

## MOTION ECONOMIC DEVELOPMENT

The natural accumulation of local regulations over time imposes an unintended but significant cost to business and economic growth. Regulations naturally accumulate and layer on top of existing rules, sometimes resulting in a maze of duplicative and outdated rules the business community must comply with. However, no effective process currently exists for retrospectively improving or removing regulations. It is important for the City Council as policymakers, to carefully lower unforeseen obstacles to innovation and growth imposed by past regulatory measures.

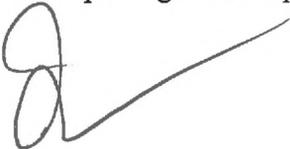
Our current regulatory approval process is focused on individual regulations. But regulations are hardly ever applied individually as a discrete entity – once approved, they are added to the list of regulations companies must already comply with. As the number of approved regulations grows, they inevitably interact in ways we may not expect. And when taken together, multiple regulations can overlap or conflict, and can interfere with a company's willingness and ability to innovate.

The accumulation of regulations over time affects how company management allocates their time and resources. After a certain point, a company will shift its attention and priority toward compliance with rules, and away from innovation or company growth. As the regulatory code grows, people are more likely to make mistakes and are often less motivated to comply. Too many regulations can actually have the opposite effect of what the regulation was intended to accomplish, because excessive regulations hamper a company's ability to operate effectively.

The City of Los Angeles needs to improve the current business climate in order to cultivate an environment that promotes job creation and innovation. The City can take steps to create a less cumbersome environment in which to operate a business if it were to retrospectively review current regulations in order to explore the possibility of crafting a regulatory policy that imposes as few burdens as possible, without compromising innovation, public safety and worker protections.

The City should be guided by a set of regulatory principles that serve as a basis for future actions:

1. Regulations should be used only as a tool to achieve a policy objective as a last resort; the use of regulations indicates the failure of other means to achieve the objective;
2. The cost of a regulation should be no greater than the value of the benefit created for the community;
3. Regulations must be written to ensure the imposition of the minimum possible constraints upon the community;
4. Regulations must be simple, fair and enforceable;
5. The regulation should clearly benefit the consumer or the public;
6. The regulation should complement other laws and rules; and,
7. Local regulations should not exceed federal and state standards unless there is a compelling and uniquely local reason.



**WE THEREFORE MOVE**, to instruct the Chief Legislative Analyst (CLA), the City Administrative Officer (CAO), in coordination with the City Attorney and other relevant city agencies, to be guided by the principles stated above and report back on the current regulatory code as it pertains to the current climate surrounding business development, recruitment and retention in the City of Los Angeles with a focus on:

1. Existing regulations using a formal process to analyze the current regulatory code and develop reform proposals
2. Search for regulations that create redundancy and/or contradict
3. Reducing compliance costs
4. Encouraging innovation
5. Fostering growth
6. Protecting public health and safety
7. Improving competitiveness

**WE FURTHER MOVE**, that the CLA and CAO, and other relevant city agencies, report back on the development of innovative and developing “shared economy” or “on-demand” business models, to ensure that the City’s current regulations keep pace with new ways of doing things, and to ensure that the City of Los Angeles is at the forefront of the development of new and innovative 21<sup>st</sup> century business models.

**WE FURTHER MOVE**, that the CLA and CAO, and other relevant city agencies, conduct a cost benefit analysis on current regulations that affect the areas listed above.

**PRESENTED  
BY**

  
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**SECONDED  
BY**

  
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**ORIGINAL**

**JUL 1 2015**