiguous to a degree that warrants repeal or revision? Have laws or other circumstances changed so that the rule should be amended or repealed? Is the rule necessary to protect or safeguard the health, welfare, or safety of Washington's citizens?
2. **Effectiveness and Efficiency.** Is the rule providing the results that it was originally designed to achieve in a reasonable manner? Are there regulatory alternatives or new technologies that could more effectively or efficiently achieve the same objectives?
3. **Clarity.** Is the rule written and organized in a clear and concise manner so that it can be readily understood by those to whom it applies?
4. **Intent and Statutory Authority.** Is the rule consistent with the legislative intent of the statutes that authorize it? Is the rule based upon sufficient statutory authority? Is there a need to develop a more specific legislative authorization in order to protect the health, safety, and welfare of Washington's citizens?
5. **Coordination.** Could additional consultation and coordination with other governmental jurisdictions and state agencies with similar regulatory authority eliminate or reduce duplication and inconsistency? Agencies should consult with and coordinate with other jurisdictions that have similar regulatory requirements when it is likely that coordination can reduce duplication and inconsistency.
6. **Cost.** Have qualitative and quantitative benefits of the rule been considered in relation to its cost?
7. **Fairness.** Does the rule result in equitable treatment of those required to comply with it? Should it be modified to eliminate or minimize any disproportionate impacts on the regulated community? Should it be strengthened to provide additional protection?

Each state agency shall develop a plan for the review of its rules and submit the plan to the Governor no later than September 1, 1997. Agencies shall consult with their major stakeholders and constituent groups in the development of the plan. The plan shall: (a) Contain a schedule that identifies which rules will be reviewed and when the review will occur; (b) state the method by which the agency will determine if the rules meet the criteria listed above; (c) provide a means of public participation in the review process and specify how interested persons may participate in the review; (d) take into account the need and resources required, if any, to amend significant legislative rules; (e) identify instances where the agency may require an exception to regulatory review requirements; and (f) provide a process for on-going review of rules after the initial four-year review period provided for in this executive order has expired. Any new rules or significant amendments for which a notice of intent to adopt is filed after the effective date of this executive order shall be consistent with its principles and objectives and must also be adopted in accordance with applicable laws. Agencies shall provide the plan to any person who has requested notification of agency rule making and shall submit the plan for publication in the Washington State Register.

By October 15, 1997, and on that date each year thereafter until the year 2000, each agency shall report to the Governor on the progress made toward completing its regulatory review and other measures taken to improve its regulatory program. The reports shall include, but not be limited to: (a) a summary of the number of rule sections amended or repealed and the number of pages eliminated in the Washington Administrative Code; (b) a summary of rules amended or repealed based on the

review criteria in this executive order; (c) a summary of agency actions in response to petitions under RCW 34.05.330; (d) a summary of the results of the agency's review of policy and interpretive statements and similar documents; (e) a summary of the agency's review of reporting requirements imposed on businesses; (f) recommendations for statutory or administrative changes resulting from the regulatory reviews; and (g) other information the agency deems necessary or that may be required by the Governor. More frequent reports may be requested, as necessary. Agencies shall make the reports available to persons who have requested notification of agency rule making and shall submit them for publication in the Washington State Register.

As part of its regulatory review, each agency shall review its existing policy and interpretive statements or similar documents to determine whether or not they must, by law, be adopted as rules. The review shall include consultation with the Attorney General. Agencies shall concentrate their review on those statements and documents that have been the source of complaints, concerns, or other difficulties.

Each agency shall also review its reporting requirements that are applied generally to all businesses or classes of businesses to ensure that they are necessary and consistent with the principles and objectives of this executive order. The goals of the review shall be to achieve reporting requirements that, to the extent possible, are coordinated with other state agencies with similar requirements, are economical and easy to understand, and rely on electronic transfer of information.

The Office of Financial Management shall develop procedures to ensure that agencies notify and consult with the Governor or the Governor's staff on the substance of any significant legislative rules upon notice of proposed rule making by the agency.

The Governor may grant exceptions to regulatory review requirements in those instances where the substance of rules is mandated by federal law or where an agency can demonstrate an unreasonable conflict with established priorities.

II. Creation of the Governor's Subcabinet on Management Improvement and Results

There is created the Governor's Subcabinet on Management Improvement and Results to consist of the heads of the following agencies: Office of Financial Management, Department of Labor and Industries, Department of Ecology, Department of Social and Health Services, Department of Revenue, Department of Employment Security, and Department of Health. The chair of the Subcabinet shall be the Governor's Deputy Chief of Staff. Staffing for the Subcabinet shall be provided by the Office of Financial Management, with assistance from the member agencies. All state agencies shall provide the Subcabinet with periodic reports and other information and assistance as may be requested.

The responsibilities of the Subcabinet are:

- To study and make recommendations to the Governor for statutory, administrative, and organizational changes and for special pilot projects that result in regulatory improvements in state government. Recommendations shall be designed to improve service to citizens, provide effective and fair public protection, reduce the complexity of compliance, ensure reasonableness and effectiveness, simplify administrative processes, eliminate unnecessary procedures and paperwork, and reduce costs. The Subcabinet shall report to the Governor on these items no later than December 1, 1997. Subsequent reports shall be submitted in each future year no later than December 1.
- To oversee the regulatory review process established by this executive order and report to the Governor on the progress of state agencies in complying with these requirements. The first such

report shall be submitted to the Governor no later than December 1, 1997. Subsequent reports shall be submitted in each future year no later than December 1.

- To assist the Office of Financial Management in the preparation of reports to the Legislature required by RCW 34.05.328(6) and RCW 43.05.900.
- To convene work groups and other special committees for the purpose of assisting the Subcabinet in the development of recommendations and reports required by this executive order and in the design and implementation of special pilot projects for regulatory improvement. Depending on their purpose, membership of such groups may include representatives from business, labor, environmental organizations, state agencies, local government, nonprofit organizations, citizens, and other interests.

III. Effective Date. This executive order shall take effect immediately.

IN WITNESS WHEREOF, I Additional
have hereunto set my hand and
caused the seal of the State of
Washington to be Affixed at
Olympia this 25th day of
March A.D., Ninteen hundred
and ninety-seven.

GARY LOCKE
Governor of Washington

BY THE GOVERNOR:
Secretary of State

Appendix F: Agency Permits and Licenses Mapped

Agency	License/Permit
Accountancy	CPA Firm Registration
Natural Resources	Seed Label Permit and Annual Assessment
	Export Sanitary Certificate
	Weighing and Measuring Devices Registration
Archeology	Archaeological Excavation Permit
Early Learning	Family Home Child Care License
Ecology	Notice of Intent to Decommission or Construct a Well
	Agricultural Burn Permit for Field Burning
	Coverage under the Construction Stormwater General Permit (Notice of Intent)
	Underground Storage Tank License
	Underground Injection Control (UIC) Well Registration for Industrial or Commercial Facilities
Employment Security	N/A
Financial Institutions	Tax Refund Anticipation Loan Facilitators' Registration (Permit)
	Mortgage Broker - Branch License
	Consumer Loan Company - Branch License
Fish & Wildlife	Joint Aquatic Resources Permit
	Commercial Fishery License
	Wholesale Fish Dealer and/or Fish Buyer License
Gambling Commission	Recreational Gaming Activity Permit
	Commercial Stimulant Business - Punchboard/Pull-Tab (05)
	Bona Fide Charitable/Nonprofit Organization Higher Volume Activities - Raffles (02)
Health	Drinking Water Operating Permit
	Certificate of Waiver Medical Test Site License
	Pharmaceutical Wholesaler License
	X-ray Facility and Devices Registration
	Nonresident Pharmacy License
Higher Education Coordinating Board	State Degree Authorization
Horse Racing Commission	Washington Horse Racing Commercial License
Insurance Commissioner	Uniform Certificate of Authority
	Risk Purchasing Group Registration
	Service Contract Provider Registration

Agency	License/Permit
Labor & Industries	Electrical Work Permit
	Minor Work Permit
	Contractor Registration
Licensing	Salon/Shop, Personal Services, or Mobile Unit License
	International Fuel Tax Agreement (IFTA) license
	Real Estate Pre-licensing or Post Licensing Course (Authorization)
	Real Estate Firm License
Liquor Control Board	Vehicle Dealer License
	Temporary Pre-Approval Permit
	Special Occasion License
Lottery	Retail Liquor License
	Lottery Retailer General License
Natural Resources	Lottery Retailer Provisional License
Parks and Recreation	Western Washington Forest Practices (Permit)
Revenue	Commercial Recreation Use Provider Registration Permit
Secretary of State	Business License
	Nonprofit Corporation - Articles of Incorporation Registration
	Limited Liability Company - Certificate of Formation Registration
Social & Health Services	Profit Corporation - Articles of Incorporation Registration
	Adult Family Home (AFH) License
State Patrol	Retail Fireworks Stand License
Transportation	Oversize/Overweight Load Permit
	Monthly or Annual Special Oversize/Overweight Vehicle Permit - Non Divisible Load
	Temporary License (TRIP) Permit
Utilities & Transportation Commission	Common Carrier of Property Permit
	Unified Carrier Registration
	Registration and Competitive Classification of Telecommunications Companies
Workforce Training and Education Coordinating Board	Private Career School

Appendix G: Agency Rules Reviewed

Streamlining business regulations: Administrative rules reviewed

Agency	WAC Title	WAC Chapter	Chapter Title
Early Learning	170	151	School-age child care center minimum licensing requirements
	170	296	Child care business regulations for family home child care
	170	295	Minimum licensing requirements for child care centers
Ecology	173	360	Underground storage tank regulations
	173	308	Biosolids management
	173	400	General regulations for air pollution sources
	173	303	Dangerous waste regulations
Fish & Wildlife	232	12	Permanent regulations
	220	110	Hydraulic code rules
	220	52	Shellfish
	220	47	Puget Sound -- Salmon
Health	246	976	Emergency medical services and trauma care systems
	246	329	Childbirth centers
	246	272B	Large on-site sewage system regulations
	246	294	Drinking water operating permits
Horse Racing Commission	260	36	Licenses
Insurance Commissioner	284	7	Requirements as to company reports and annual statements
	284	13	Assets -- Liabilities -- Investments and reinsurance
	284	17	Licensing requirements and procedures
	284	97	Life settlement regulation
Labor & Industries	296	200A	Contractor certificate of registration renewals - Security - Insurance
	296	150F	Factory-built housing and commercial structures
	296	125	Nonagricultural employment of minors
	296	104	Board of boiler rules -- Substantive
Licensing	308	12	Architects
	308	124H	Real estate course school and instructor approval -- Education of real estate brokers and managing brokers
	308	20	Cosmetology -- Barber -- Manicurist -- Esthetician rules
	308	22	Body art, body piercing, and tattooing rules

Agency	WAC Title	WAC Chapter	Chapter Title
Liquor Control Board	314	13	Retail licensees purchasing beer, wine, and spirits
	314	5	Special occasion licenses
	314	10	Sale and distribution of tobacco products
	314	2	Requirements for retail liquor licensees
Social & Health Services	388	865	Community mental health and involuntary treatment programs
	388	97	Nursing homes
	388	76	Adult family home minimum licensing requirements
	388	78A	Boarding home licensing rules
State Patrol	212	12	Fire marshal standards
	212	17	Fireworks
	212	80	Fire sprinkler system contractors
	204	91A	Towing businesses

Appendix H: Agencies' Streamlining Activities

The following tables summarize the results of our site visits to 11 agencies to review their rule streamlining processes and reviews. For each agency, we reviewed one to four rule chapters (less than four if the agency had three or fewer regulatory rule chapters). We assessed the streamlining process based on four elements: whether the agency had a regular, criteria-based and documented review process, and whether the agency measured the results of its streamlining activities. In addition, we assessed whether the agency demonstrated it had actively reviewed each chapter for streamlining in the previous four years. The "Score" column averages the components of each element of an effective streamlining process and the review activities across the rules we reviewed.

Department of Early Learning Evaluation of rule streamlining process and activities

Evaluation Criteria	Rules Reviewed			Overall Score
	School-Age Child Care Center Minimum Licensing Requirements	Child Care Business Regulations for Family Home Child Care	Minimum Licensing Requirements for Child Care Centers	
Regular Intervals	●	●	●	●
Criteria-Based	●	●	●	●
Documented	●	●	●	●
Measure Results	○	○	○	○
Actively Review	●	●	●	●

Notes:

Regular Intervals: The agency reviews each of its rules every two years as required by RCW 43.215. Each chapter also undergoes a limited review every six months to determine specific changes required to meet any changes in federal law.

Criteria-Based: Agency staff created a matrix that identifies the criteria for streamlining. When seeking input from stakeholders, the Department of Early Learning provides criteria to those stakeholders including clarity and need to consider when reviewing the rule.

Documented: The agency said it does not formally measure results of streamlining.

Actively Review: School-Age Child Care Center Minimum Licensing Requirements – The agency is reviewing the rule now. Child Care Business Regulations for Family Home Child Care – The agency reviewed the rule in 2011. Minimum Licensing Requirements for Child Care Centers – The agency will review the rule in 2012 and has started seeking public input.

Summary Legend

All or nearly all criteria met	●
Most criteria met	◐
Approximately half criteria met	◑
Some criteria met	◒
None or very little criteria met	○

Department of Ecology

Evaluation of rule streamlining process and activities

Evaluation Criteria	Rules Reviewed				Overall Score
	Underground Storage Tank Regulations	Biosolids Management	General Regulations for Air Pollution Sources	Dangerous Waste Regulations	
Regular Intervals					
Criteria-Based					
Documented					
Measure Results					
Actively Review					

Notes:

Regular Intervals: Ecology staff said they review rules for streamlining when they are open for another reason, primarily when federal regulations change, requiring the agency to open the rule to align it with those changes. Staff indicated that opening rules for review depends on the program. Some programs open their rules regularly, while others open their rules less frequently.

Criteria-Based: The agency does not have specific formal criteria for streamlining for the rules we reviewed, though agency staff said they review the rules for clarity and consistency when they are open for other reasons.

Documented: Staff said Ecology does not have a formal or documented process for streamlining its rules.

Measuring Results: Biosolids Management – Program developed a software program to track complaints and issues identified by staff and external constituents. They track to help in rule changes, including streamlining. The complaints are tracked both before and after rule changes. Agency staff said they do not measure results of streamlining the remaining rules we reviewed.


























Actively Review: Underground Storage Tank Regulations – The rule was being revised in 2011 to align with changes in federal and state statutes. Biosolids Management – The rule was revised in 2007. General Regulations for Air Pollution Sources - The rule was reviewed in 2011. Dangerous Waste Regulations – The rule was reviewed in 2009.

Summary Legend

All or nearly all criteria met	
Most criteria met	
Approximately half criteria met	
Some criteria met	
None or very little criteria met	

Department of Fish and Wildlife

Evaluation of rule streamlining process and activities

Evaluation Criteria	Rules Reviewed				Overall Score
	Permanent Regulations	Hydraulic Code Rules	Shellfish	Puget Sound Salmon	
Regular Intervals					
Criteria-Based					
Documented					
Measure Results					
Actively Review					

Notes:

Regular Intervals: Beginning in late 2008, Fish and Wildlife began a comprehensive review of its regulatory rules. The agency is now working to develop a systematic process for reviewing its rules on a regular basis.






Criteria-Based: The agency's Chief of Enforcement directed staff to review rules for clarity, simplicity, and to eliminate outdated references in the comprehensive review that occurred in 2008-2009.

Documented: Rules streamlining is the responsibility of the Criminal Justice Liaison & Administrative Rules Regulations Coordinator, hired in 2008 to coordinate agency staff in overhauling the agency's rules and to keep them streamlined over time. These responsibilities are prescribed in the position description.

Measuring Results: The agency said it does not formally measure results of streamlining.

Actively Review: The agency reviewed the Permanent Regulations, Shellfish and Puget Sound Salmon rules in 2011 and reviewed the Hydraulic Code Rules in 2010.

Summary Legend

All or nearly all criteria met	
Most criteria met	
Approximately half criteria met	
Some criteria met	
None or very little criteria met	

Department of Health

Evaluation of rule streamlining process and activities

Evaluation Criteria	Rules Reviewed				Overall Score
	Emergency Medical Services and Trauma Care Systems	Childbirth Centers	Large On-Site Sewage System Regulations	Drinking Water Operating Permits	
Regular Intervals					
Criteria-Based					
Documented					
Measure Results					
Actively Review					

Notes:

Regular Intervals: Agency staff said rules are streamlined when they are open for another reason, such as in response to stakeholder request. Rules are reviewed only on an as-needed basis.

Criteria-Based: Agency staff said they ensure rules are consistent when they are open for rulemaking, but the agency does not have specific criteria for streamlining.

Documented: The agency does not have a documented process for streamlining its regulatory rules, as they are updated only on an as-needed basis.

Measuring Results: Agency staff said Health does track complaints in some cases, but did not know if they keep actual data, and the agency does not formally measure results of streamlining.











Actively Review: Emergency Medical Services and Trauma Care Systems and Large On-Site Sewage System Regulations – The agency reviewed the rule in 2011. Childbirth Centers – The agency reviewed the rule in 2010. Drinking Water Operating Permits – The agency has not reviewed the rule since 2004.

Summary Legend

All or nearly all criteria met	
Most criteria met	
Approximately half criteria met	
Some criteria met	
None or very little criteria met	

Horse Racing Commission

Evaluation of rule streamlining process and activities

Evaluation Criteria	Rules Reviewed	
	Licenses	Overall Score
Regular Intervals		
Criteria-Based		
Documented		
Measure Results		
Actively Review		

Notes:

Regular Intervals: The Horse Racing Commission (HRC) embarked on a comprehensive rule review effort in 2003 to streamline rules that had not been updated or reviewed since the 1960s. The process was completed in 2008, and the agency now reviews its rules annually, in a consensus-based process that aligns with the timing of the racing industry.






Criteria-Based: HRC does not have streamlining criteria explicit in an ongoing process, but HRC's comprehensive review was based on specific criteria for review that included consistency with state law, case law, and national model rules and clarity.

Documented: The streamlining process was prescribed in responsibilities of the Special Project Manager who conducted the comprehensive review.

Measuring Results: The agency said it does not formally measure results of streamlining.

Actively Review: The agency reviews rules annually.

Summary Legend

All or nearly all criteria met	
Most criteria met	
Approximately half criteria met	
Some criteria met	
None or very little criteria met	

Insurance Commissioner

Evaluation of rule streamlining process and activities

Evaluation Criteria	Rules Reviewed				Overall Score
	Requirements as to Company Reports and Annual Statements	Assets - Liabilities - Investments and Reinsurance	Licensing Requirements and Procedures	Life Settlement Regulation	
Regular Intervals	●	●	●	●	●
Criteria-Based	●	●	●	●	●
Documented	●	●	●	●	●
Measure Results	○	○	○	○	○
Actively Review	●	●	●	●	●

Notes:

Regular Intervals: Office of the Insurance Commissioner staff organized agency rules by subject matter, called "cohorts," and conduct rules reviews for streamlining every three years, according to its rulemaking policy.

Criteria-Based: The agency has developed a rule evaluation sheet containing rules review criteria (e.g., need, clarity) that are used during the rules review process.

Documented: The rules review process is prescribed in the agency's rulemaking policy.

Measuring Results: The agency said it does not formally measure results of streamlining, but is working to develop measures for future use.

Actively Review: Requirements as to Company Reports and Annual Statements – The agency reviewed the rule in 2007. Assets – Liabilities – Investments and Reinsurance – The agency reviewed the rule in 2009. Licensing Requirements and Procedures – The agency reviewed the rule in 2011. Life Settlement Regulation – The agency reviewed the rule in 2010.

Summary Legend

All or nearly all criteria met	●
Most criteria met	◐
Approximately half criteria met	◑
Some criteria met	◒
None or very little criteria met	○

Department of Labor and Industries

Evaluation of rule streamlining process and activities

Evaluation Criteria	Rules Reviewed				Overall Score
	Contractor Certificate of Registration - Renewals - Security - Insurance	Factory-Built Housing and Commercial Structures	Nonagricultural Employment of Minors	Board of Boiler Rules - Substantive	
Regular Intervals					
Criteria-Based					
Documented					
Measure Results					
Actively Review					

Notes:

Regular Intervals: The agency said it uses different processes to review and streamline its rules, but there is no systematic process in place.

Criteria-Based: The agency does not have specific criteria outlined in a process to streamline its rules.

Documented: Contractor Certificate of Registration Renewals, Security, Insurance and Factory-Built Housing and Commercial Structures – The agency does not have a formal, documented process to streamline these rules. Nonagricultural Employment of Minors – The process for streamlining this rule was written into an administrative job description. Labor and Industries (L&I) hired the staff person specifically to streamline the employment standards rules. Board of Boiler Rules, Substantive – The agency did not provide evidence of a documented process for this regulatory rule.

Measuring Results: The agency said it does not formally measure results of streamlining.

Actively Review: Contractor Certificate of Registration Renewals, Security, Insurance and Board of Boiler Rules, Substantive - Rules were reviewed in 2011. Factory-Built Housing and Commercial Structures – The rule was reviewed in 2010. Nonagricultural Employment of Minors – L&I provided evidence of an ongoing process to review and streamline this rule.

Summary Legend

All or nearly all criteria met	
Most criteria met	
Approximately half criteria met	
Some criteria met	
None or very little criteria met	

Department of Licensing

Evaluation of rule streamlining process and activities

Evaluation Criteria	Rules Reviewed				Overall Score
	Architects	Real Estate Course, School, and Instructor Approval - Education of Real Estate Brokers and Managing Brokers	Cosmetology - Barber - Manicurist - Esthetician Rules	Body Art, Body Piercing, and Tattooing Rules	
Regular Intervals					
Criteria-Based					
Documented					
Measure Results					
Actively Review					

Notes:

Regular Intervals: In September 2010, the agency's director instructed all divisions to streamline their administrative rules according to Executive Order 97-02. Licensing staff also said they review rules on an ongoing basis to align with any legislative changes or stakeholder requests. However, the agency does not have an ongoing process in place to continue to streamline the rules over time.

Criteria-Based: The Business and Professions Division developed a table to be filled out by staff that reviewed each rule. The table contained the streamlining criteria outlined in the executive order, so that staff could check the criteria that each rule met. Based on the results of the information collected in the table, rules were prioritized for revision.

Documented: The agency's process is not explicitly outlined in an agency policy or rule; however, the agency director instructed all divisions to streamline its rules according to Executive Order 97-02.

Measuring Results: The agency said it does not formally measure the results of streamlining.

Actively Review: The agency reviewed all rules in 2010 and prioritized the rules for revisions based on the results of the process.

Summary Legend

All or nearly all criteria met	
Most criteria met	
Approximately half criteria met	
Some criteria met	
None or very little criteria met	

Liquor Control Board

Evaluation of rule streamlining process and activities

Evaluation Criteria	Rules Reviewed				Overall Score
	Retail Licensees Purchasing Beer, Wine, and Spirits	Special Occasion Licenses	Sale and Distribution of Tobacco Products	Requirements for Retail Liquor Licensees	
Regular Intervals	●	●	●	●	●
Criteria-Based	●	●	●	●	●
Documented	●	●	●	●	●
Measure Results	○	○	○	○	○
Actively Review	●	●	●	●	●

Notes:

Regular Intervals: The agency's process for streamlining its rules includes a schedule for the ongoing review of each rule. The agency maintains a matrix of the review status of all its rules.

Criteria-Based: The agency policy prescribes specific criteria, including clarity, relevance, necessity, and consistency, for reviewing each rule.

Documented: The agency's streamlining process described as an on-going review process to maintain clear and relevant rules is documented in the agency's policy.

Measuring Results: The agency said it does not formally measure results of streamlining.

Actively Review: Special Occasion Licenses – The agency reviewed the rule in 2011. Retail Licensees Purchasing Beer, Wine, and Spirits and Requirements for Retail Liquor Licensees – The agency reviewed the rules in 2010. Sale and Distribution of Tobacco Products – The agency reviewed the rule in 2008.

Summary Legend

All or nearly all criteria met	●
Most criteria met	◐
Approximately half criteria met	◑
Some criteria met	◒
None or very little criteria met	○

Department of Social and Health Services

Evaluation of rule streamlining process and activities

Evaluation Criteria	Rules Reviewed				Overall Score
	Community Mental Health and Involuntary Treatment Programs	Nursing Homes	Adult Family Home Minimum Licensing Requirements	Boarding Home Licensing Rules	
Regular Intervals	●	●	●	●	●
Criteria-Based	●	●	●	●	●
Documented	●	●	●	●	●
Measure Results	○	○	○	○	○
Actively Review	●	●	●	●	●

Notes:

Regular Intervals: The agency is required to review its rules every 4 years, as prescribed in an agency policy.

Criteria-Based: The agency specified in its Administrative Policy that rules should be streamlined according to the criteria identified in Executive Order 97-02.

Documented: The rule review process is documented in the agency's Administrative Policy.

Measuring Results: The agency said it does not formally measure results of streamlining.

Actively Review: Community Mental Health and Involuntary Treatment Programs – The agency reviewed the rule in 2011. Nursing Homes, Adult Family Home Minimum Licensing Requirements, and Boarding Home Licensing Rules – The agency provided evidence of rules before and after streamlining.

Summary Legend

All or nearly all criteria met	●
Most criteria met	◐
Approximately half criteria met	◑
Some criteria met	◒
None or very little criteria met	○

Washington State Patrol

Evaluation of rule streamlining process and activities

Evaluation Criteria	Rules Reviewed				Overall Score
	Fire Marshal Standards	Fireworks	Fire Sprinkler System Contractors	Towing Businesses	
Regular Intervals	●	●	●	●	●
Criteria-Based	●	●	●	●	●
Documented	●	●	●	●	●
Measure Results	○	○	○	○	○
Actively Review	●	●	●	●	●

Notes:

Regular Intervals: The agency's Regulation Manual requires staff to review regulatory rules every 2 years.

Criteria-Based: Rule review criteria are specified in the agency's Regulation Manual and in a separate document with a rules review criteria checklist.

Documented: The rules review process is documented in the agency's Regulation Manual.

Measuring Results: The agency says it does not formally measure results of streamlining.

Actively Review: Fireworks and Towing Businesses – The agency reviewed the rules in 2010. Fire Marshal Standards and Fire Sprinkler System Contractors – The agency reviewed the rules in 2008.

Summary Legend

All or nearly all criteria met	●
Most criteria met	◐
Approximately half criteria met	◑
Some criteria met	◒
None or very little criteria met	○

Appendix I: 2001 Regulatory Improvement Progress Report



OFFICE OF FINANCIAL MANAGEMENT

2001 REGULATORY IMPROVEMENT PROGRESS REPORT GOVERNOR'S SUBCABINET ON MANAGEMENT AND QUALITY IMPROVEMENT

GOVERNOR'S EXECUTIVE POLICY OFFICE

DECEMBER 2001



Regulatory Improvement Progress Report Executive Order 97-02

DECEMBER 2001

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December 1, 2001

TO: Governor Gary Locke

FROM: Subcabinet on Management and Quality Improvement

SUBJECT: 2001 REGULATORY IMPROVEMENT PROGRESS REPORT

This is the fifth and final annual progress report on how agencies have implemented your executive order on regulatory improvement – EO 97-02. The report is required by the executive order and is based on information submitted by agencies to the Office of the Governor, as of October 15, 2001.

State agencies continue to ensure that regulations meet standards of need, reasonableness, effectiveness, clarity, fairness, stakeholder involvement, coordination, and consistency with legislative intent. In their efforts to modernize and streamline administrative rules, large and small agencies alike have committed significant resources and energy to the review, modification and improvement, and repeal of their regulations. Nearly all agencies have completed review of all or most of the rules identified in their original rule review plans. In keeping with your directive to improve regulatory practices, agencies have also:

- Instituted new, simplified regulatory processes designed to save time and effort for the public and agency staff;
- Developed new Internet applications that make rules, policies, and other documents readily available and understandable to those affected by them, including expanded services to non-English speaking clientele;
- Expanded stakeholder involvement in rule making through new outreach efforts, newsletters, and electronic access to rule making activities;
- Made clear rule-writing in agencies the norm through training of staff and preparation of plain language manuals for those who write rules; and
- Reviewed and eliminated unnecessary and excessive policy and interpretive statements and business reporting requirements.

As we reported in previous years, Washington state government continues to be a national leader in regulatory reform and improvement, due primarily to its aggressive implementation of your executive order.

The following summarizes the progress and accomplishments of agencies in meeting EO 97-02 regulatory improvement goals, as of October 15, 2001.

SUMMARY OF RULE REPEALS AND AMENDMENTS

State agencies, particularly those with regulatory authority, continued their rule review activity during the fifth year of the executive order.

- **All agencies have now reviewed a total of 28,776 sections** of the Washington Administrative Code (WAC), compared to 23,963 sections reviewed as of October 2000. This represents an additional 4,813 rules reviewed in the last year by all agencies.
- **Repealed rule sections for all state agencies now total 8,166**, compared to 6,650 in 2000. This represents an increase of 1,516 repealed rules since October 2000.
- **Number of pages eliminated from the WAC now total an estimated 2,425**, compared to 2,053 pages in 2000.
- **The total number of sections amended and rewritten under new clear rule writing requirements increased to 9,193**, from 7,064 in 2000.
- **37 of the 57 agencies reporting under the executive order have reviewed 100 percent of their rules**. Another 11 agencies have reviewed 80 percent or more of their WAC sections.

Cumulative rule review totals. Based on reports received from state agencies as of October 15, 2001, the following are cumulative totals (since EO 97-02 was issued on March 25, 1997) of the number of rule sections reviewed under the executive order, rules repealed, rules amended, and pages eliminated from the WAC for all state agencies, Executive Cabinet agencies, Small Agency Cabinet agencies, and non-cabinet agencies:

All State Agencies

Rule sections reviewed -	28,776
Rule sections repealed -	8,166
Rule sections amended -	9,193
WAC pages eliminated -	2,425.85

Cabinet Agencies

Rule sections reviewed -	25,103
Rule sections repealed -	7,707
Rule sections amended -	8,176
WAC pages eliminated -	2,309.9

Small Agency Cabinet

Rule sections reviewed -	1,002
Rule sections repealed -	152
Rule sections amended -	312
WAC pages eliminated -	48.95

Non-Cabinet Agencies

Rule sections reviewed -	2,671
Rule sections repealed -	307
Rule sections amended -	705
WAC pages eliminated -	67

AGENCY RULE REVIEW HIGHLIGHTS

The following summarizes some of the more significant agency accomplishments in eliminating and modifying rules and policy and interpretive statements consistent with review criteria in the executive order:

- **Department of Social and Health Services (DSHS)** continues its aggressive rule review and regulatory improvement efforts. Since the executive order went into effect, DSHS has reviewed 100 percent of all WAC sections, 100 percent of its policies and other documents, and 100 percent its total issuances, including manuals, procedures, billing instructions, guidelines, and memoranda of understanding. The agency reviewed nearly 3,000 rule sections, repealed over 2,000, and eliminated a total of 641 WAC pages since the beginning of the regulatory improvement process. DSHS has also adopted usability testing for its rules, policies, manuals, and other documents to determine if they can be understood in real life scenarios. As reported in previous reports, the agency moved its rules under a single WAC title for ease of reference for agency customers and staff, and has prepared a comprehensive clear rule-writing manual for its employees and for use by other agencies. DSHS replaced seven volumes of public assistance requirements with a new single "Eligibility A-Z Manual" – an 82 percent reduction in text and a net reduction of 226 rules.
- **Department of Labor and Industries (L&I)** originally projected that it would review 2,291 rules and policy statements over four years. L&I exceeded that goal nearly threefold. The agency has reviewed 6,353 rules sections, repealed 1,601, and eliminated 555 pages of rules. Like DSHS and other agencies, L&I has implemented usability testing of rules where volunteer customers are given a dry run on using and understanding a rule. The agency has completed the first phase of a comprehensive re-design of the state's workplace safety and health rules. In addition, flagger safety and apprenticeship rules have been rewritten. L&I has assumed a leadership role in promoting rule clarity and simplification, and has assisted other agencies in this effort through a master request for proposal for clear rule writing.
- **Department of Health and Board of Health.** The Department has reviewed 2,181 WAC sections since March of 1997, which is 93 percent of the total rules scheduled for review. The department expects to complete review of the remaining 167 sections by the end of this year. Thus far, it has eliminated 270 pages of WAC and repealed 604 rule sections. The agency has reviewed 401 interpretive statements, policies, and other documents. The department has consolidated administrative requirements for 43 health professions into a single WAC chapter and repealed 69 occupation-specific rules. The Board of Health has reviewed nearly 400 sections of WAC (96 percent of its rules), and repealed 68 sections. The board has also reviewed 43 policies, interpretive statements, and other documents. In keeping with the EO, the board adopted two policies into rule, amended four, and rescinded five.
- **Department of Ecology** has now reviewed 1,834 rule sections (70 percent of its rules), repealed 171, and eliminated 126 pages of WAC. Ecology has also rewritten three of its major regulatory chapters using plain English and an easy-to-use question and answer format. As noted in previous reports, the agency has coordinated and streamlined forest practices rules with the Department of Natural Resources by eliminating co-adoption of these regulations by Ecology. The agency makes all of its rules and publications available on the Internet for ease in customer access. The public can submit comments online on Ecology's

proposed rules and can subscribe to an electronic newsletter covering all of the agency's publications. In response to the EO's requirement to minimize business reporting, Ecology has instituted Turbowaste, which allows businesses to report dangerous waste electronically. It also is eliminating various reporting requirements through suspension of enforcement of the Tank Vessel Prevention Plan rule.

- **Department of Employment Security** has now reviewed 100 percent of its 209 rule sections. Of these, 65 rules were repealed. Paperwork cleanup and elimination of business reporting requirements have been a big priority for the department. After reviewing 660 Unemployment Insurance Tax publications, staff eliminated 2,276 pages, representing a 95 percent reduction. The Administrative Services Division reviewed all 60 of its policies. Seventeen were updated or rewritten and 11 policies with 274 pages were eliminated. All Unemployment Insurance (UI) Division rules, which impose reporting requirements on businesses, have been reviewed. All UI tax rules have been rewritten for simplicity and clarity. A review of all UI Job Service Memoranda resulted in 71 memoranda being canceled. In all, 277 out of 331 pages of information were eliminated, a reduction of 84 percent. The agency also threw out 62 of the 81 UI Benefit Circulars, resulting in elimination of 380 pages of instruction materials – a 76 percent reduction. Similar paperwork cleanup has occurred with UI Tax Publications and Employment and Training policies. The Unemployment Insurance Division reviewed its business reporting requirements. Six types of reports formerly required from employers were determined to be obsolete and were eliminated.
- **Department of Agriculture** has reviewed 100 percent of its rules, repealed 936, and eliminated approximately 193 pages of WAC. By the end of this year, Agriculture will amend or repeal an additional 425 sections. It has consolidated, updated, and clarified nine chapters of WAC relating to seed inspection and certification. Similar efforts resulted in major rewrites of rules relating to commodity warehouses and grain dealers as well as the regulation of biosolids under the fertilizer law. The agency also extended its review to include underlying statutes. A thorough review of dairy and food laws resulted in the repeal of seven RCW chapters and 207 related regulations.
- **Department of Licensing** has reviewed 1,395 of its rules, amended 614, and repealed 370. It has now reviewed 98 percent of its regulations since 1997. The agency has eliminated 54 pages of WAC and 27 policy statements. Like other agencies, Licensing has adopted the question and answer format for its Vehicle Services Division rules.
- **Department of Natural Resources** has reviewed 80 sections of WAC and amended 76. The Department has worked with Ecology on a collaborative rule revision effort to eliminate confusion and overlap regarding outdoor burning. Major rule making efforts have concentrated on Forests and Fish Emergency and Permanent Rules, Landscape Permits (moving from a permit-by-permit approach to one which considers cumulative impacts), Watershed Analysis Rules, Road Rules, Civil Penalty Rules, and Outdoor Burning Rules. In February of 1998, the Forest Practices Board used negotiated rule making and the expedited adoption process to adopt rules on the Columbia River Gorge National Scenic Area. These rules involved all stakeholders and resolved long-standing jurisdictional disputes in the area.
- **Department of Revenue** has already reviewed 100 percent of its 612 rule sections. Thus far, Revenue has repealed 116 regulations, amended 308, and eliminated 15 pages of WAC. It

has also reviewed 413 interpretive documents, repealed 172, and incorporated 207 of them into rules, in keeping with requirements of the EO. These documents include excise tax advisories, property tax bulletins, and audit directives. The department makes all laws, rules, interpretive statements, draft rules, tax decisions, and other documents available on the Internet for easy access by taxpayers and practitioners. People can receive all proposed rules and comment on them via the Internet.

- **Office of the Insurance Commissioner** has completed a preliminary review of 100 percent of its 785 WAC sections, repealed 48, and eliminated five pages of rules. It has also withdrawn 103 of its 166 bulletins. The agency is concentrating its rule review on rules relating to unfair practice in health coverage, audited financial statements, emergency agents, and Listserv notification.
- **Department of Fish and Wildlife** has reviewed 427 sections of rules (92 percent), repealed 212, and eliminated 28 pages of WAC. The department expects to complete its rule review in February 2002.
- **Health Care Authority** has reviewed 100 percent of its rules, including a review of all Basic Health WAC sections and Community Health Services rules. Of the 135 sections of WAC reviewed, the agency amended 63, repealed 19, and eliminated nine pages of rules.
- **Accountancy Board** has completed review of 100 percent of its rules. In addition, the agency has reviewed all of its policies, interpretations, procedures, processes, forms, and instructions. They have been revised for clarity and simplification consistent with the directives of the executive order.
- **University of Washington** has reviewed 279 rule sections, which is 92 percent of its WACs. It has repealed 65 sections and amended 94.
- **Office of Financial Management** has reviewed 100 percent of its 148 sections of WAC, repealed 81 sections, and eliminated 17.5 pages of rules. The agency's budget instructions were completely rewritten, using clear rule-writing techniques and emphasizing elements and benefits of performance-based budgeting. This year, OFM applied clear rule-writing techniques to its fiscal note and allotment instructions. In 1999, OFM finished a major regulatory streamlining project by completely redesigning the State Administrative and Accounting Manual. Approximately 100 pages of text were eliminated. The Manual is available on OFM's website with hot links to related information. Over 850 customers opted to forego the hard copy, saving \$20,000 in production costs. OFM also requested legislation that eliminated 18 obsolete and unnecessary reports.
- **Department of Retirement Systems (DRS)** has reviewed all of its rules and repealed 94 sections. The agency also completed its first rules website, which provides continuous access to proposed and permanent DRS rules. The site provides information on how citizens can become involved in DRS rule making. DRS rewrote all Dependent Care Salary Assistance rules and consolidated 10 WAC chapters into one. It developed coordinated rules with the Health Care Authority on plans administered by DRS.
- **Human Rights Commission** has reviewed 100 percent of its rules, amended 42, and repealed 52 sections. Significant accomplishments included a 70 percent reduction in the

length of the credit transaction rules, which had not been updated in over two decades. A 1999 rewrite of sensitive regulations about employment, sex, and disability discrimination increased readability and clarity of these rules. Two chapters were reduced by nearly 50 percent in overall length. Updates resulted in more contemporary examples and a more accurate reflection of current case law and statute.

- **Transportation Improvement Board** has reviewed all of its rules, repealed 34 sections, and eliminated 12 pages of WAC, an overall 43 percent reduction.
- **Attorney General's Office** has reviewed 100 percent of its rules and streamlined reporting requirements for its Lemon Law program, which resulted in a 50 percent reduction in reporting requirements for automobile dealers.
- **Washington State University** has reviewed 161 sections of WAC. As part of the review, an entire chapter of the University's administrative rules was eliminated, and rules relating to parking and traffic, bicycle use on campus, and personally identifiable information in education records have been updated.
- **Department of Financial Institutions** has reviewed 628 rule sections, repealed 169, and amended 246. Forty-two pages of WAC were eliminated. As reported previously, the agency eliminated 13 policy and interpretive statements, and incorporated their provisions into administrative rule, as directed by the executive order.
- **Liquor Control Board** has reviewed 100 percent of its rules and has revised or deleted approximately 50 percent. The agency has concentrated its efforts on rewriting and translating rules that affect Korean-American grocers to encourage cross-cultural understanding. It has also streamlined and simplified beer and wine tax reporting requirements for greater internal efficiency and ease of compliance for the agency's clients. The board has simplified the administrative violation process to make that procedure more understandable for licensees and to save staff time.
- **Utilities and Transportation Commission** has reviewed 706 sections of WAC and repealed 340.

OTHER AGENCIES

- **Office of Administrative Hearings** -100 percent of rules reviewed, including an updated Model Rules of Procedure for use by all agencies;
- **Department of General Administration** -100 percent of rules reviewed and 65 sections repealed;
- **Department of Corrections** - 100 percent of WAC sections reviewed, with 48 sections repealed;
- **Washington State Lottery** - 284 rules repealed and 177 pages of WAC eliminated;
- **Washington State Patrol** - 100 percent of rules reviewed, 120 repealed;
- **Department of Personnel** - 100 percent of rules reviewed;
- **Community and Technical College Board** - 32 rules repealed;
- **County Road Administration Board** -100 percent of rules reviewed, 52 rules repealed;
- **Higher Education Coordinating Board** -101 rules repealed;
- **Department of Information Services** -100 percent of rules reviewed;
- **Environmental Hearings Office** - 100 percent of rules reviewed;
- **Traffic Safety Commission** -100 percent of rules reviewed;
- **School for the Blind and School for the Deaf** -100 percent of rules reviewed;
- **Interagency Committee for Outdoor Recreation** -100 percent of rules reviewed;
- **Growth Management Hearings Office** -100 percent of rules reviewed;
- **Workforce Training and Education Board** -100 percent of rules reviewed and seven pages of WAC eliminated;
- **Criminal Justice Training Commission** -100 percent of rules reviewed, 44 sections repealed, and 20 pages of WAC eliminated;
- **Public Works Board** -100 percent of rules reviewed;
- **Public Employment Relations Commission** -100 percent of rules reviewed;
- **Military Department** -100 percent of rules reviewed; and
- **Tax Appeals Board** – 100 percent of rules reviewed.

REGULATORY PROCESS ACCOMPLISHMENTS

In addition to reviewing rules, EO 97-02 directs agencies to pursue overall improvements in regulatory processes, with the goal of streamlining and simplifying procedures and practices for those who must comply with state regulations. Following are examples of some of these efforts that have occurred during the last four years:

- **L&I Implements Express Filing, WISHA University, and New Services for Non-English Speaking Customers.** L&I implemented a new service on the Internet for employers to pay workers' compensation premiums. The agency also developed a website that provides employers and employees online training regarding workplace safety and health as well as providing access to publications and other links focused on workplace safety and health information. To improve service to the agency's non-English speaking customers, L&I started a new Internet web page in Spanish and increased distribution of publications translated into other languages.
- **Employment Security Improves Internet Applications and Bilingual Services; Develops an Automated Fact-Finding System.** This year, Washington became the second state to allow filing of weekly benefit claims via the Internet. By August, over 48,000 applications were filed via the Internet, representing 15 percent of total applications. The agency implemented the Interactive Voice Response System for filing weekly claims. This service is now available in Spanish, Korean, Russian, and Vietnamese. Employment Security is developing a fact-finding system that will walk an unemployment insurance adjudicator through the appropriate questions to ask a claimant to determine eligibility. In 1999, the Department completed the transition to unemployment claims telecenters that receive most of the initial claims for unemployment benefits by telephone rather than in-person. The Washington Employer Help Line was developed as an interactive voice response system to help employers transmit and access information to the department. The UIFastTax system is a new free tax reporting software that allows employers to file tax and wage reports electronically.
- **DSHS uses On-site Usability Testing.** The Economic Services Administration (ESA) created a usability-testing program for rules that focuses specifically on clientele. ESA staff go to sites where their clients receive services to test the rules. The agency is also developing a prototype of an online user test to broaden the audience for user testing and allow staff to test rules statewide quickly and inexpensively. DSHS has expanded access to rule hearings and reduced costs by using videoconferencing in sites around the state. The Clear Rule Writing Style Guide, developed last year by the Management Services Administration (MSA), provides clear, consistent advice on drafting rules. It is a major step toward institutionalizing clear rule writing within the agency. Its guidelines are general enough to be used as a model for rule writing throughout state government.
- **Revenue Expands Internet Tax Filing and Simplifies Record Keeping.** The Department of Revenue has become a national leader in allowing businesses to file tax returns using the Internet. This system allows a business to look at any information, including statutes and rules, on the department's home page. Electronic tax return filing started in 1998 with five taxpayers. It has grown to more than 8,000 registered taxpayers. Taxpedia is now available to the public to search all tax-related documents with a word search.

- **Ecology Streamlines Permit Processing.** Ecology continues its commitment to regulatory improvement. The agency gained authority and funding to prioritize processing of water right changes and eliminate the backlog. It piloted a “Cost-Reimbursement and Outsourcing Program” that partners communities and businesses with Ecology to process permit decisions in a timely fashion. This program allows applicants to realize their economic and expansion capabilities in a more cost-effective and predictable timeframe. Ecology’s use of “general permits” for storm water saves the applicant time and money, provides a level playing field, and provides predictability for the regulated community. The agency continues to provide round-the-clock, online access to its business forms and applications. It has also consolidated permit applications to eliminate overlap and redundancy. An example is the Joint Aquatic Resource Permit Application (JARPA). The JARPA application is used to apply for various permits from Ecology, Fish and Wildlife, U.S. Coast Guard, Department of Natural Resources, and the Army Corps of Engineers. To save time and money for both the permitted businesses and the state, Ecology has generated storm water permit renewal applications that were electronically filled out using existing database information. The applications were mailed to the permittee for review, correction, and signature. This process saved the applicant time, improved customer service, and resulted in more accurate information.
- **Department of Health and L&I Create Regulatory Consistency.** The departments worked closely with Federal OSHA, labor, growers associations, and farmworker advocates to create a single set of rules to protect workers who stay in temporary labor camps. The new rules eliminate conflicting requirements between state agencies and the federal government and provide regulatory certainty for growers. They also achieve one of the major goals of EO 97-02 – rule-making coordination and consistency between regulatory agencies.
- **UTC Increases Regulatory Efficiency.** The Utilities and Transportation Commission developed an expedited application process to meet needs of solid waste companies. It also standardized the solid waste tariff template to increase efficiency in addressing customer complaints.
- **Public Employees’ Benefits Board (PEBB) Streamlines Eligibility Requirements.** The PEBB condensed three eligibility standards for different groups into one standard approach for group participation in the PEBB and the waiving of medical coverage for individual employees. All of the new standards are in one booklet. This is a major customer service improvement for the agency and its clients.
- **OFM Provides Online Access to Fiscal Notes.** This year OFM implemented an automated fiscal note system that, for the first time, gave citizens web access to all fiscal notes as soon as they were approved.
- **Liquor Control Board (LCB) Simplifies Administrative Violation Process.** The agency streamlined its internal administrative violation process, eliminating four months of processing time and saving over \$6,000 in annual mailing costs. The resulting rule modifications resulted in a 42 percent reduction in the number of regulations for this process. The LCB has implemented a number of process and customer service improvements. It has

streamlined and simplified beer and wine tax reporting requirements to benefit licensees and improve staff efficiency. The agency also gave licensees the ability to report via the Internet. The department streamlined its requirements for liquor license applicants and simplified the administrative violation process by eliminating four months of processing time.

Results of Regulatory Review
As of October 15, 2001
(Cumulative Totals)

Executive Cabinet	Plan Submitted	Progress Reports Submitted	WAC Sections Repealed	WAC Sections Amended	WAC Sections Reviewed	Percent of Total WAC Sections Reviewed	WAC Pages Eliminated
Agriculture, Department of	Yes	Yes	936	1174	3244	100	193
Comm. & Technical College System Board	Yes	Yes	32	67	163	n/r	7
Comm. Trade, and Econ Dev., Dept. of	Yes	Yes	57	18	62		6
Corrections, Department of	Yes	Yes	48	25	238	100	10
Ecology, Department of	Yes	Yes	171	635	1834	70	126
Employment Security, Department of	Yes	Yes	65	15	209	100	4
Financial Institutions, Department of	Yes	Yes	169	246	628	85	42
Financial Management, Office of	Yes	Yes	81	0	148	100	17.5
Fish and Wildlife, Department of	Yes	Yes	212	340	427	92	28
General Administration, Dept. of	Yes	Yes	65	67	266	100	24.5
Health Care Authority	Yes	Yes	19	63	135	100	9
Health, Department of	Yes	Yes	604	896	2181	93	270
Higher Education Coordinating Board	Yes	Yes	101	18	35	n/r	30
Information Services, Department of	Yes	Yes	2	9	16	100	0
Labor and Industries, Department of	Yes	Yes	1601	1861	6353	57	555
Licensing, Department of	Yes	Yes	370	614	1395	98	54
Liquor Control Board	Yes	Yes	62	95	312	100	30
Lottery, Washington State	Yes	Yes	284	20	310	80	177
Military Department	Yes	Yes	25	26	163	100	9.4
Parks & Recreation, State	Yes	Yes	37	59	286	98	4
Personnel, Department of	Yes	Yes	21	276	797	100	15
Retirement Systems, Department of	Yes	Yes	94	191	350	100	8.5
Revenue, Department of	Yes	Yes	116	308	612	100	15
Social & Health Services, Dept. of	Yes	Yes	2048	945	2981	100	641
Transportation, Department of	Yes	Yes	27	88	463	86	4
Utilities & Transportation Comm.	Yes	Yes	340	45	706	83	14
Veterans' Affairs, Department of	Yes	Yes	0	0	26	46	0
Washington State Patrol	Yes	Yes	246	169	1691	100	16
TOTAL			7,707	8,176	25,103		2,309.9

Small Agency Cabinet	Plan Submitted	Progress Reports Submitted	WAC Sections Repealed	WAC Sections Amended	WAC Sections Reviewed	Percent of Total WAC Sections Reviewed	WAC Pages Eliminated
Accountancy, Board of	Yes	Yes	15	25	40	100	2.5
Administrative Hearings, Office of	Yes	Yes	2	27	38	100	.25
Conservation Commission, State	No	Yes	0	0	2	100	0
Environmental Hearings Office	Yes	Yes	1	8	161	100	0
Growth Management Hearings Office	Yes	Yes	5	29	99	100	1
Human Rights Commission	Yes	Yes	52	42	106	100	14
Outdoor Rec., Interagency, Committee for	Yes	Yes	2	38	39	100	0
Pollution Liability Insurance Program	Yes	Yes	10	0	55	100	3
Public Disclosure Commission	Yes	Yes	10	45	61	85	2.2
School for the Blind, State	Yes	Yes	0	9	9	100	6
School for the Deaf, State	Yes	Yes	11	23	88	100	0
Services for the Blind, Department of	Yes	Yes	0	9	77	n/r	0
Tax Appeals, Board of	Yes	Yes	3	24	140	100	1
Traffic Safety Commission	Yes	Yes	0	1	16	100	0
Transportation Improvement Board	Yes	Yes	34	9	43	100	12
Workforce Training & Ed Coord. Board	Yes	Yes	7	23	30	100	7
TOTAL	n/a	n/a	152	312	1,002		48.95

Non-Cabinet Agencies	Plan Submitted	Progress Reports Submitted	WAC Sections Repealed	WAC Sections Amended	WAC Sections Reviewed	Percent of Total WAC Sections Reviewed	WAC Pages Eliminated
Attorney General	Yes	Yes	1	12	70	100	1
Board of Health, State	Yes	Yes	68	92	398	96	34
Central Washington University	Yes	Yes	10	20	n/r	n/r	n/r
County Road Administration Board	Yes	Yes	52	62	216	100	3
Criminal Justice Training Commission	Yes	Yes	44	27	99	100	20
Energy Facility Site Evaluation Council	Yes	Yes	0	13	20	20	0
Industrial Insurance Appeals, Board of	Yes	Yes	6	22	44	100	1
Marine Employees' Commission	Yes	Yes	0	23	283	100	0
Natural Resources, Department of	Yes	Yes	1	76	80	n/r	0
Office of the Insurance Commissioner	Yes	Yes	48	84	785	100	5
Public Employment Relations Comm.	Yes	Yes	6	156	189	100	2
Public Works Board	Yes	Yes	0	22	26	100	0
Sentencing Guidelines Commission	Yes	Yes	0	0	21	100	0
University of Washington	Yes	Yes	65	94	279	92	0
Washington State University	Yes	Yes	6	2	161	75	1
TOTAL	n/a	n/a	307	705	2,671		67
GRAND TOTAL			8,166	9,193	28,776		2,425.85

Appendix J: Regulatory Reform Activities in Other States

Review of other state practices as of January 2011

State	Agency responsible	Regulatory reform activities	Date	Source
Arizona	The Governor's Regulatory Review Council	<ul style="list-style-type: none"> • HB 2401 (2009) established the Administrative Rules Oversight Committee (AROC) to review any rule for conformity with statute and legislative intent. • The Arizona Chamber of Commerce and Industry was collecting examples of rules and regulations that were creating unnecessary costs for business. • The Governor's Regulatory Review Council (the Council) was created in 1981. The Council: <ul style="list-style-type: none"> • Reviews most rules to ensure they are necessary and to avoid duplication and adverse impact on the public. • Assesses whether a rule is clear, concise, understandable, and legal • Does cost-benefit analysis of a rule • Returns the rules that do not meet the criteria to the agency for further consideration <p>Executive Order 2010-04 establishes the Commission on Privatization and Efficiency (COPE) to examine each state agency to determine, which responsibilities or powers can be eliminated, streamlined, consolidated or outsourced.</p>	1981-2010	http://www.azsos.gov/public_services/chapter_laws/2009/49th_Legislature_1st_Regular_Session/CH_171.pdf http://www.azchamber.com/advocacy/index.cfm?ID=91 (Above link no longer active) http://www.azchamber.com/uploads/2009_AZ_Chamber_Legislative_Wrap_Up.pdf http://www.grrc.state.az.us/
California	Office of Administrative Law; The Secretary of Trade and Commerce/ the Regulation Review Unit of the Commerce Department	<ul style="list-style-type: none"> • The California Administrative Procedures Act (CAPA) 1979 requires agencies to assess the economic impact of rules • The Regulation Review Unit was established in December 1995 • Executive Order W-127-95 of 1995 required agencies to review all regulations and identify the rules for repeal <p>Executive Order W-144-97 of 1999:</p> <ul style="list-style-type: none"> • Ordered a one-time sunset review of all existing regulation to reduce total compliance costs by five percent per year • Required to provide an Economic and Fiscal Impact Statement as part of the rulemaking record <p>Administrative Procedure Act:</p> <ul style="list-style-type: none"> • Ensures that regulations are clear, necessary and legally valid • Requires consulting with interested persons before initiating regulatory action 	1979-1999	http://www.oal.ca.gov/Administrative_Procedure_Act.htm http://localgov.fsu.edu/papers/archive/Hahn_001.pdf

State	Agency responsible	Regulatory reform activities	Date	Source
Colorado	The Office of Policy, Research and Regulatory Reform	<p>The Office of Policy, Research and Regulatory Reform conducts regulatory reform activities:</p> <ul style="list-style-type: none"> • Receives copies of proposed rules from state agencies • Analyzes and evaluates the impact of proposed rules and regulations on small businesses, job creation, and economic competitiveness • The Director evaluates proposed rules • The Director determines if a cost-benefit analysis should be performed by the agency <p>Citizens and businesses affected by the proposed rules and regulations provide their feedback through Regulatory Notices, an on-line tool.</p> <p>A one-stop shop for businesses, Colorado Business Express, was developed.</p>	Started in 2007	http://www.dora.state.co.us/opr/
Florida	The Office of Fiscal Accountability and Regulatory Reform	<p>Executive Order 11-01:</p> <ul style="list-style-type: none"> • Suspends all rulemaking • Creates the Office of Fiscal Accountability and Regulatory Reform (Office) within the Executive Office of the Governor. The Office shall: <ul style="list-style-type: none"> • Comprehensively review proposed and existing rules annually to identify rules and regulations for modification or elimination • Require agencies to prepare a cost-benefit analysis, risk and job impact assessment • Identify fraud, waste, abuses, and delinquencies, and investigate fiscal mismanagement <p>Executive Order 11-72 reaffirms the Office of Fiscal Accountability and Regulatory Reform and its role.</p>	2011	http://www.flgov.com/wp-content/uploads/2011/01/scott.eo_one.pdf http://www.flgov.com/wp-content/uploads/2011/04/Executive-Order-11-72.pdf
Georgia	The Governor's Small Business Regulatory Reform Initiative	<p>Governor's Executive Order of 2006 created the Governor's Small Business Regulatory Reform Initiative and required all state agencies to:</p> <ul style="list-style-type: none"> • Address the impact of their rules and regulations on small businesses • Develop a plan or a process to address proposed and existing rules and regulations that create a burden on small businesses and can be streamlined • Identify Small Business Liaison 	2006	http://sonnyperdue.georgia.gov/gov/exorders/2006/mar/03_06_06_02.pdf
Illinois	Office of Business Permits and Regulatory Assistance	<p>Business Assistance and Regulatory Reform Act:</p> <ul style="list-style-type: none"> • Created an Office of Business Permits and Regulatory Assistance to: <ul style="list-style-type: none"> • Consolidate existing state government programs • Provide information system • Help permit applicants • Help businesses find and apply for trainings, grants, loans • Have a possibility to keep and analyze statistical data on the number of permits issued by the state agencies • Be able but not required to conduct an agency permit requirements review • Required state agencies to establish procedures for expediting infrastructure projects applications 	1997	http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=248&ChapterID=5 http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=248&ChapterID=5

State	Agency responsible	Regulatory reform activities	Date	Source
Iowa	The Office of Lean Enterprise	<ul style="list-style-type: none"> Results Iowa website was created. On the website, anyone can get accountability measures for every department in the state government. The Office of Lean Enterprise (Office) was created within the Department of Management. The Office helps other state departments to streamline their work and eliminate waste. With the help of Lean tools the departments can: <ul style="list-style-type: none"> Eliminate or significantly reduce backlogs Reduce lead times by more than 50% Decrease processes complexity Improve the quality of applications and consistency of reviews or inspections Free up more staff time for other work Improve process transparency 	2005	http://www.resultsiowa.org/department_performance.html http://lean.iowa.gov/faq/index.html
Louisiana	The Commission on Streamlining Government	<p>The Commission on Streamlining Government (Commission) is tasked to:</p> <ul style="list-style-type: none"> Examine each agency's constitutional and statutory activities to determine which of them can be eliminated, streamlined, consolidated, privatized, or outsourced to reduce the state government's size Target agencies whose activities can be consolidated or eliminated, privatized or outsourced Examine the necessity and performance of agencies activities to ensure that they are meeting current performance standards effectively and efficiently <p>The Commission held public hearings and issued initial report recommendations in December 2009.</p>	2009	http://senate.legis.louisiana.gov/Streamline/Presentations/InitialReport.pdf
Maine	Joint Select Committee on Regulatory Fairness and Reform	<p>An Act to Ensure Regulatory Fairness and Reform was signed by the Governor on June 13, 2011. The Act:</p> <ul style="list-style-type: none"> Establishes an Environmental Audit Program Requires cost-benefit analysis of proposed rules Establishes Business Ombudsman Program Establishes the Bureau of the Special Advocate to advocate for interests of small businesses Requires up to three sources of information to support the proposed rule Makes changes to the Board of Environmental Protection Requires the Secretary of State to convene a working group to look at the possibilities for reducing the paperwork related to forms filing 	2011	http://www.mainelegislature.org/legis/bills/bills_125th/billtexts/SP001002.asp http://www.maine.gov/tools/whatsnew/index.php?topic=Gov+News&id=262080&v=article2011
Maryland	The Task Force on Regulatory Reform	<p>The Task Force on Regulatory Reform was created in 1999 to:</p> <ul style="list-style-type: none"> Examine the current process for regulations review under the Regulatory Review and Evaluation Act Conduct an examination of some of the Code of Maryland Regulations (COMAR) to eliminate obsolete language; apply a cost-benefit analysis; assess the impact on small business 	1999-2001	http://www.msa.md.gov/msa/mdmanual/26excom/defunct/html/31reg.html

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Michigan	The Office of Regulatory Reinvention	<ul style="list-style-type: none"> In 1995, the Office of Regulatory Reform was created as an agency tasked to “review proposed rules, coordinate the processing of rules by state agencies and work with agencies to streamline the rulemaking process and to improve public access.” In 2005 the State Office of Administrative Hearings and Rules was created to handle administrative hearings and the rule promulgation process. In 2011, the Office of Regulatory Reinvention (ORR) was created within the Department of Licensing and Regulatory Affairs. It has all administrative rule-making authority of the previous State Office of Administrative Hearings and Rules. <p>Executive Order 2011-5: The Office of Regulatory Reinvention shall:</p> <ul style="list-style-type: none"> Conduct a detailed cost-benefit analysis for all proposed rules Establish stakeholder advisory groups and seek their input Provide details of all provisions in rules that exceed federal or regional standards Work with departments and agencies to reduce the number of forms and applications used to achieve their regulatory objectives Establish dashboard metrics to track the performance of some regulatory processes Inform public and seek its input through establishing a website 	1995-2011	http://www.michigan.gov/lara/0,1607,7-154-10576_35738-15543-,00.html
New Jersey	Red Tape Review Commission	<p>Executive Order No. 1:</p> <ul style="list-style-type: none"> Froze proposed regulations Ordered 90-day moratorium on new proposals <p>Executive Order No. 2 directs state departments to review their regulations to ensure they comply with the “Common Sense Principles.”</p> <ul style="list-style-type: none"> Solicit advice of experts from outside the state government Any permit or approval shall be governed by the rules, regulations and standards in effect at the time of filing Adopt regulations that allow for waivers from the strict compliance with agency regulations Use cost-benefit analysis when conducting an economic impact analysis on a proposed rule Cultivate an approach to regulations that values performance-based outcomes and compliance Proposed rules should be based on best available scientific and technical information Reduce or eliminate duplicative regulations <p>State departments were given 90 days to review proposed regulations, and 180 days to review existing regulations.</p> <p>Executive Order No. 3 (2010) created a Red Tape Review Group:</p> <ul style="list-style-type: none"> Reviews existing rules and regulations and analyzes “their impact on job creation, economic growth, and investment in New Jersey” Solicits comments from the public Conducts at least three public hearings each year <p>Executive Order No. 41 (September 2010) established Red Tape Review Commission.</p>	2010-2011	http://www.state.nj.us/state/dos_red_tape.html

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New Mexico	Small Business-Friendly Task Force	Executive Order 2011-001: <ul style="list-style-type: none"> • Suspends all proposed and pending rules and regulations for 90 days • Establishes a “Small Business-Friendly Task Force” (the Task Force) • Requires all agencies to review their existing rules and regulations and identify those which revision could enhance the business environment • Requires the Task Force to make legislative and regulatory recommendations to achieve economic growth 	2011	http://www.governor.state.nm.us/uploads/FileLinks/1e77a5621a1544e28318ba93fcd47d49/EO-2011-001.pdf
New York	The Governor’s Office of Regulatory Reform AND Department of State’s Division of Administrative Rules	State Administrative Procedure Act (SAPA) requires agencies to: <ul style="list-style-type: none"> • Consider utilizing approaches designed to avoid adverse economic impacts or overly burdensome impacts on individuals, businesses, the economy and local government agencies • Consider and report the costs and benefits of proposed rules • Seek comment from public on proposed rules • Prepare a Regulatory Impact Statement to address the impact on regulated parties • Prepare a Regulatory Flexibility Analysis for Small Businesses and Local Governments, Rural Area Flexibility Analysis and Job Impact Statement <p>Legislature reviews each newly proposed rule to examine the impact on the economy and affected parties.</p> <p>The Governor’s Office of Regulatory Reform reviews proposed rules for necessity, clarity, consistency and efforts to reduce burdensome effects.</p> <p>Online Permit Assistance and Licensing (OPAL) website was developed to help find permits current or future businesses may need.</p>	SAPA 2006	http://www.cio.ny.gov/business_permit_assistance http://www.nys-permits.org/ http://www.tenant.net/Other_Laws/SAPA/sapa.html http://www.dos.state.ny.us/info/ruledigram.html (Above link no longer active)
Nevada	State regulatory agencies	Executive Order 2011-01: <ul style="list-style-type: none"> • Freezes all proposed administrative regulations until January 1, 2012 • Requires each regulatory agency to: <ul style="list-style-type: none"> • Review comprehensively the regulations subject to their enforcement • Identify unnecessary regulations 	2011	http://ndep.nv.gov/docs_10/exec-order-2011-01.pdf
North Carolina	The Office of State Budget and Management: A Rules Modification and Improvement Program	Executive Order 70: Rules Modification and Improvement Program: <ul style="list-style-type: none"> • Rules shall only be adopted when required by federal or state law or when deemed necessary by the agency to serve the public interest • Rules should not impose undue burden • Rules must be clearly written, relevant, and up-to-date • Rules must be based on sound scientific, technical, economic information • Rules will be evaluated and reviewed periodically • Public comment and involvement should be encouraged • Agencies should look for possible alternatives to regulations 	2010	http://www.governor.nc.gov/NewsItems/ExecutiveOrder_Detail.aspx?newsItemID=1518

State	Agency responsible	Regulatory reform activities	Date	Source
Ohio	The Joint Committee on Agency Rule Review	<p>Executive Order 2008-045 (Implementing Common Sense Business Regulation) requires:</p> <ul style="list-style-type: none"> • The appointment of ombudsman in each of the state agencies who business owners could contact to resolve regulatory issues • The development of rules and regulations to be transparent, without duplications, simple, and clear • Proposed rules should be based on best available scientific and technical information • Rules not to impose extra burden and costs on businesses • Agencies coordination with each other to combine and minimize regulatory filings • Reduction of licenses, permits, and approvals processing time • Exceptions and exemptions should be made to rules where authorized and appropriate • Continuous improvement of regulatory process • Streamlining of existing rules and regulatory processes <p>The Regulatory Reform Task Force recommended:</p> <ul style="list-style-type: none"> • Creation of a Regulatory Advisory Board to oversee the regulatory reform and to review agency cost-benefit and regulatory flexibility analyses • Conduction of periodic rules review • Creation of a possibility for small businesses “to seek judicial review of agency compliance with regulatory flexibility” 	2008	<p>http://www.ohiochamber.com/Dococcc/SYSTEM-IssueCenter/Smallbus/pdf/Regulatory%20Reform%20Executive%20Order%20final%20-%202008-045.pdf</p> <p>http://www.ohiochamber.com/Dococcc/SYSTEM-IssueCenter/Smallbus/pdf/Reg%20Reform%20Task%20Force%20Report.pdf</p>
Pennsylvania	The Independent Regulatory Review Commission	<p>The Independent Regulatory Review Commission (IRRC) reviews agencies’ regulations based on the following criteria:</p> <ul style="list-style-type: none"> • Legislative intent • Need • Financial, economic and social impact of the regulation on individuals, and businesses • Expected benefits of the regulation 	Started in 1982	http://www.irrc.state.pa.us/PDFs/Regulatory_Review_Act.pdf
South Carolina		<ul style="list-style-type: none"> • A one-stop shop was created for businesses 		http://www.scbos.sc.gov/

State	Agency responsible	Regulatory reform activities	Date	Source
Virginia	Attorney General's Government and Regulatory Reform Task Force	<p>Executive Order 36 required:</p> <ul style="list-style-type: none"> • Agencies to identify what a regulation is intended to address • Agencies to identify and assess available alternatives instead of regulation • Periodic (once every four years) evaluation, review, and modification of regulations • Regulatory development to be based on the best available information concerning the intended regulation • Regulations to be clear and easy to understand • Public participation in regulatory review • To inform public about rulemaking activity by posting information on the Virginia Regulatory Town Hall <p>Attorney General's Government and Regulatory Reform Task Force:</p> <ul style="list-style-type: none"> • Eliminated outdated, unnecessary regulations in the Virginia Administrative Code • Recommended to approve a "Fast Track" process to discover and remove unnecessary regulations (approved by the General Assembly) • Suggested notices can be completed and filed on-line • Recommended periodic review to remove duplicate regulations <p>Virginia Regulatory Town Hall website was developed as a source of information about regulatory changes in Virginia. It facilitates the periodic review process for state agencies.</p>	2006-2009	<p>http://www.oag.state.va.us/PRESS_RELEASES/AttorneyGeneral_web.pdf (Above link no longer active)</p> <p>http://dpb.virginia.gov/regs/eo36.pdf</p> <p>http://townhall.virginia.gov/</p>
Wisconsin	The Governor and the Legislature	<p>2011 Wisconsin Act 21:</p> <ul style="list-style-type: none"> • Allows state agencies to promulgate rules only when they have been granted appropriate authority by the legislature • Gives the Governor clear authority to approve or veto rules • Requires agencies to conduct a comprehensive cost-benefit analysis when proposing new rules or developing alternatives to the proposed rule • Requires Joint Committee for Review of Administrative Rules to review all proposed rules 	2011	<p>http://docs.legis.wisconsin.gov/2011/related/acts/21</p>

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