

# Regulatory Reform Commission - Meeting 1

Meeting Commenced 10:09am

## Commission Members Present:

Co-Chairs (Jim Soltez and Abba Poliakov), Jim Brady, Jay Baldwin, Bill Grant, Suzy Gantz Jay Steinmetz,.

Jim Soltez and Abba Poliakov presiding - opening remarks

BCCC - welcoming remarks

*Abba Pokiakov* - introduced Commission Members

*Jim Soltez* – briefly described RRC mission: Commission in effect for three years, studying issues that impact regulations of State of Maryland. Commission is responsible for writing a report by December 1, 2015 – considered "first round" of regulatory suggestions. Mr. Soltez pointed attendees to web site, encouraged everyone to pass the word.

Mr. Soltez recognized public officials in attendance.

*Abba Poliakov* - administrative matters. Minutes from August 25 approved.

## **SECTION I – ELECTED OFFICIALS**

### ***Steve Schuh - AA County Executive***

Discussed things he is doing to improve Anne Arundel County

- Making government more efficient, friendly
- Efficiency – established the 5 core pillars of Schuh Administration
- Create a culture of customer service
- Progress: big emphasis of coordination among different departments.: reorganize government into core groups, combining offices, managed by one manager, meet w/ Mr. Schuh monthly (e.g. public safety, land use)
- Hiring freeze (except public safety) yielded savings and efficiencies
- Reforming government: unreasonable time to obtain a permit, getting businesses off the ground, projects moving, etc.
- Top down review of better serve constituents,

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- Hired a consulting firm to do a comprehensive review -- goal is to cut permitting time by 1/2; also, AA Co procurement has a reputation of being cumbersome, slow – he wants to address this as well.
- aAs former delegate, Mr. Schuh said he has a unique perspective on state impediments to business.

Six specific suggestions for the Commission:

- 1) Reduce overall tax burden on businesses -- corporate income tax rate
- 2) Reduce income tax. Maryland is the only major metropolitan state without a fortune 500 company headquartered here
- 3) Permitting: facilitate permitting process, reduce red tape. AA Co. initiative (permits dept. and inspectors) is a result of state law/rules
- 4) Cease practice of picking economic winners/losers - get away from that philosophy
- 5) Stormwater: must address stormwater management. Mandate from EPA. Date of 2025 is unrealistic, cannot be achieved. "Counties imposed level of fees that are at political, economic and practical limit". AA County would need to triple current fee (\$85/year) in order to meet 2025 deadline. Extend deadline; alternative sources of funds (obvious - Bay Restoration Fund has "almost completed its work, funds are about to become available for other uses"). EPA relief, State relief, enable counties to contribute general funds.
- 6) Education: underinvestment, outdated philosophies, have allowed size of school populations to grow too big. Recent report done for the State - recommendations, state impose school size limits on counties.

Would like to see a system that forces counties to build smaller neighborhood schools.

Questions:

*Jim Brady – re: permitting. Communication with local governments, businesses can't get an answer. What should be done to make a one-stop-shop?*

*Answer: problem is real. Mr. Schuh has engaged a consulting firm to review permitting process, report by 12/31 with recommendations. "Safer for a permit person to say no, than say yes."*

*Bill Grant – Asked if Mr. Schuh could identify five permitting issues that don't make sense, or are true impediments. Five most onerous*

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*Answer: will develop a good specific list and get back to RRC. Things that can take six months in VA can take two years in Maryland. The current "serial review" process can be punctuated by 45-day increments at great cost to business.*

*Abba Poliakov - don't limit it to five items...*

*Jim Brady – sometimes, the easy answer (for county employee) is to say "it's the state" ... drill down deeper*

*Jay Steinmetz – pointed out that county governments (and state) are strapped with antiquated IT systems, procurement process. Getting databases connected. All of these are inefficiencies that need to be tackled / solved. Need to be able to hire, fire, pay people to get a job done.*

**Doug Howard – Carroll County Commissioners President**

- Provided his thoughts on the term "regulation"
- He was a small business accountant for 25 years. He has experience helping small businesses get started.
- Regulation is the double edged sword of government. Regulations done well can be helpful; regulations not done well is deceptive, become obstacles. Biggest challenge is how to make it flexible.
- Tremendous amount of interpretation (EPA, prior administrations)
- Need to ask ourselves, what are we trying to accomplish? Goals could be the same; implementation could be very different.

“Some things that keep us [the Carroll County Commissioners] up at night”:

1) Education. Huge issue, declining enrollment – Carroll County closing 5 out of 43 schools. He discussed a requirement of things the County is required to build - too cumbersome. Met with Senator Rosapepe - innovative ideas how school construction can be done.

2) Environmental. Best Available Technology (“BAT”) system in construction projects (public and private). We need to challenge the premise that we're doing things because it's the best option. The notion that a septic system 50 miles from the Chesapeake Bay is having the same impact is lunacy. The notion that the only choice is BAT or stalled projects is lunacy. He also mentioned that two projects are hung up because of bike lanes.

Touched on a few other points:

- Four straight years of tax reduction.
- Need more multi-jurisdictional efforts/collaboration. He cited the "Carroll business path" initiative and Carroll 2030 as two examples
- "Know before you go" given businesses opportunity, when going through business process, economic development person assigned to assist and aide
- His opinion -- permitting problems are really just communications issues. Suggested that local/state agencies implement an email process so that business is on notice that an application was received and is being processed.
- Rural counties coalition message: things are different in rural areas, takes resources away from state.

Questions:

*Abba Poliakov – requested that Mr. Howard highlight the types of processes that need to be changed and submit written comments to the Commission.*

## **SECTION II – ECONOMIC DEVELOPMENT OFFICERS**

***William Cole – President/CEO Baltimore Metropolitan Council (BMC)***

- BMC serves as a one-stop-shop for businesses looking to do business in Baltimore, how to get started, etc., coordinate with local/state agencies to streamline licensing and permitting processes
- Generally, has a good working relationship with state agencies. Some problems with MDE/DLLR. Cited as an example: brownfields program
- Good: enterprise zone, One Maryland tax credit
- Areas of Improvement:
  - 1) Multiple layers of processes (particularly environmental) for permitting. Need a way to review concurrently (local and state simultaneously) - so that not waiting for one review before moving on to next review, which takes a lot of time

*Question (Jim Brady) - why is that???*

2) Need greater transparency in permitting process

3) Inspection delays (state) -- Elevator inspection, been going on for a long time.

Because scheduling system requires several weeks advance notice. Flexibility in inspections. Fire Inspections—job is 95% done, waiting 2-3 weeks for these types of final inspections...

*Jim Brady – comment – delays are arbitrary (and expensive)*

4) Suggestion: Older computer systems, improve technology

5) BMC always works towards the "yes". Not the same mentality in State government, which can be frustrating: waiting for three weeks; just can't get a call back from an agency.

Suggestion: If approval doesn't happen within a certain amount of time, it becomes a "yes" by default.

*Jim Soltez - with regard to concurrent reviews, many are redundant*

*Abba Poliakov – Asked Mr. Cole to provide the Commission with examples of most prevalent problems.*

***William Anderson - Baltimore County - remarks***

- They have been hearing from their business community. AAA Bond Rating remains, haven't raised income/property taxes
- Illustrate suggestions with projects
- Sparrows Point. Finalize master plan, going to be released this fall
- Wants a focus on regional transit planning
- WIOA - local entities scrambling to meet needs of federal rules (WIOA if the acronym for the federal Workforce Innovation and Opportunity Act)
- Suggestion: remove burdens from training incentives
- He referenced the ACE program (Accelerating Connections to Employment)
- Don't cut funding to community colleges
- Need for more training dollars -- example: long term unemployed, came into job center. 160 Baltimore County residents. following year, making combined \$6.3m in salary.
- "Best work being done in workforce I've ever seen"
- Start-ups need funding and a skilled workforce
- Bills introduced that benefit small businesses (angel investment, incubators)

Questions:

*Bill Grant – any identifiable regulatory impediments keeping you from doing workforce initiatives you want to do?*

*Answer: It is mostly federally driven. His experience has been that the state has not added layers*

*Jim Brady: any regulatory lessons learned from McCormick?*

*Answer: coordination, cooperation. Anticipate regulatory hurdles, concurrent review*

**Bob Hannon - AA Co Economic Development - remarks**

- Regulations are a good thing for business
- Regulations are an expression of values we have as a society
- Agree w/ County Executive Steve Schuh on a few items. 1) coordination of different departments / state agencies; 2) reducing cost of doing business with the State
- AACED not just within county, does business regionally, globally
- Areas of Concern:
  - 1) Planning, SHA, aviation, critical areas, MDE, DNR
  - 2) Development approval process:
    - a) response times - turn around within 30 days;
    - b) access permits - constant point of friction/disjointed;
    - c) traffic mitigation, often because of adequate public facilities regulations;
    - d) comprehensive zoning (state plan vs. local). 1/2 AA Co within development envelope, 1/2 outside. sewer and water plans
  - 3) Coordination between local/state/federal – Total Maximum Daily Load (TMDL)
  - 4) Best practices examples in AA Co.
    - a) two hours every monday - developers come in to county and discuss project status;
    - b) pre-development meetings: key agencies - inspections and permits, planning and zoning

Suggestions: recruitment of qualified staff; constant training; holding agencies accountable for production; communications amongst agencies

Questions:

*Jim Brady – are the “frictions” caused by regulations?*

*Answer: goes back to personalities, relationships, management oversight*

*Jim Soltez - commission assigned points of contact with various agencies, please submit comments and commission will have agencies review*

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**Michael Kelly - Baltimore Metropolitan Council - remarks**

- BMC is mainly a planning entity. Partners with Baltimore City, Baltimore County, AA County, etc.
- Main function - transportation planning
- Discussed the regional workforce plan. Opportunity collaborative - workforce development plan at regional level (analysis of barriers to employment opportunities)
- BMC created an existing online portal that tracks a jurisdiction's building permit applications status

*Jay Steinmetz - did you build it yourself?*

*Answer: info available online*

- Baltimore regional cooperative purchasing committee - challenge: cooperative purchasing so good (scale is so large) tough for small businesses to compete NOT suggesting regulatory changes, but would like to see DGS as a better participant
- procurement - state code so diffuse
- suggestion: add state procurement officer
- (MDE) State is looking at adding additional air quality layers, hoping current administration keeps its current path and not require higher level of air quality standards than federal.

*Jim Soltez recognized Senator Nathan-Pulliam, Delegate Long*

**\*\*\*15 Minute Break\*\*\***

**SECTION III - LOCAL CHAMBERS OF COMMERCE, INDUSTRY GROUPS, TRADE ASSOCIATIONS**

**Ms. Schmidt - Northern AA County Chamber of Commerce**

- Not so much regulations. More an issue of being able to hire people, pass drug test, and show up
- Biggest partnerships are with economic development
- Survey: how regulations affecting business (no results yet)

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- Subjective - enforcement. who is doing enforcement, how are they interpreting regulations/rules
- Overcome Maryland not business friendly
- Her job - help businesses understand regulations/process. Message: how to help local entities help businesses

**William Reider - Maryland Assn. of Appraisers**

Real estate appraisal is a difficult business. "USPAP" updated every two years. Federal entities. The association needs better communication with Commission.

- 1) Need to know what commission is doing. Communicate with organizations like his because they communicate regularly with members.
- 2) Commission should create an online newsletter
- 3) Avoid gotcha disciplinary actions. Suggestion: add "warning" as available violation to the Commission

Questions:

*Jim Brady: Are the Commission members appointed by Governor? Is it their job to regulate appraisers, and it's your job to represent appraisal licensees?*

*Answer: don't get updates from Commission.*

*Jim Brady: Appraisers gone to Commission and asked for more communication, answer was that it's "too difficult"?*

*Answer: yes, already have complete roster of licensed appraisers*

*Jay Steinmetz: Suggestion. We need to have a discussion about communication between licensing entities - RRC should look at this for all agencies.*

*Jim Soltez: Is Commission writing regs?*

*Answer: yes*

*Abba Poliakof: how large is commission?*

*Answer: not sure, possibly a staff of three (used to be a staff of one)*

*Jim Brady: staff of three, doing what Jay suggested shouldn't be difficult*

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***Mike O'Harran – National Federation of Independent Businesses (NFIB)***

- Members want to know what to expect (setting up business, permitting)
- Discussed customer service
- NFIB is a One-Stop-Shop for businesses.
- Consolidate/streamline ... look at permitting concurrently

*Jim Brady – comment – particularly interested in input from NFIB.*

- 70% members employ less than 10 people, don't have time to spend hours at permitting offices
- Tests to obtain license. Tests aren't designed to gauge knowledge of industry.

*Jim Soltez - governor's letter, happy to make letter available to you to pass along to membership on process to comment on regulations*

DRAFT

***Nathan Wilmer – President, Maryland-DC Bar Assn.***

- Bar association - 60 firms are members, debt collecting
- One regulation he would like to discuss: DLLR licenses debt collectors. Attorneys that practice in this area of law required to have debt collection agency licenses.
- He feels this regulation is used as "gotcha". Attorney sues on behalf of a person owing a debt, first thing he does is to check to see if the attorney representing the debt collector is licensed (suit becomes about question of license, not the actual debt). 2-3 offices = 2-3 licenses. He gave an example of attorney sued because of having a PO Box.
- These businesses represent doctors other businesses. This practice usurps authority of judiciary; these attorneys are already licensed by the Maryland Court of Appeals.

*Abba Poliakov: consumer debt, or include business debt?*

*Answer: depends on how you read the statute; the law is vague. 2nd part of law, law firms are law firms, not collection agencies. file law suits. if you move offices, you've violated DLLR*

**\*\*Public Comment\*\***

None.

Commission members discussed meeting and shared ideas going forward.

Adjourned 12:33PM