



NEW YORK STATE SENATOR

Betty Little

## Cutting the red tape to create jobs

BETTY LITTLE January 16, 2014

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# Cutting Red Tape TO CREATE JOBS



REPORT IDENTIFIES OVER 2,000 STATE RULES AND REGULATIONS THAT WARRANT REFORM OR REVIEW

ALBANY – The New York State Senate Majority Coalition issued a comprehensive report today that sheds light on New York State’s notoriously dense regulatory structure and identifies 2,219 specific rules, regulations and practices that put New York’s businesses at a competitive disadvantage.

The report is the product of surveys, meetings, community outreach and the input of over 100 business owners, advocacy organizations and individuals that participated in one of nine

industry-specific public forums conducted throughout the State.

This process, begun last June, to identify a minimum of 1,000 rules and regulations to be revised or eliminated, was spearheaded by Senator Patrick M. Gallivan (R,C,I – Elma), Deputy Republican Conference Leader for Economic Development; Senator David J. Valesky (D-Oneida), Chair of the Senate Committee on Commerce, Economic Development, and Small Business; Senator Kathleen A. Marchione (R,C – Half Moon), Chair of the Senate’s Administrative Regulations Review Commission; and Senator David Carlucci (D-Rockland/Westchester), Past Chair of the Senate’s Administrative Regulations Review Commission. Local legislative co-hosts also took part in forums, with nearly half the Majority Conference taking part in at least one of the public forums.

Senator Patrick M. Gallivan (R-C-I, Elma) said. “New York State has been labeled as ‘anti-business’ for more than a generation, and two items are consistently identified as chiefly responsible – taxes and regulations. A lot of air and ink have been spent outlining the state’s high-tax problem, but not nearly enough energy has been spent trying to combat New York’s job-killing regulatory structure. Over the course of our nine industry-specific hearings, my colleagues and I heard time and again from employers and entrepreneurs of all shapes and sizes about the myriad ways New York State is holding them back. Let this report be the first step towards a new standard in the Empire State, one where New York State is a champion of job creation and a partner for economic growth, rather than the roadblock it is today.”

Senator David Velesky (D-I-W, Oneida) said. “This process has been extremely valuable, and I believe the report is an excellent representation of what we heard from businesses and individuals from every corner of the state. I look forward to taking the next step and putting these recommendations into action, in cooperation with my colleagues in the Majority Coalition and Governor Cuomo, as another way to create a better environment for successful businesses and job growth in New York State.”

Senator Kathy Marchione (R-C, Halfmoon) said. “I am very proud that we kept our promise – in fact, we exceeded our promise – to identify 1,000 state rules and regulations that have hampered businesses, hurt taxpayers and hamstrung New York’s economic competitiveness. The 2,219 specific rules and regulations we have listed for revision or elimination will make a real difference for a more affordable Empire State. While I was pleased that Governor Cuomo said regulatory reform was a priority during his State of the State Address, frankly, there is no need to wait for a commission. My colleagues and I have a list of regulations identified and ready to go. It’s time to stop talking and start cutting Albany’s 22 miles of job-killing red tape.”

Senator David Carlucci (D, Rockland / Westchester) said, "Small businesses are the heart and soul of New York's economy and the driving force behind job creation in every corner of our state. By working together in a bipartisan fashion, my colleagues and I have identified ways to make doing business in our state easier and create a more competitive and rewarding economic climate."

During the course of this bipartisan fact-finding effort, several common issues emerged as seemingly inherent problems within the state's regulatory structure and bureaucracy, these include:

- Agencies should provide guidance in navigating complex regulations, which can be more burdensome than complying with the regulation itself
- Agencies should work cooperatively with businesses towards compliance rather than immediately penalizing
- Agencies should be held accountable to timely respond to permit, license, and grant applications as well as inquiries from covered businesses
- Agencies should develop fair and predictable regulations
- Commissioners should be held accountable to conduct an agency-by-agency review of regulations as required by law
- Agencies should communicate to avoid conflicting regulatory interpretations
- The Legislature should strengthen the State Administrative Procedure Act

While addressing these "big picture" ideas are important to improving New York State's regulatory environment, identifying specific regulations are just as important and will provide the logical starting point for comprehensive reform.

The Senate Majority Coalition decided that the best way to identify individual regulatory burdens was to focus on specific industries vital to regional and statewide economic growth.

This forum process helped identify 2,219 specific regulatory burdens New York State businesses must contend with. Each specific burden corresponds to a specific regulation or section of law, or a practice of an agency that has the effect of a regulation or statute in that it creates a burden on business as if it were a validly enacted law or rule.

This report is a continuation of efforts begun last year and the Senate Majority Coalition hopes it will serve as a blueprint in working with Governor Andrew M. Cuomo toward his stated goal of reducing the regulatory burden for employers and entrepreneurs in this state.

Unfortunately, no one has yet been able to put a price tag on the total economic cost of New York's more than 750,000 regulations. However, some recent studies gauge how over-regulation can negatively affect an economy. A recent study commissioned by the Small Business Administration's Office of Advocacy, found the total impact of Federal regulations on the United States' economy in 2008 as being \$1.75 trillion—over 12% of the economy. More directly comparable to New York, a 2009 study found that regulations in California—a state with a similarly burdensome regulatory regime—cost the Golden State's economy \$493 billion annually, resulting in a loss of 3.8 million jobs, and reducing business tax receipts by over \$16 billion.

In June, the Senate Majority Coalition introduced and passed a package of 14 bills addressing the regulatory environment in New York State, including:

- S.5657 (Gallivan) - Establishes a task force to review the state Administrative Procedure Act to examine, evaluate, and make recommendations regarding the efficiency of the rulemaking process.
- S5553 (Valesky) - Requires state agencies to provide expanded information on the costs and benefits associated with an agency proposal.
- S.5166 (Marchione) - Seeks to start the process of repealing agency rules and regulations that are an impediment to economic growth and job creation.
- S.1784 (Carlucci) - Allows regulated businesses to petition a state agency for approval to use an alternative method to comply with a regulation.