

Bold changes needed in state permitting

BY RUSS HARDING

In order to demonstrate that our state is open for business, Michigan needs to send a clear message that it is simplifying the current cumbersome methods for acquiring permits. Potential job providers, who are required to secure environmental permits before they can locate or expand their operation in the state, frequently meet with delays, unnecessary costs and frustration.

Policymakers rarely address the negative impact that regulations have on job retention and creation. Instead, the elimination and replacement of the Single Business Tax and the outsourcing of jobs to China or India seem to dominate the economic discussions of our political leaders. One thing that I observed while serving as director of the Michigan Department of Environmental Quality, however, was that the state seldom was competing with China or India for jobs; Michigan's greatest competition came from other states that had more business-friendly reputations.

During the administrations of Gov. John Engler and Gov. Jennifer Granholm, the state has attempted to shorten the time necessary for obtaining environmental and other permits. Half-measures such as electronic permitting, although a step in the right direction, are not a replacement for the bold reforms that are necessary for the state to create not only a competitive regulatory climate but one that is among the best in the nation.

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Wetland permitting is one example of how the permit process hurts economic development in the state. In recent weeks I have been contacted by two businesses that were prevented by DEQ from expanding their Michigan operations and creating new jobs. In both cases the overzealous interpretation of wetland regulations by DEQ staff forced job providers to choose between lengthy, expensive litigation or abandoning their projects altogether. Environmental permitting is usually expensive (costs often range between several thousand dollars to more than \$100,000) because of the need to hire consultants to provide information required by DEQ. Even if a company or individual can bear the cost, they may not be able to afford the time delays associated with agency demands for new data.

Taking the following actions would send a clear signal to firms in the state and

throughout the world that Michigan is open for business:

- Forbid state agencies from promulgating regulations that are more stringent than federal requirements. Approximately one-third of the states have already passed similar laws. The Legislature could approve a law more stringent than federal requirements if it is in the best interest of the state, but that decision would be made by elected officials rather than unaccountable bureaucrats.

- Mandate maximum time frames for the adjudication of permits. This would ensure that businesses compliant with the law will receive timely permit processing. While waste and wetland permits require mandatory timeframes, others, such as air and water permits, do not.

- All permitting and licensing functions should be housed in a new and separate department. This change is the single most important action that could be taken to reverse the stifling regulatory climate in Michigan. A one-stop shopping approach would simplify the regulatory hurdles faced by companies. More important, this change would alter

the anti-business culture that pervades DEQ. Currently, many state regulators possess knowledge limited only to their area of expertise; they often have little regard for larger issues such as private property rights or job creation. A combination of clear legislative direction and a new department would make it difficult for employees to pursue their own agenda. The agency would be much more accountable to the Legislature and residents as its efficiency in responding to permit applications would be easier to track. Instead of handling myriad functions, the agency's effectiveness would be measured on how well it processes permits. Environmental protection would not be sacrificed because the laws protecting the environment would not change.

These changes should be taken up with urgency. It is the responsibility of the Legislature to write environmental laws that are simple and clear. It is the duty of the administration to provide government that is accountable and transparent. If it is too time-consuming or expensive to obtain permits, businesses will take their jobs elsewhere, an outcome the state's sagging economy can ill afford.

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