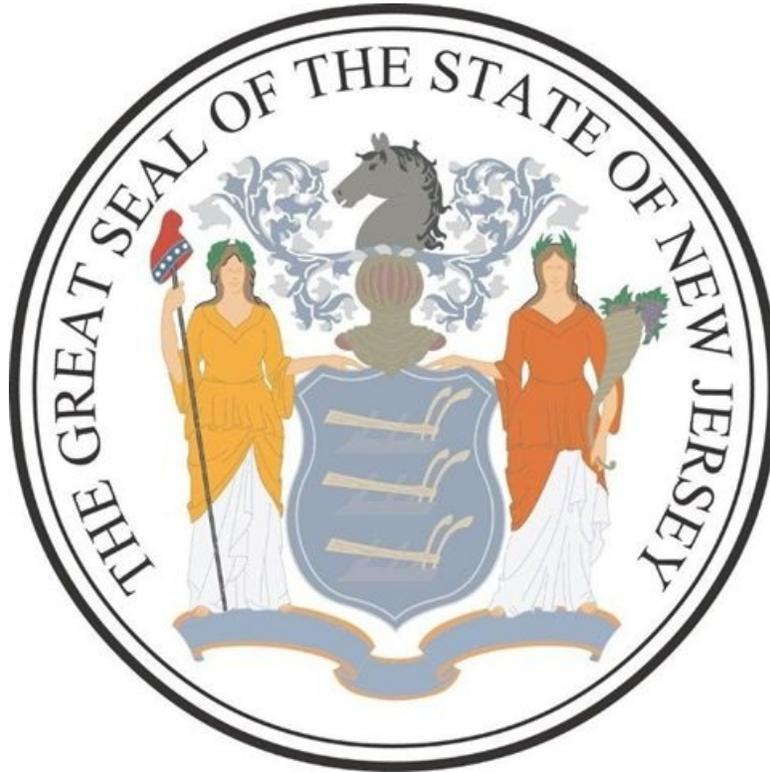


**RED TAPE REVIEW COMMISSION**  
**FINDINGS AND RECOMMENDATIONS**  
**APRIL 30, 2014**



SUBMITTED BY

Honorable Kim Guadagno, Lieutenant Governor, Chair  
Honorable Brian P. Stack, Senator  
Honorable Steven V. Oroho, Senator  
Honorable John J. Burzichelli, Assemblyman  
Honorable Scott T. Rumana, Assemblyman  
Honorable Brian D. Levine, Mayor, Township of Franklin  
Edward B. Deutsch, Esq.  
John Galandak  
Tony Monteiro

April 30, 2014

Dear Governor Christie:

In accordance with Executive Orders No. 41 and 155, the Red Tape Review Commission submits this report, the delivery of which furthers our commitment to improving New Jersey's business and regulatory environment.

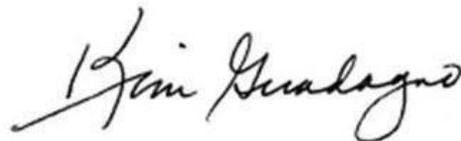
As this report demonstrates, the bi-partisan Red Tape Review Commission, in conjunction with the Executive Branch and the Legislature, has brought a systemic cultural change to Trenton. Working collaboratively to achieve regulatory restraint, these efforts have improved New Jersey's regulatory process, eliminated burdensome red tape, and promoted job creation, job retention, economic growth, and investment in New Jersey.

This report focuses on the Red Tape Review Commission's efforts to eliminate needlessly burdensome requirements and to streamline business-to-government interaction – efforts that have made New Jersey a more hospitable climate for business. In addition to cataloging our public outreach over the last two years, this report also highlights some of the State's regulatory and legislative accomplishments in this regard and provides recommendations to continue improvements to the State's regulatory environment.

Although New Jersey has and continues to make significant progress in improving its regulatory environment, streamlining government, reducing needless burdens, and cutting red tape, more remains to be done. I look forward to continuing this important mission, working with the Commission's elected and public members, and seeking invaluable input from the regulated community, impacted businesses, substantive experts, entrepreneurs, and all manner of citizens whose ideas have and will continue to inform our collective efforts.

We thank you for the opportunity to serve the people of New Jersey in this endeavor.

Respectfully,

A handwritten signature in black ink that reads "Kim Guadagno". The signature is written in a cursive, flowing style.

Kim Guadagno  
Lt. Governor

Pursuant to Executive Orders Nos. 41 and 155 establishing a bi-partisan Red Tape Review Commission (“RTRC”) and requiring periodic reports to the Governor, this Report recaps recent successes in cutting red tape to reduce regulatory burdens and streamline government, as well as making recommendations for continuing efforts to improve the State’s business environment.

## **I. A BRIEF HISTORY OF THE RED TAPE REVIEW COMMISSION**

### **a. The Genesis of the Red Tape Review**

Immediately after Governor Christie and Lieutenant Governor Guadagno were elected in November 2009, they organized an informal “red tape” transition team to tackle the impediments to economic growth, job creation, and investment in New Jersey. During the ensuing two months, the team held eighteen roundtable discussions with business people ranging from entrepreneurs to executives from major blue-chip corporations, as well as educators, health care professionals, environmentalists, lawyers, and local government officials. The goal of these discussions was to gather constructive reform ideas from a wide cross-section of New Jersey’s regulated community as to our State’s poor reputation for business and how to improve it.

Those conversations informed the Administration’s recognition that the elimination of unworkable, overly-proscriptive, and ill-advised rules and regulations was not mutually exclusive with the regulatory intent of safeguarding societal goods such as clean air, water, and consumer protection.

### **b. Executive Orders and Creation of the Red Tape Review Commission**

One of the Governor’s first actions was signing a series of Executive Orders to cultivate a new approach to administrative rule-making. Executive Order No. 1 suspended 128 proposed administrative rules and regulations (16 of which were ultimately withdrawn) and prohibited the promulgation of new rules and regulations for 90 days, absent enumerated, compelling rationales. Executive Order No. 2 established “Common Sense Principles” for State agency rule-making designed to make the regulatory process understandable, consistent, and predictable. That order further required a departmental review of existing regulations for compliance with the Common Sense Principles. As a result, six chapters of the Administrative Code were abolished, 99 regulations amended, and 31 regulations repealed.

With Executive Order No. 3, Governor Christie established a bi-partisan Red Tape Review Group, chaired by Lt. Governor Guadagno, to “review all pending and proposed rules and regulations . . . to assess their effects on New Jersey’s economy and to determine whether their burdens on business and workers outweigh their intended benefits.” The Red Tape Review Group issued two reports that made legislative, regulatory, and policy recommendations: a 90-day report and a 180-day report. On September 23, 2010, Acting Governor Guadagno signed Executive Order No. 41 to create a bi-partisan Red Tape Review Commission (“RTRC”). In addition to Lt. Governor Guadagno, other members of the RTRC are: Senator Brian P. Stack,

Senator Steven V. Oroho, Assemblyman John J. Burzichelli, Assemblyman Scott T. Rumana, Mayor Brian D. Levine, Edward B. Deutsch, John Galandak, and Tony Monteiro.

Finally, and in recognition of the invaluable contributions of the RTRC to improving New Jersey's regulatory climate, on April 30, 2014, Governor Christie signed Executive Order No. 155, extending the RTRC's mission to December 31, 2015.

The Administration recognizes that sustaining the red tape reform initiative requires the engagement of all stakeholders who participate in the regulatory process. To that end, early in 2010, the Department of State ("DOS") established a red tape review devoted email account: [redtape.review@sos.state.nj.us](mailto:redtape.review@sos.state.nj.us). DOS also created red tape review web pages so that the public could provide input and track red tape developments, news, and events.

### **c. The Guiding Common Sense Principles of Executive Order No. 2**

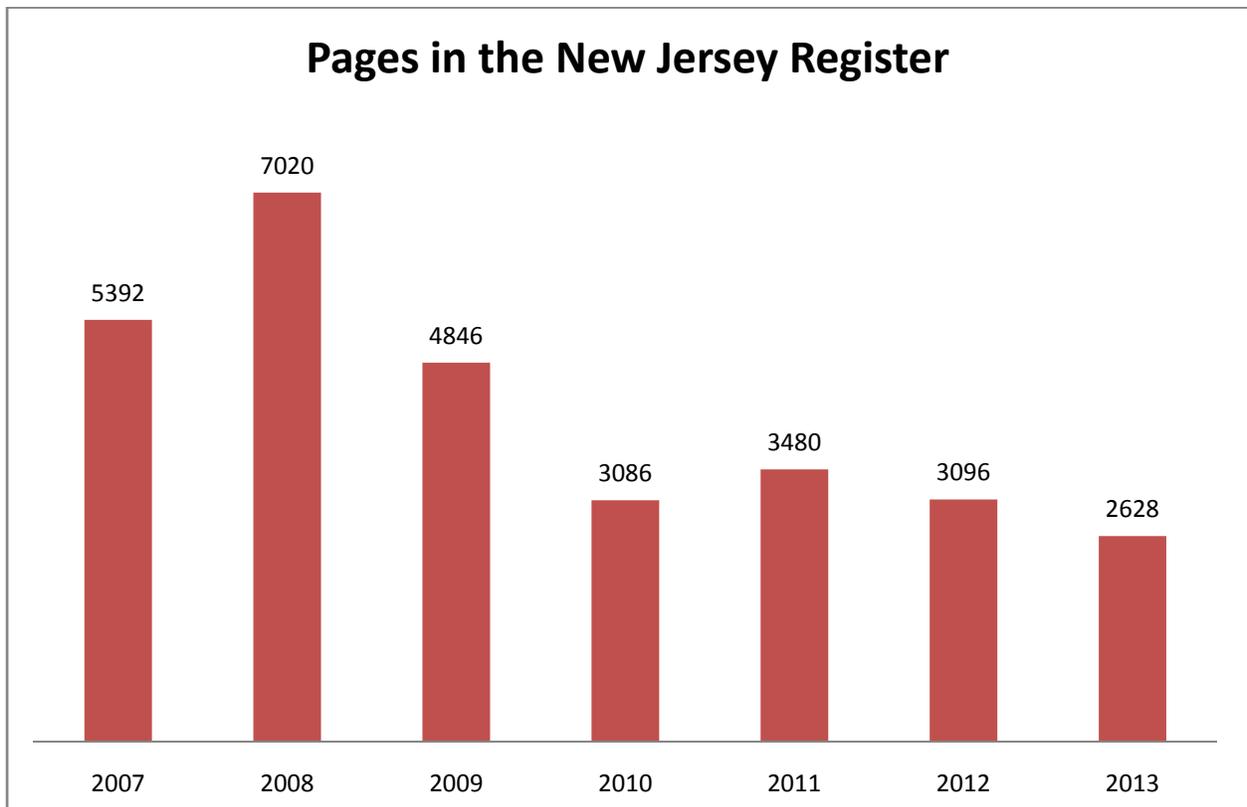
Executive Order No. 2 set forth the Christie Administration's guiding Common Sense Principles of regulation including:

- Engaging in the "advance notice of rules" by soliciting the advice and views of knowledgeable persons from outside of State government;
- Adoption of the "time of decision" rule whereby permits or approvals are governed by the rules, regulations, and standards in effect at the time an application is filed;
- Adopt rules for waivers;
- Employ the use of cost/benefit analyses;
- Adhere to federal standards except when required by statute or exceeding federal requirements is necessary to achieve a New Jersey specific public policy goal;
- Value performance-based outcomes and compliance, over the punitive imposition of penalties for technical violations that do not negatively impact the public health, safety, or environment;
- Impose the least burden and costs to business, including paperwork and other compliance costs, necessary to achieve the underlying regulatory objective;
- Treat those affected by rules and regulatory processes as customers and treat them consistently across regions, offices, and departments;
- Coordinate with other agencies to combine and minimize regulatory filings and to minimize worksite interruptions;
- Strive to reduce the processing time for regulatory approvals, permits, licenses, and other actions requiring agency response; and
- Leverage information systems and other technologies to improve efficiency and processes.

These Common Sense Principles have been a guiding principle of the Administration's rulemaking restraint during the last four years. As this Report and prior RTRC reports demonstrate, by steadfastly applying these Common Sense Principles, the Christie

Administration has substantially improved the State’s regulatory environment, making New Jersey more hospitable to business, while simultaneously safeguarding the public’s health, safety, and well being.

One metric for analyzing this culture of regulatory restraint is the size of the New Jersey Register – the official Office of Administrative Law publication, produced twice each month containing all notices of proposed regulations, adopted regulations, and miscellaneous notices from state agencies. The chart below depicts the Administration’s commitment to reducing regulatory burdens as evidenced by the significantly reduced size in terms of page count of the annual New Jersey Register volume over the last four years when compared to the years immediately preceding the Christie Administration.



**d. Public Meetings**

Over the last two years, the RTRC held six public meetings (3 each year) dispersed throughout New Jersey as follows:

	<b>Date</b>	<b>Location</b>	<b>Topic</b>
1	April 24, 2012	Camden County College, Cherry Hill	Energy and Infrastructure
2	July 17, 2012	New Jersey Small Business Development Center at the College of New Jersey, Ewing	The Procurement Process
3	October 9, 2012	Morris County Community College, Randolph	Open Forum
4	April 16, 2013	Eagle Theatre, Hammonton	Insurance Matters
5	December 18, 2013	Livingston Public Library, Livingston	Starting a Business in New Jersey
6	December 19, 2013	State Museum Auditorium, Trenton	Business Red Tape

Those who testified included: Assemblywoman Amy H. Handlin, the New Jersey Small Business Development Center, the Center for Non-Profits, the New Jersey Law Revision Commission, officials from the Department of Banking and Insurance (“DOBI”), Department of Environmental Protection (“DEP”), DOS, Department of Transportation (“DOT”), the Department of Treasury (“Treasury”), and the Board of Public Utilities (“BPU”), not to mention numerous individuals and businesses ranging from large restaurant franchises to a forensic accountant.

**II. RED TAPE ACCOMPLISHMENTS IN COMPLIANCE WITH THE COMMON SENSE PRINCIPLES OF EXECUTIVE ORDER NO. 2**

The following section summarizes noteworthy red tape accomplishments over the last two years, organized in accordance with the most salient Common Sense Principles of Executive Order No. 2. This recapitulation is not– nor could it be – an exhaustive list of all Administration-wide efforts to reduce red tape, but rather is intended to put forth representative examples of efforts accomplished by myriad State departments and agencies.

**a. Pre-Proposal Stakeholder Input**

Executive Order No. 2 requires State rulemaking bodies to engage in the “advance notice of rules” by soliciting, in advance of any rulemaking, the advice and views of stakeholders and knowledgeable persons from outside of State government. This insight on proposed rules not only prevents unworkable, overly-proscriptive, and ill-advised rules from being proposed – let alone adopted – but also ensures that proposed regulations have been vetted to avoid unintended consequences and provide the regulated community with greater certainty.

Although all State departments and agencies have made great strides in increasing pre-proposal stakeholder input, the most illustrative example is DEP’s efforts in this regard. Since the enactment of Executive Order No. 2, DEP has proactively convened early meetings of state

environmental groups, the regulated community, impacted departments, agencies, and local governments, and citizens for scoping meetings at DEP using its large LISTSERV. The early exposure allows DEP to ensure that all stakeholder interests, voices, and concerns are heard throughout the process and serves to help ensure that any regulatory changes are workable.

Moreover, DEP's website has pages devoted to "Opportunities for Public Comment/Participation Prior to Formal Rulemaking" – a laudable example of a state agency leveraging technology to further pre-proposal stakeholder input.

## **b. Adherence to Federal and National Standards**

Executive Order No. 2 requires State agencies to not exceed the requirements of federal law except when required by State statute or where exceeding federal requirements is necessary to achieve a New Jersey specific public policy goal. A corollary of that principle is for New Jersey to adhere to nationally accepted standards where appropriate. This Common Sense Principle has been put into effect throughout State government.

### **i. Electronic Prescriptions**

The Drug Enforcement Agency recently issued an interim final rule permitting the submission of prescriptions electronically for Schedule II controlled dangerous substances. The rules of both the Board of Medical Examiners and the Board of Pharmacy were thereafter amended to allow practitioners and pharmacists to accept electronic prescriptions for controlled dangerous substances if permitted by Federal law. This amendment aligned New Jersey practice with the amendments to Federal law, leading to more efficient electronic processes that are less susceptible to error.

### **ii. Conforming with National Insurance Standards**

DOBI amended numerous regulations to bring them in conformity with national laws or standards, reducing confusion, time-wasting paperwork, and fees. For example:

- **Formation of Domestic Property and Casualty Insurance Corporation and Surplus Lines Insurance.** The federal Non-Admitted and Reinsurance Reform Act of 2010 revised various issues concerning the regulation of surplus lines insurers. DOBI adopted a rule to comport with this federal statute, thereby reducing and/or eliminating filing requirements and fees.
- **Actuarial and Accelerated Death Benefits.** DOBI adopted standards for accelerated death benefits for insurance policies consistent with the standards set by the Interstate Insurance Product Regulation Commission ("IIPRC"), effectively establishing one set of filing guidelines. New Jersey is a member of the IIPRC, along with 40 other states, thereby furthering uniformity across state lines.
- **Seasoning Rule.** DOBI adopted a rule to reduce the time an out-of-state insurer must be in operation in the state of its domicile from five years to three years. Now DOBI is

consistent with the majority of states that have a three-year operational requirement, known as the “seasoning rule.”

- Advertisement of Life Insurance and Annuities; Disclosure Requirements for Annuities Directly Solicited to Consumers and Requirements for Annuities Directly Solicited to Consumers. To provide guidance and uniformity and reduce confusion, DOBI adopted the final National Association of Insurance Commissioners (“NAIC”) model for Suitability in Annuity Transactions Model Regulation.
- Filings by Property and Casualty Insurers. DOBI deleted the requirement to file a New Jersey-specific form and conformed the rules to the national standard, as reflected in the NAIC model.

### **c. Performance-Based Outcomes Rather than Proscription**

Another Common Sense Principle is for agencies to cultivate an approach to regulations that values performance-based outcomes and compliance, rather than the punitive imposition of penalties for technical violations that do not result in negative impacts to the public health, safety, or environment. Put simply, departments and agencies should regulate substance, not form.

#### **i. Providing Clarification to County and Municipal Entities**

To avoid violations that occur from confusion rather than intent, the Department of Human Services (“DHS”) provides clarification of federal and/or State statutes and regulations when requested by county and municipal welfare agencies, public advocacy groups, and staff.

#### **ii. Grace Periods to Encourage Compliance and Cure**

DEP incorporated this Common Sense Principle into its Air Administrative Procedures and Penalties. In response to stakeholder suggestions, environmental impact (or lack thereof) will be taken into consideration when adjusting penalty amounts. By classifying certain types of violations as “minor” and allowing for a 30-90 day grace period to correct a minor violation without penalty, DEP will encourage compliance and prompt correction of minor violations.

#### **iii. Improving Certainty for Tenants**

The Department of Community Affairs (“DCA”) amended the Uniform Construction Code by adopting the Plan Release with Conditions, to address the problem that business professionals are stymied from giving accurate move-in dates because of plan “re-reviews.” Once local officials complete their initial plan review period in 20 days, plans for alteration and reconstruction projects in business, factory, mercantile or storage facilities are released with a list of conditions specifying code deficiencies, enumerating deferred submittals, and listing pending approvals, with a time-line for their submittals. As they proceed with construction, developers

are then required to comply with the “conditions,” or correct any deficiencies noted by the officials. Code compliance would then be determined at inspection. This amendment vests accountability with the developers and adds certainty that translates into construction schedules and tenant moves. Moreover, the predictability filters down into ancillary scheduling for furniture deliveries and communications equipment installations, for example. Of course, the Plan Release with Conditions would not apply to substantially deficient plans or to projects involving a change of use or change in character of use.

iv. Providing School Bus Operators Choice in Record Retention

In another red tape cutting amendment to its school bus regulations, the Motor Vehicle Commission (“MVC”) will allow school bus operators to use their own forms and technology to complete daily bus inspections, instead of using prescribed forms as per prior regulations. This allows the operators flexibility in recording and storing required inspection reports and frees up space for the operator that would have formerly been used to house hard copies.

**d. Deploy Technology**

Technology is the enemy of bureaucracy, and, recognizing such, Executive Order No. 2 directs State agencies to leverage information technology to improve efficiency and process. The Christie Administration continues to leverage technology to transform its regulatory processes and business-to-government interactions. A few examples follow.

i. Electronic Bidding

The Department of Children and Families (“DCF”) implemented a process to allow bidders to submit bid proposals electronically. This saves providers the cost of copying and mailing multiple copies of the same document; expedites the process by eliminating the time required to ship multiple copies to the agency; and creates efficiencies when DCF does not have to distribute those copies to members of the review team.

ii. Requesting Vehicle Tags on Demand

MVC introduced a new process for all New Jersey-licensed motor vehicle dealers by which dealers can request and print temporary tags on demand. This system is highly appreciated by the dealer community because it provides the significant benefits of greater convenience, accountability, and fraud prevention.

iii. Continued Evolution of the New Jersey Business Portal

The Division of Revenue within Treasury continues to expand the services provided as part of its Premier Business Services (“PBS”), which can be accessed on the New Jersey Business Portal ([www.NewJerseyBusiness.gov](http://www.NewJerseyBusiness.gov)). Businesses can now conduct a Business Standing Check to review their registration status with the State. An individual business is able to determine if it is still considered “Active” by the State, if its annual report filings are up-to-date, and whether its corporate tax payments are current. In fact, the business can access 10

years of tax returns and payment history. As longer-standing PBS features, businesses may file tax returns, pay taxes and file annual reports online.

iv. Eliminating Paperwork and Increased Electronic Interaction for Farmers

The Department of Agriculture is transforming its once paper-driven licensure/registration and re-licensure/registration procedures to an electronic system. Currently, all license/registration renewals and new license/registration applications for Store Milk Licenses and Organic registrations are online. These systems allow for online payments to be made and for licenses to be printed by the applicant immediately upon completion of the process.

The Department also launched the Animal Health Diagnostic Laboratory website geared toward veterinarians, as well as farmers, animal owners, animal organizations, and universities. The site provides people with: the ability to search for tests by keywords, animal species, discipline, and cause of the disease; submission forms and complete instructions on how to submit samples; training and education information; contact information; and directions to the laboratory. The user-friendly website also includes a mobile site, which provides easy access to the laboratory's services while in the field. Before launch of the website, submitters had to call the laboratory to get this information, which added time to the specimen submission process. Such delay could be detrimental to specimen quality resulting in delayed detection or non-detection of important diseases.

v. Electronic Real Estate License Generation

DOBI's Real Estate Online Services has been streamlined and enhanced through the implementation of several measures. Most notably, through the use of a dynamic process, a firm's broker of record can now generate the licenses of the company, all branch offices, and all affiliated individual licensees on demand in the form of PDF documents. All data and updates are real-time.

**e. Engage in Continuous Regulatory Process Improvement**

Executive Order No. 2 directs departments and agencies to continuously engage in a self-evaluation of their rules, regulations, and policies. A few examples follow.

i. Streamlining Carnival and Amusement Ride Regulations and Policies

DCA adopted amendments to its Carnival and Amusement Rides Rules for Acceptance Inspections, Recognized Certified Maintenance Technicians, Manufacturers Training Certifications and Type Certifications. The amendments: eliminate the need to perform acceptance inspections of inflatable rides (i.e., bounces); expand the certifications that would be acceptable for a Recognized Certified Maintenance Technician; eliminate the need for manufacturers to provide training when a new ride is sold in New Jersey; and require that the manufacturer of a ride provide DCA with serial numbers for rides that are manufactured under a

type certification. This adoption eliminates onerous requirements for both DCA and the industry, and streamlines the approval process for new rides.

ii. Empowering Highlands Municipalities to Approve Certain Exemptions

Pursuant to a Memorandum of Understanding (“MOU”) between DEP and the Highlands Council, the authority to approve seven (out of 17) exemptions in the Preservation Area would move from DEP to municipalities, where conformance petitions for the Preservation Area have already been approved by the Highlands Council. The MOU allows municipalities to maintain their conformance commitments and the needs of residents while also streamlining the process for landowners to obtain an exemption determination.

iii. Continued Process Improvement Facilitated by Stakeholder Input

The Division of Consumer Affairs (“Consumer Affairs”) has met regularly with the Coalition of Regulated Professions, a group that testified before the RTRC at a 2011 public meeting, to address red tape in licensing and permits. Spurred by this on-going dialogue, Consumer Affairs has amended regulations for its occupational boards that are no longer relevant. Significant red tape amendments include:

- State Board of Social Work Examiners. The Board recognizes new methods for completing continuing education requirements and with a newly adopted rule, provides licensees (or their employers) more flexibility and cost savings. Limitations on credits directly related to clinical practice were removed and the Board will no longer approve specific courses of instruction. It will instead defer to accreditation from national social work organizations. Notably, substantial changes to the rule proposal, in response to stakeholder comments, were incorporated upon adoption. This would not have been possible before the Red Tape Review Commission legislative members who passed legislation to amend the Administrative Procedure Act in 2011.
- Board of Examiners of Electrical Contractors and Fire Alarm, Burglar Alarm and Locksmith Advisory Committee. The former rule that required a licensee to complete 36 continuing education credits in each triennial education period for each Committee-issued license held was found to be overly burdensome. The rule was amended to reduce the credit numbers and the specific subject matter was indicated to assure properly educated professionals. Also, the amendment expanded the number of continuing education credits for each license that could be earned through internet, correspondence, self-study programs, etc., rather than in-person physical attendance at certain courses.
- Home Inspector Licensees. Adopted rule amendments doubled the maximum amount of distance learning units, thereby increasing the convenience to home inspectors and saving them money on tuition and transportation costs.

iv. Cutting Red Tape for Non-Profit Organizations

The Legalized Games of Chance Control Commission (“LGCCC”), also part of Consumer Affairs, adopted rules that eased the requirements for non-profits to hold raffles and bingo games. These suggestions were presented to the RTRC by the Center for Non-Profits and other non-profit associations and organizations. Due to these amendments, the burdens and costs on licensed organizations will be lessened, thereby allowing more of their limited dollars to be spent on service delivery – not needless administrative compliance costs. Because an organization does not need a license to hold a special door prize raffle, the notification requirement to municipalities was removed. If a municipal clerk forwards an application for a municipal license to the LGCCC and it does not respond within 14 calendar days, the license is automatically granted; this time frame was shortened from 15 business days. Off-premises fifty-fifty raffles may now be held twice a month, up from once a month. The raffle prize limit was raised to \$1,500 from \$500 and the instant raffle ticket price limit was raised to \$3.00 from \$1.00. Also, removing an administrative chore, the LGCCC no longer requires organizations to submit a certification that indicates the number of tickets printed.

**f. Eliminate the Unnecessary**

In compliance with Executive Order No. 2, many departments and agencies amended rules to require the submission of only relevant information, thereby imposing fewer burdens on business and the regulated community. Moreover, departments and agencies have infused their regulations with more common sense, ensuring that regulations accomplish their intended goals, but do not unnecessarily impose unintended consequences.

i. Modernizing Filings for Cable Television Companies

The Office of Cable Television (“OCTV”) in BPU eased its regulatory requirements to eliminate unnecessary paperwork. Starting with Annual Report Forms due in 2013, OCTV forms may now be prepared on a consolidated (i.e., multi-system) basis. Also, in lieu of filing an audited financial statement, the operator may file an unaudited financial statement certified by the operator’s financial officer, attesting to the truth, completeness, and accuracy of the reports. Moreover, in a true example of commonsense rule-making, filers may indicate by checking a box that certain information has not changed from the prior year’s filing, rather than submitting new forms. Also, the BPU clarified that its rules regarding the filing of tariff changes require only the filing of the specific sheets that are proposed to be revised, not the entire, voluminous tariff. These red tape reforms reduce the volume of documents submitted by, and compliance costs for, the regulated industry, while maintaining consumer protections.

ii. Common Sense Regulation of Industrial Facilities

DEP removed industrial facilities as a receptor in the Model Noise Ordinance after comments received during the initial comment period gave rise to substantial changes upon adoption. Sound emanating from an industrial, commercial, public service, or community service facility is measured at the property line of other industrial, commercial, public service, or community service facilities. If the noise from such a facility exceeds the standards in the rules only at a nearby industrial facility, the rule may necessitate that the noise-generating facility

institute noise-abatement measures. Since many industrial facilities are located in industrial parks, where associations can act as mediators to address noise-related issues among members, the DEP believes it is no longer necessary to identify industrial facilities as a receptor. It also will classify waste collection, recycling and incineration, water and sewage treatment, and electricity generation as industrial facilities because they generate similar noise to that of industrial facilities and they will no longer be classified as receptors.

iii. Reducing Needless Paperwork

DOBI continues to eliminate redundant paperwork. In the Division of Insurance, all property and casualty filings are required to be filed through the System for Electronic Rate and Form Filing (“SERFF”), the NAIC’s electronic filing system. In addition, the rule required a New Jersey-specific form for final prints. DOBI has decided that it is overly burdensome for companies to prepare this additional form for the State, so it adopted amendments to eliminate that form in light of compliance with the SERFF requirements – again, adhering to a national standard.

**g. Delivering Government Services More Efficiently**

Finally, a corollary of the Common Sense Principles is to streamline government, thereby delivering greater service to taxpayers and the regulated community more efficiently. The following demonstrates just a handful of the improvements the State has made in this regard.

i. Skip the Trip

Continuing efforts to bring greater convenience to New Jersey residents, the MVC began the first phase of Central Issuance (web-based) processing of driver’s license and non-driver renewals by mail in the “Skip the Trip to the MVC” initiative. Starting with documents that expired in 2012, customers born on or before December 1, 1964, were able to Skip the Trip to an agency and renew through the mail.

ii. Exploiting Synergies

DCA adopted amendments to the licensing of elevator and amusement ride inspectors rules that allow amusement ride subcode officials to perform six-month inspections of elevator devices while allowing elevator inspectors to perform operational inspections of amusement rides. The amendment allows greater scheduling flexibility for work crews, especially because amusement ride inspectors are only busy in-season, when they have very short lead times for set-up inspections. The nature of these two inspections is very similar.

iii. Holistic Restructuring at the Division of Consumer Affairs

In addition to rule amendments for specific occupational boards Consumer Affairs has implemented a comprehensive approach to eliminating unnecessary red tape that includes a department restructuring and better deployment of technology. For example:

- Professional Board Reorganization. Consumer Affairs implemented a re-organization of the staff that supports its 46 professional and occupational licensing boards. The re-organization merged the 46 boards into 10 teams grouped logically by service areas and resource needs. Consumer Affairs also enhanced staff training and technology (work flow studies, document scanning, etc.) in order to increase efficiency and better serve licensees and the public. Critical in this phase is the cross-training of staff across board lines, with employees expected to service multiple boards within their assigned team.

- Increased Automation. Consumer Affairs continued its efforts to automate the initial and renewal license application process for its 46 professional and occupational boards and Committees. Consumer Affairs instituted mandatory on-line license renewal for all of its boards and committees and no longer accepts paper renewals for any professional board license types. In addition, three boards (Pharmacy, Nursing and Massage Therapy) as well as Home Improvement Contractors have initial applications that may be completed on-line for certain license types. The support documents are scanned upon receipt and then sent to the board employees for review through an automated records management system. The goal in the future is to make the completion of all initial applications on-line mandatory. As of March 2014, 12 license application types are available online. Consumer Affairs will continue to implement online licensing on a rolling basis, working towards the goal of having licensure be fully automated.

iv. Effectively Employing Technology at DOBI

DOBI moved its Real Estate Enforcement and Investigations from a mainframe system to an Oracle-based system that interacts with the Real Estate licensing system. The system can be accessed by field investigators and allows them to enter investigative information directly.

**III. RED TAPE LEGISLATIVE ACCOMPLISHMENTS**

The critical importance of the legislative members of the RTRC to this effort cannot be overstated. Below is a recap of some of the most significant legislative achievements to lessen red tape in 2012, often times sponsored by the RTRC's legislative members.

**a. The Revised Uniform Limited Liability Company Act ("RULLCA")**

This legislation repealed the New Jersey Limited Liability Company Act and replaced it with a more modern regulatory scheme for the creation and operation of LLCs, the most popular business organization in New Jersey. Notable benefits of RULLCA include enhanced ease and flexibility of formation, with streamlined methods for domestication (an LLC formed in another state becomes an LLC in New Jersey) and conversion (a corporation becomes an LLC). RULLCA adopted some of the best elements of the Business Corporation Act concerning the indemnity of members and managers and remedies for deadlock, for example. RULLCA also eliminates pitfalls concerning the perpetual existence of the LLC and the valuation of interests for resigning members.

Because RULLCA is more consistent with the expectations of businesspeople, it will encourage the formation of LLCs in New Jersey rather than surrounding states. Moreover,

RULLCA signals the efforts New Jersey is making to improve its reputation as a home for business.

This legislation was sponsored by Senator Oroho and Assemblymen Burzichelli and Rumana, after it was presented by the New Jersey Bar Association at an RTRC public meeting in September 2011.

#### **b. Modernized Liquor Licensing**

The craft liquor industry is booming. In recognition of this burgeoning industry, as well as some of the more antiquated provisions of New Jersey's liquor license statutes, Governor Christie signed two laws to facilitate the growth of this industry in New Jersey.

First, Governor Christie signed legislation modernizing antiquated restrictions governing micro-breweries and brew pubs, eliminating burdensome red tape, and allowing these businesses to compete more effectively with competitors in neighboring states. The new law allows brew pubs to produce 10,000 barrels of alcohol per year, up from 3,000, effectively lowering the cost of a license from \$625 to \$250 for every 1,000 barrels produced. The law also permits brew pubs to expand their franchises to ten locations, up from two, and allows the sale to wholesalers through a three-tier system. The former law only permitted the sale on its licensed restaurant premises. Microbreweries may offer samples of their beer on- and off-site. The amended law permits microbreweries to sell beer for consumption at a licensed location as part of a brewery tour, and permits the sale of limited amounts for off-premises consumption.

Second, Governor Christie, in recognition that New Jersey's law failed to accommodate the unique traits of the entrepreneur-driven craft distillery industry, signed legislation establishing a craft distillery license. The cost of the license is modest and affordable for a start-up and/or growing business. Moreover, the new bill allows for the craft distillery to allow patrons to tour a facility and to provide a limited amount of samples – two abilities crucial to craft distillers. Senator Oroho was a sponsor.

#### **c. The Permit Extension Act**

This law amends the Permit Extension Act of 2008 to provide relief to real estate developers amid distress in the real estate finance sector. Government approvals, as defined and extended in the Permit Extension Act of 2008, will continue to be valid until December 31, 2014. The amendment also narrowed certain exclusions from the Pinelands and Highlands planning areas. The bill was sponsored by Senators Stack and Oroho, and Assemblyman Burzichelli.

#### **d. Bingo Licensing Law**

Senator Stack was a sponsor of this amendment to the Bingo Licensing Law to remove the licensing requirement for recreational bingo games held by individuals or organizations. This bill applies if no player furnishes anything of value for the opportunity to participate; the prizes awarded are nominal; and no person is paid for conducting the game.

#### **e. Modernizing Procedures for Contested Cases Before the Office of Administrative Law**

An outgrowth of recommendations by the Red Tape Review Group, Governor Christie signed legislation, sponsored by Senator Oroho and Assemblymen Burzichelli and Rumana, that implemented a variety of modernization mechanisms for contested cases heard by the Office of Administrative Law. Changes included: (1) encouraging pre-hearing conferences; (2) allowing, on a finding of good cause, for witnesses to testify and motions to be considered via telephone or video conference call; (3) requiring DEP to produce and certify its permitting record within 30 days after the filing of a contested case; (4) allowing for oral decisions or checklist decisions in appropriate cases; (5) limiting the time in which the agency head may make a decision; (6) encouraging the development and implementation of an electronic filing system; and (7) requiring arbitration, mediation, and other alternative dispute resolution to be employed.

#### **f. Elimination of Unnecessary Boards**

Governor Christie signed legislation abolishing roughly 110 entities in State government that are inactive and obsolete, and, to the extent necessary, transferred some responsibilities to other Executive Branch departments. The bill is consistent with the intent of Executive Order No. 15 which, in an effort to streamline State government, encouraged the elimination of obsolete and inactive government entities – another red tape cutting endeavor.

#### **g. Changes to Licensure for Regulated Professions**

The RTRC previously recommended greater uniformity in the context of reciprocity and licensure by credentials among those professional occupations regulated by the professional boards within Consumer Affairs. Signed by Governor Christie and sponsored by all four legislative members of the RTRC, this legislation revised the general provisions regarding the reciprocity of licenses issued by other states, the reinstatement of suspended or inactive professional and occupational licenses, and the renewal of licenses, creating a more uniform and streamlined process for regulated professionals subject to regulation by Consumer Affairs.

#### **h. Cutting Red Tape for Public Utilities**

The last legislative term saw numerous bills designed to cut red tape for public utilities.

With respect to electronically informing customers of rates, Governor Christie signed legislation that exempts cable television companies from certain out-dated, paper-driven regulatory requirements where the company posts its currently available prices, rates, charges, and services in an electronic format in a clear, concise, and readily accessible manner. This bill was sponsored by Senator Oroho and Assemblyman Burzichelli. Similarly, legislation was enacted that requires local exchange telecommunications carriers to post terms and conditions of retail competitive services on their websites. That bill too was sponsored by Assemblyman Burzichelli.

Another Assemblyman Burzichelli bill enacted into law empowers cable television companies to reimburse customers, at the customers' option, via forms of compensation other than credits or rebates, for service outages lasting longer than six hours. This greater flexibility is a win for both the cable television company and the consumer.

Also, in the cable television context, Governor Christie signed legislation, sponsored by Assemblyman Burzichelli, that eliminated the requirement for cable television companies to provide advance notification of price decreases or addition of channel offerings. Clearly, lower prices and greater services benefit customers and delivery of such should not be delayed to comport with notice requirements.

Finally, Governor Christie signed legislation that requires the Board to issue a written order on any public utility application for the sale of real property owned by the utility within 180 days of the petition being deemed complete for review. Such a firm deadline provides ample time for regulatory review, as well as certainty for the regulated industry. This bill was also sponsored by Assemblyman Burzichelli.

**i. Elimination of Fees Associated with Clerical Errors**

Again, based on a recommendation of the RTRC, the Governor signed legislation that prohibits any State department, agency, board, bureau, authority, office, or other entity from charging a fee to any applicant who seeks merely to correct clerical errors made by the applicant. The legislation was sponsored by RTRC members Senator Oroho and Assemblymen Burzichelli and Rumana.

**j. Deploying Technology to Improve Interaction With the Regulated Community**

In another direct outgrowth of RTRC recommendations, Governor Christie signed legislation requiring each State agency to post on its Internet website its enabling statutes and its currently applicable and pending regulations, as well as its rule-making and public hearing notices, publicity documents, press releases, final and non-confidential agency reports, and rule-making petitions, among other items. Senator Oroho and Assemblymen Burzichelli and Rumana sponsored the bill.

**k. Publication of Proposed County Ordinances by Summary**

All counties are required to publish notice of introduced ordinances in certain publications. However, two years ago, some counties were allowed to publish merely the title or title and summary of the proposed ordinance while others, at much greater expense, were required to publish the proposed ordinance in its entirety. Governor Christie signed legislation putting all counties on equal footing and eliminating unnecessary taxpayer-funded expenses.

#### **IV. RECOMMENDATIONS FOR CUTTING RED TAPE**

##### **a. A One-Stop-Shop in Every Department**

Just as DEP established the Department of Permit Coordination and Environmental Review as a one-stop-shop for applicants, each department or division, as appropriate, should consider establishing a staff who function in a “one-stop” capacity. Constituents often need to speak with someone who is thoroughly familiar with the department/division for either guidance or clarification, or they may need an ombudsman if they encounter a roadblock. Such a person would particularly benefit small businesses that may find it difficult to both navigate bureaucracy and to comply with the letter of the law (or rule) in every instance.

##### **b. Continue Procurement Reforms**

Efforts towards uniformity across State agencies to reduce idiosyncrasies such as varying electronic bid solicitation and acceptance rules, different closing times, and different treatment of late bids will help reduce the confusion and frustration of vendors. Agencies should be able to find common ground concerning pre-qualification reciprocity, consistent definitions, and even uniform forms.

##### **c. More Acceptance of Accreditation**

New Jersey wants to ensure the health and safety of its citizens, and to that end, has often held higher standards for licensing than other states or the federal government. When national standards, or certification by professional consortiums are comparable to New Jersey’s requirements, however, departments should be more willing to recognize accreditation from outside bodies to help businesses avoid redundant paperwork and double-billing.

##### **d. Expansion of General Permits and Permits by Rule**

DEP has taken a lead role in creating and encouraging the use of general permits and permits by rule. Such streamlined permitting on straight-forward projects with minimal environmental impacts ensures that the State’s environmental protection goals are being advanced while not unduly costing applicants precious time and money in obtaining an individual permit, where such time and money does not produce any appreciable additional environmental protections. DEP should continue to advance such streamlined permitting and other departments and agencies should continue to follow suit where there is minimal risk to the public health, safety, and well-being.

##### **e. Reduce Unnecessary Hidden Costs of Regulation**

Beyond the fees paid for permits and licenses, regulated entities pay a host of other hidden costs. Be it through professional service fees to lawyers, accountants, and engineers, or the costs of compiling paperwork, or the costs of attending continuing education, such costs accumulate. All permitting and licensing entities should be sensitive to these hidden costs and carefully examine their regulatory requirements to ensure that such costs produce commensurate

protection of the State's public health, safety, and well-being. And, where little or no such benefit is delivered, agencies should reduce or eliminate those hidden costs.

## V. CONCLUSION

The foregoing demonstrates that the State continues to make substantial progress in reducing onerous and burdensome red tape— a continuation of a process began in the first days of the Christie Administration through a series of important executive orders. The bi-partisan RTRC is proud to have contributed to a State-wide endeavor to establish a new approach to administrative rule-making and create a culture of regulatory restraint in Trenton. These efforts are a key component in our broader effort to make New Jersey a more attractive place for businesses and job creation.

However, work remains to be done. The regulatory environment the Christie Administration inherited was not made overnight. Rather, it was the result of a near-constant deluge of increased burdens – some incremental, some dramatic. Similarly, that decades-long history cannot be rolled back overnight. Rather it takes a commitment – as demonstrated by the Christie Administration and the RTRC – to doggedly demonstrate appropriate regulatory restraint. Momentum must be maintained. The regulatory culture in New Jersey has changed, and the Administration, elected officials, and RTRC must continue to strive towards improving the State's business and regulatory environment.

To that end, the RTRC remains committed to its founding principles. By acting on the policy recommendations made above and continuing to engage the public in this important debate, the RTRC can help ensure that New Jersey's business environment continues to improve.