

Ohio matters

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CSI Already Benefitting Small Businesses

In early August, Lt. Gov. Mary Taylor issued a mid-year report on the activities of the Common Sense Initiative (CSI) Office. This office evaluates the economic impact of proposed state agency rules and regulations, especially on small businesses, before they are enacted. Based on a number of measurables, the report confirms two positive conclusions for Ohio businesses — one, the number of rules proposed by state agencies has been reduced significantly since implementation of the CSI process; and two, the Business Impact Analysis is having the desired effect of enhancing transparency, accountability and predictability in the rule-making process.

The numbers tell the CSI story for the first six months of 2012:

- Number of regulations reviewed: **529**
- Number of rule packages reviewed: **52**
- Number of CSI recommendations issued: **18**
- Number of revised Business Impact Analyses received: **17**

CSI turnaround times:

- Average length of public comment period: **19 days**
- Average length of time for CSI response: **34 days**
- Percentage of CSI recommendations implemented: **100 percent**
- Number of motions to invalidate by JCARR: **0**
- Number of comments received through electronic notification: **72**
- Number of business-impacting rules rescinded or amended: **249**

These are the kinds of results the Ohio Small Business Council (OSBC), the Ohio Chamber's small business affiliate organization, has been waiting to see since we strongly supported the passage of SB 2 in early 2011. But such results don't happen in a vacuum merely because a particular piece of legislation is passed. It takes an implementation plan, committed execution of that plan, and consistent follow-through by, in this case, the lieutenant governor and CSI staff to solve any problems that occur.

Recall that one of the first action items Gov. Kasich did undertake as governor was the issuance of Executive Order 2011-01K, establishing the CSI. Quickly after the executive order came the enactment of SB 2, which eliminated the former small business rule review process, established the CSI Office, created the Small Business Advisory Council (SBAC) comprised of small business representatives to advise the CSI Office on the adverse impact of draft rules, and required the CSI Office to develop standards to evaluate a draft rule's impact on businesses.

On March 11, 2011, Lt. Gov. Taylor released CSI's Strategic Plan, a comprehensive document establishing CSI's standards for reviewing rules and timelines for the accomplishment of its ongoing goals and objectives. The strategic plan describes CSI's work as being based upon four important principles: 1. regulations should facilitate, not hinder, economic growth; 2. they

should be transparent and responsive; 3. they should be enforced fairly and consistently; and 4. compliance should be as easy and inexpensive as possible.

CSI rule reviews proceed on two separate or different tracks: the first track concerns agency rule-making that involves a comprehensive review over time (five years) of all rules that impact business; and the second track concerns targeted reviews of regulations by industry according to the areas of highest impact. One of the most important goals of this review or analysis is to change both the reality and perception about operating a business in Ohio. And one of the most important tools CSI uses to achieve that goal is its Business Impact Analysis form that must be completed by any state agency proposing a new draft rule or regulation.

The Business Impact Analysis is intended to answer four questions: 1. What is the public protection purpose of the regulation? 2. Were stakeholders involved and was their input used to develop the rule? 3. What businesses are impacted adversely and how (financial, timely issuance of permits, etc.)? and 4. Are there opportunities for flexibility, particularly for small businesses? This is the point where CSI's SBAC becomes most engaged in the rule review process.

The SBAC's purpose is to identify and communicate ideas and options to rehabilitate or eliminate

proposed rules and regulations that are unnecessarily burdensome to Ohio businesses. Consequently, SBAC members meet with local businesses and business groups, solicit input on specific rules and alternatives to the proposed regulatory approach and report this information back to CSI staff. CSI then compiles all the data and often makes recommendations to the agency as to how to modify the rule or even to rescind it. The whole point of this process is to push agencies to bring business groups and other stakeholders to the table in advance of the development of a rule and to bring out information that will help determine whether the proposed rule is appropriate.

The only disappointing statistic from the mid-year report was the low number (72) of comments received through the electronic notification system. The CSI Office and the OSBC believe that number will increase over time as more and more stakeholders become aware of the CSI process and avail themselves of the opportunity to participate through the Ohio Business Gateway.

Even though this report only covers the first six months of CSI's rule review activity, Ohio's business community is gratified by the positive results of its work. The Ohio Chamber and the OSBC will continue to support CSI in its efforts to make the rule-making process more efficient, practical and attuned to the concerns of Ohio businesses. 