

THE ROBESONIAN

Excess rules stifle freedom

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March 1, 2017

It's no surprise that N.C. legislators might disagree about regulatory reforms that make substantive changes to state policies. Some might prefer larger development buffers or more frequent inspections. Plans to scrap a controversial rule can lead to heated debate.

But the proposed Regulatory Reform Act filed as Senate Bill 131 reminds us that at least some of the thrust of regulatory reform deals less with policy choices than with overly burdensome paperwork.

More than 5,400 of the roughly 10,000 words in the current version of the bill address elimination and consolidation of reports. If lawmakers adopt the bill in its current form, they would eliminate an annual report on mining tied to a 1971 Mining Act. They would stop forcing the N.C. Department of Administration to prepare an annual report on implementation of the Sustainable Energy-Efficient Buildings Program. They would eliminate a required annual report on fish kills in the state. The list goes on.

To be clear, none of these changes would affect any laws or rules that target mining, energy efficiency in buildings, or activities that lead to fish kills. The only change is the required report to state lawmakers.

That means time government workers now spend preparing reports that lawmakers no longer need could be spent on other more substantive regulatory work. Perhaps the state might even see some cost savings from eliminating jobs devoted only to preparing outdated or unnecessary reports.

Certainly, eliminating or consolidating dozens of government reports sounds less exciting than cutting residents' tax bills or expanding parental choices in education. But regulatory reform in general holds great potential for boosting the North Carolina economy.

That was a key message state senators heard last week from authors of the Cato Institute's Freedom in the 50 States report. The Tar Heel State ranks No. 19 in overall freedom in the latest report. Its No. 26 ranking in "regulatory freedom" offers the best potential for major gains.

Eliminating paperwork is unlikely on its own to move the needle on regulatory freedom. But the exercise fits well with an overall approach to rules and regulations that challenges the status quo.

It's the same type of approach that has helped North Carolina find success in another recent regulatory reform: the formal review of almost 20,000 state rules. Lawmakers approved the idea in 2013. With the process less than half complete, reviewers have targeted more than 1,000 rules (12 percent of those examined to date) to head to the proverbial scrap heap.

That percentage could climb if lawmakers support the Rules Review Commission chairman's proposal to change the review process. He wants to eliminate a review option that now allows an existing state rule to escape extensive scrutiny if regulators determine that it is both necessary and noncontroversial. To date, more than 60 percent of rules subject to review have secured that designation. That loophole would disappear if lawmakers choose to pursue RRC recommendations.

2016 marked the first year since Republicans took control of both chambers of the General Assembly that they reached no agreement on a broad regulatory reform agenda. Even a last-ditch effort to consider reforms during a special December legislative session fell short.

As reformers consider SB131 and other potential regulatory ideas this year, they might want to consider the words of Jason Sorens, co-author of the Cato report and program director of the Political Economy Project at Dartmouth College.

"What we find is that Americans do, in fact, vote for freedom, and they vote for — it looks like — all elements of freedom: fiscal, regulatory, and personal. Each of these is statistically correlated with net in-migration from other states. In other words, people are moving from less free states to freer states."

Freedom generates other tangible benefits. "Freedom is valuable for its own sake, but it's also valuable because it impacts ... a lot of things we care about like economic growth and whether businesses are moving into a state or out of a state," said William Ruger, Sorens' co-author and a vice president at the Charles Koch Institute.

Yet another reason why regulatory reform, in all its forms, remains a worthwhile pursuit.