

Executive Order No. 2017-09

WHEREAS, in order to unleash and facilitate the innovation, investment, vision, creativity, and prosperity which are the hallmarks of the American free-enterprise system, it is important that the regulatory standards and procedures enacted in South Carolina be reasonable, practical, productive, and not unduly burdensome; and

WHEREAS, the people are served by the government limiting the number, length, and complexity of rules and regulations, implementing only those which are clearly necessary for the public good; and

WHEREAS, inconsistent, impractical, and redundant regulations impede the creation and growth of small, independently-owned businesses and large businesses alike; and

WHEREAS, the State of South Carolina must continuously enhance the competitiveness of its business climate in order to support South Carolina's "main street" businesses and also to encourage new businesses, innovation, and entrepreneurial growth, all of which are vital to the economic prosperity of our people, today and in future generations; and

WHEREAS, the State of South Carolina, to these ends, should constantly review and remove unnecessary regulations and government impediments to progress and ensure that any new regulations are consistent with a common-sense regulatory framework; and

WHEREAS, businesses and individuals thrive when regulatory enforcement is smart, limited, consistent, and free of undue influence.

NOW, THEREFORE, by virtue of the authority vested in me as Governor of the State of South Carolina and pursuant to the Constitution and Laws of this State and the powers conferred upon me therein, I hereby establish a regulatory framework to promote responsible regulation, directing agencies to: (1) utilize a four-part test in promulgating new regulations; (2) work with the Governor's Office to reduce current regulations; and (3) promote transparency in the rule-making process. This Executive Order applies to all Cabinet agencies and all boards and commissions with rule-making powers which are part of, or within, a Cabinet agency. I ask that the other executive agencies join in this process to enhance and prioritize our State's competitive business climate by improving upon the existing regulatory framework and environment.

Section 1. New Regulations:

All proposed regulations shall be reviewed and vetted by the agency using a practical, common-sense test, borrowing from the well-known Four-Way Rotary test, to instill and improve South Carolina's commitment to a competitive business climate and positive regulatory culture and the freedom of its citizens:

1. Is it the truth? Regulations should be promulgated only for identified needs supported by fact-based evidence. Regulations should address the clear, identified need for the regulation to promote the health, safety, and economic well-being of the citizens and should not be susceptible to misuse or abuse to provide financial or competitive advantage for any individual, business, or industry over another.

2. Is it fair to all concerned? Regulations should be fair to citizens, businesses, and the state at large. They should not unnecessarily burden one party at another's expense. Agencies should weigh the impact on each affected party and determine whether a less restrictive or less costly alternative could be utilized to achieve the same objectives. The agency should describe the risk associated with the problem the regulation is designed to remedy and consider alternatives.

3. **Will it build goodwill and better friendships?** Any and all regulations should build goodwill among businesses and communities, minimize requirements, educate those interested, and protect the citizens at large. An overly-burdensome, unnecessary, or misguided requirement creates hardship and diminishes the people's confidence in their government.

4. **Will it be beneficial?** Regulations should benefit all South Carolinians. They should not stifle our competitive economic environment, our ingenuity, or any particular licensee from responsible, lawful, and environmentally sound growth. Agencies should declare how a regulation is beneficial to all.

Section 2. Reduction of Current Regulations:

All agencies should reduce their regulatory scope and impact and withdraw or amend regulations when their purpose can be accomplished in a less burdensome manner. Thus, agencies must continue to parse current regulations, analyzing risk and determining which regulations are necessary to protect the public and which regulations should be withdrawn or amended. Section 1-23-120(J) of the South Carolina Code of Laws requires agencies to conduct a formal review of all regulations every five (5) years and directs agencies to file a report with the Code Commissioner identifying those regulations:

1. for which the agency intends to begin the process of repeal in accordance with this article;
 2. for which the agency intends to begin the process of amendment in accordance with this article;
- and
3. which do not require repeal or amendment.

Yet, filing a report with the Code Commissioner does not highlight needed regulatory reform to the public or require agencies to critically assess regulations outside of agency personnel. Thus, to provide appropriate oversight and strengthen agencies' positions in amending and withdrawing regulations, agencies shall hereinafter provide the Governor's Office with a copy of the periodic report required under section 1-23-120(J) of the South Carolina Code of Laws prior to filing with the Code Commissioner.

Agencies shall use the required review to critically assess regulations for the purpose of identifying wasteful and unnecessary regulations that should be repealed or modified. Based on the report and input from the agency, the Governor's Office will assist agencies in identifying, amending, and repealing unnecessary and overly burdensome regulations. To begin this process, agencies shall provide to the Governor's Office a copy of the most recent report submitted to the Code Commissioner. Should any agency not have filed the requisite report within the previous five (5) years, it shall prepare and file said report in calendar year 2017 and provide the Governor's Office a copy when filed.

Section 3. Transparency:

As with all aspects of State government, transparency and availability are necessary to ensure an effective, efficient, and accountable regulatory environment. Therefore, agencies shall post online the report required under section 1-23-120(J) of the South Carolina Code of Laws so that citizens, businesses, and other interested parties alike can easily access the reports. Access to such information is particularly important for citizens and small businesses which often are not familiar with the rule-making process. Such availability will ensure that those involved in and welcomed to the formulation and consideration of rules and regulations include those with special interests, large and small associations, and also our citizens, "main street" businesses, and entrepreneurs and innovators of every kind.

Directors are accountable for ensuring that the policies and objectives in this Executive Order are implemented forthwith. They shall report their progress, plans, deficits, and accomplishments in achieving the goals and purposes of this Executive Order at each annual review.

This Order is effective immediately.

**GIVEN UNDER MY HAND AND THE
GREAT SEAL OF THE STATE OF SOUTH
CAROLINA, THIS 20th DAY OF APRIL
2017.**

**HENRY MCMASTER
Governor**