

**EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA**

EXECUTIVE ORDER W-144-97

WHEREAS, as California continues to build a competitive, dynamic economy to meet our needs in the 21st Century, government must do its part by continually improving the regulatory structure to recognize and accommodate these dynamic changes; and

WHEREAS, just as Californians have demanded through the State Constitution that government limit its spending and taxing powers, so too must state agencies minimize the hidden taxes to consumers, business, and local government inherent in regulations; and

WHEREAS, the Legislature through measures such as AB 2061 (Polanco, 1991), AB 3511 (Jones, 1992), AB 969 (Jones, 1993), AB 1144 (Goldsmith, 1993), SB 513 (Morgan, 1993), and SB 1082 (Calderon, 1993) has repeatedly directed state agencies to consider the cost effectiveness of regulations, in an effort to minimize the regulatory impact on business, local governments, the state's business climate, and the state's economic competitiveness; and

WHEREAS, on February 8, 1996, I signed Executive Order W-131-96 which directed each state agency to forward all regulations identified as unnecessary or redundant to the Office of Administrative Law for appropriate action, and also directed the Governor's Office of Planning and Research to hold regional meetings throughout the state ME to receive public testimony on further reform; and

WHEREAS, more than 300 citizens, businesses, and organizations offered extensive and varied suggestions for regulatory improvements at the California Regulatory Roundtables held throughout California in the Spring of 1996; and

WHEREAS, as a result of Executive Order W-131-96 and the California Regulatory Roundtables, 3900 redundant and outdated regulations have been -- or are in the process of -- being repealed, with an additional 1700 W regulations identified to date for modification; and

WHEREAS, on June 3, 1996, the Governor's Office of Planning and Research presented its final recommendations and findings in the report entitled "Recommendations from the Regulatory Review Roundtables."

NOW, THEREFORE, I, PETE WILSON, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this order to become effective immediately:

1. **Consolidated Regulatory Program.** By July 1, 1997 the Directors of the Office of Administrative Law and the Office of Planning and Research, in consultation with the Department of Finance and other members of the Cabinet, shall develop procedures for a Consolidated Regulatory Program. This program shall be based on the annual Rulemaking Calendar pursuant to Government Code section I 10 17.6, and shall incorporate the following provisions:
 - a. Beginning in 1997 and by November 1 of each year thereafter, all state agencies shall develop a process of all regulations, regulatory policies, goals, and objectives that the agency proposes to pursue during the following year. The overview shall include: (1) the primary goals and authorities of the agency; (2) the specific statutory authority for the proposed regulation, including any specific legislative intent; (3) a statement of how the proposed regulation relates to those goals and authorities; (4) the relationship of the

proposed regulation to other existing regulations, including federal and local requirements; and (5) estimated costs to develop and implement the regulations, including both state costs and compliance costs to be borne by the regulated community, local governments, and consumers.

- b. For all agencies, the Rulemaking Calendar, published each year by January 30 pursuant to Government Code Section I 100 17.6, shall be expanded to include the following summary information for each newly proposed regulation: (1) the promulgating agency and contact person; (2) the title of regulation and proposed location in the California Administrative Code; (3) the legal authority to adopt regulations and the specific statute that will be implemented; (4) an abstract describing the problem the regulation will address; (5) alternatives being considered; (6) the intended benefits; (7) any legal deadline for the adoption of the regulation; (8) a sunset review date not to exceed five years by which the proposed rule, if adopted, would be reviewed for retention, revision, or proposed elimination; (9) a schedule for the proposed regulatory action; (10) all budget information required on Form 399; (11) the levels of government affected; (12) identification of any federal authority with which the regulatory action will comply; (13) the fiscal impact, including an initial estimate of costs to state and local governments; and (14) the economic impact, including an initial estimate of the economic impacts of the proposed regulations, the regulation's likely costs to the regulated community, local government, and consumers and whether or not the rule qualifies as a Major Regulation.
 - c. Any State agency that proposes adoption of a regulation that diverges from a comparable established state, federal, or local law or regulation which governs the same program or conduct shall: 1) identify the manner in which the proposed regulation is different than the applicable federal, state, or local law or regulation; 2) identify the benefit to the public health, safety, or welfare or the environment expected from adopting a regulation that is different from the existing law or regulation; and 3) identify whether having a different provision places an additional burden or cost on regulated persons, local governments, businesses, or consumers.
 - d. State agencies shall not issue new regulations unless they are first published in the annual Regulatory Overview and Rulemaking Calendar, unless otherwise required by state or federal law or as required by a Declaration of a State of Emergency, Executive Order, or by the need to protect immediate public health, safety, and welfare. Agencies proposing to issue new regulations that are not first published in the annual Regulatory Overview and Rulemaking Calendar shall provide a statement to the Cabinet Secretary documenting the requirement for such a regulation.
2. **Sunset Review of Regulations.** Beginning with the 1997 Annual Rulemaking Calendar, all state agencies shall establish a schedule to complete a sunset review of all existing regulations by 1999. This review shall include the following provisions:
- a. A review of the authority and continued necessity for and cost effectiveness of each regulation, along with a determination to retain, modify, or repeal the regulation, including development of recommended legislation if required to implement the determination;
 - b. An updated estimate of the fiscal and economic impacts of the regulation on all levels of government, consumers, and the regulated community;
 - c. Changes to the regulation to minimize overlap and conflicts with comparable federal and local regulations, unless the differences in state requirements can be shown to provide additional benefits that exceed the additional costs; and
 - d. Changes to the regulation to consider alternative approaches that are less intrusive or more cost effective.

In completing the 1997-1999 regulatory sunset review, each agency shall identify sufficient efficiencies and cost

government, and the public by 5 percent per year. In calculating the projected compliance cost reductions, agencies may include cost efficiencies achieved as a result of actions taken in accordance with Executive order W-131-96.

3. **Economic Impact Statements.** By July 1, 1997, the Department of Finance, the Trade and Commerce Agency, and the Governor's Office of Planning and Research, in consultation with the other Cabinet Members, Office of Emergency Services, and the Office of Administrative Law, shall develop a standard economic impact statement to be included in each rulemaking record. The economic impact statement shall provide for consistent application of all existing statutory requirements for economic analysis of regulations, shall be used as the basis for the determination of fiscal impacts, and shall be incorporated into the fiscal impact statement required for proposed regulations. As provided in section 15363.6 of the Government Code and section 57005 of the Health and Safety Code, the economic impact statement shall be submitted to the regulation review unit of the Trade and Commerce Agency, and all state agencies and departments shall respond to the Trade and Commerce Agency's comments.
4. **Continuous Review.** In order to ensure continuous improvement in California's regulatory structure and to identify areas where additional efficiencies or other changes are warranted, the following two provisions shall be implemented immediately.
 - a. The Director of the Office of Planning and Research, in cooperation with the other members of the Cabinet, shall hold at least two Regulatory Review Roundtables annually and submit an annual report on further recommendations for regulatory improvement; and
 - b. Each state agency shall institute a customer service survey process. Each Cabinet Officer shall develop procedures for the review, tracking, and response to surveys for each of their reporting boards, commissions departments, and offices. For agencies not reporting to a Cabinet Officer, such procedures shall be developed by the chief executive officer in consultation with the Director of the Office of Planning and Research.
5. **Open Regulatory Process.** From existing resources, each agency shall develop a regulatory ombudsman program by designating an employee or employees reporting directly to the chief executive officer to serve as ombudsmen. The ombudsman program shall provide an opportunity for any person to raise regulatory issues at both headquarters and any regional offices of the agency.
6. **Regulatory Consistency.** The following provisions shall be implemented to ensure consistent implementation of
 - a. The Director of the Office of Planning and Research shall compile a list of statutory deadlines set for the review of applications and other regulatory filings. In coordination with the Cabinet Officers, the Director shall complete by May 1, 1997 a review of the effectiveness of these deadlines, adherence of the agencies to deadlines, and existing enforcement mechanisms such as the refund of application fees when deadlines are exceeded without good cause. The Director's evaluation shall include recommendations for broader application of regulatory deadlines improved tracking and reporting, and other applicable provisions to ensure timely action by the regulatory agencies.
 - b. May 1, 1997, the Legal Affairs Secretary shall complete a review of existing statutory and administrative Provisions dealing with minor regulatory violations, and prepare recommendations to ensure consistent application by the affected agencies. This review shall include recommendations as appropriate for legislation that would extend recent provisions enacted by the Legislation such as AB 2937 (Brulte, 1996), AB 59 (Sher, 1995), and SB 1899 (Peace, 1994).
7. State Constitutional Officers, the University of California, the California State University, the California

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not directly under the authority of the Executive Branch are requested to take all necessary action to comply with the intent and the requirements of this executive order.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 10th day of January 1997.

Governor of California

ATTEST:

Secretary of State