

Testimony Before the Subcommittee on Healthcare, Benefits, and Administrative Rules and the
Subcommittee on Intergovernmental Affairs of the Committee on Oversight and Government
Reform

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Thank you Chairmen Jordan and Palmer, Ranking Members Krishnamoorthi and Raskin, and members of the Subcommittees for affording me this opportunity to discuss Governor Bevin's Red Tape Reduction Initiative.

Governor Bevin campaigned on the theme that it is all about jobs, which at its core means creating a more inviting environment to attract both human and financial capital. Candidate Bevin's Blueprint for a Better Kentucky listed seven action items that he would pursue if elected Governor. One of the action items was reforming state government. Although there are many aspects to reforming state government, a key component of that effort is modernizing Kentucky's administrative regulations, and one of the first undertakings of the administration was the formulation and implementation of its Red Tape Reduction Initiative. As part of this Initiative, every Cabinet and agency within the executive branch has been directed to review every regulation promulgated by it over the years and make one of the following determinations:

- Completely repeal the regulation as its original purpose is no longer relevant.
- Amend the regulation to conform it to a federal counterpart. This effort includes eliminating inconsistent definitions and standards with the goal that the state regulation should never be more burdensome than the federal counterpart unless circumstances unique to Kentucky require a stricter standard.
- Amend and modernize the regulation to make it clearer and simpler to understand by those subject to the regulation and also make it easier to update in the future.
- Combine the regulation with other regulations to include a single subject matter, such as fees or applications, in one regulation for ease of review by those subject to it.
- Leave the regulation as it is currently written.

The goal of the administration is to reduce by one-third the number of restrictions on businesses and individuals in Kentucky. In 1975, there were four volumes of regulations in effect in Kentucky. That number had grown to 14 volumes when Governor Bevin took office. As of this month, of the approximately 4,700 separate regulations on the books at the outset of the administration, over 2,700 (57%) regulations have been reviewed, 488 regulations have been repealed, 454 regulations have been amended, and 56 new regulations have been promulgated.

The Initiative has the support of business groups, trade associations, chambers of commerce and other organizations across Kentucky.

There are several lessons to be learned from Kentucky's Red Tape Reduction Initiative. First, the Governor must own the initiative in every aspect, and it helps to have a tangible symbol associated with the endeavor. In the case of Kentucky, we created the lapel pin that I am wearing today, and Governor Bevin and his top officials wear this pin every day. Further, Governor Bevin speaks out regularly regarding the importance of the Red Tape Reduction Initiative to individuals and groups throughout Kentucky. As a result of the Governor's leadership, there is growing awareness of the Initiative every day throughout the Commonwealth.

Second, it is important to create website that is interactive with the public and allows for individuals to post recommendations on the repeal or amendment of regulations. Kentucky's Red Tape Reduction Initiative website is <http://redtapereduction.com>. Kentuckians have submitted scores of thoughtful ideas on how to reduce unnecessary regulations that drive up the cost of conducting business and create inefficiencies without contributing to public health or public safety.

Finally, the effort of the Cabinets and other agencies must be sustained on a regular basis. Our Cabinets and other agencies regularly review and re-review existing regulations to ensure that the goals of the Red Tape Reduction Initiative are being met. This is a thoughtful and deliberative process that never ends.

We have also decided to digitize and modernize the manner in which our state agencies draft and promulgate regulations. To that end, Kentucky has contracted with Esper Regulatory Technologies Inc. to provide state of the art technological tools to our regulation drafters throughout the executive branch to assist them in the review of existing regulations and the promulgation of new regulations.

The Kentucky General Assembly has joined the Bevin Administration in reducing the regulatory burden on Kentucky businesses and individuals through the passage of important legislation during the last two sessions of the legislature. For example, the Kentucky General Assembly has institutionalized the continuous review of the efficacy of regulations through the passage of House Bill 50 during its 2017 session. This legislation mandates that every regulation shall expire seven years from the effective date of its promulgation unless extended by the applicable state agency. Although the process to continue the effectiveness of a regulation is simple, the legislation does require that every regulation be re-examined every seven years to determine whether it should remain in effect, should be amended, or should be repealed. House Bill 50 should have the laudatory effect of avoiding the accumulation of outdated regulations that no longer serve a useful purpose and simply clutter up the Kentucky Administrative Regulations.

In conclusion, the administration's efforts to simplify the ability of Kentuckians to conduct business are paying valuable dividends. As of last month, Kentucky's unemployment rate is 4%, which is the lowest it has been since 1976 when this statistic began to be determined, and its

workforce participation rate is trending towards 40th in the nation. Kentucky also realized during the month of April of this year the highest amount of monthly tax receipts in its history, driven largely by corporate and individual income tax receipts. Also as of last month, there were 1,980,103 Kentuckians in the workforce based upon preliminary numbers for August, which is the highest number of employed Kentuckians in the history of the Commonwealth. Kentucky attracted \$9.2 billion of announced direct investment in the state in 2017, which is a record amount for any year, and approximately \$16.8 billion since Governor Bevin took office, representing the creation of almost 46,000 jobs. There are many factors contributing to this success, including the enactment of smart and innovative legislation. Certainly, Kentucky has also benefitted from improving national and global economies. However, it is the firm belief of the Governor that the implementation of the Red Tape Reduction Initiative, and the exposure that it has received, has contributed in large part to the growing perception that Kentucky is an attractive state in which to create and sustain good paying jobs for its citizens.



Scott Brinkman

Scott Brinkman currently serves as the Secretary of the Executive Cabinet in Governor Bevin's administration. In this capacity, he oversees the various Cabinets and is responsible for implementing the Governor's policies and programs.

Brinkman represented the 32nd legislative district in eastern Jefferson County in the Kentucky House of Representatives from 2001-2010. He was a member of the Health and Welfare Committee during his entire tenure in the House of Representatives as well as a member of the Appropriations and Revenue Committee during his last eight years as a state representative.

Before his appointment as the Secretary of the Executive Cabinet, Brinkman practiced law in Louisville for 35 years, most recently with the law firm of Stoll Keenon Ogdon. He specialized in corporate, real estate and public finance law during his legal career.

Scott Brinkman has also been involved in a number of civic and charitable activities including having served as the Chair of the Kentucky Commission on Autism Spectrum Disorders. He currently serves on the Board of the Applied Behavior Analyst Licensure Board as well as the Board of the Waterfront Development Corporation.

Scott and his wife Donna reside in Louisville. They have three children.