GOVERNING THE FUTURE: EMERGING REGULATIONS

PREPARED FOR

RESEARCH SURVEY

Governed by the Future: Emerging Regulations

PREPARED FOR

Accela
Purpose
The Governing Institute was commissioned by Accela to conduct a survey of state and local government leadership in the areas of public policy, elected office, and regulatory rule makers to uncover insights on their outlook for what the future holds for their profession and industry.

The purpose of this project was to provide an analysis of the expectations, unmet needs, and technological issues related to new and emerging regulatory areas.

Methodology
The Governing Institute was contracted to conduct a 100-response survey. The survey was sent to state and local government professionals in the Governing Institute’s proprietary exchange community. The survey closed with 127 qualified responses.

The 17 survey questions were developed in cooperation with Accela.

Responses were gathered in an online survey fielded in August 2018.
Impacts of New and Emerging Regulations

What business areas are most affected and where the unmet needs are
Key Findings

✓ Nearly half of respondents expect new and emerging regulations to most heavily impact inspections, oversight, and permitting

✓ An increased need for communication between all stakeholders is the top identified effect of new regulatory issues

✓ Including an identified need to better inform the public

✓ Systems integration is the most commonly cited unmet need in emerging permitting and licensing solutions
Which service areas do you believe will be most affected by new or emerging regulatory areas?

- Inspections and oversight: 45%
- Permitting: 42%
- Impact on current or future business development: 40%
- Compliance: 40%
- Licensing: 29%
- Impact on citizen satisfaction: 27%
- Banking/Taxation: 21%
- Do not know: 10%
- Other: 2%

n = 127
How have new or emerging regulatory issues affected your jurisdiction’s governance structure and workflows?

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased need for improved cross-departmental coordination</td>
<td>48%</td>
</tr>
<tr>
<td>(e.g., new paper trails/workflows, etc.)</td>
<td></td>
</tr>
<tr>
<td>Increased need for improved communication with non-governmental entities</td>
<td>44%</td>
</tr>
<tr>
<td>(e.g., private companies)</td>
<td></td>
</tr>
<tr>
<td>Increased need for improved intergovernmental communication</td>
<td>44%</td>
</tr>
<tr>
<td>(e.g., state data reporting requirements, etc.)</td>
<td></td>
</tr>
<tr>
<td>Raised cybersecurity issues and/or concerns</td>
<td>43%</td>
</tr>
<tr>
<td>(e.g., inexperienced departments or staff now handling sensitive data, etc.)</td>
<td></td>
</tr>
<tr>
<td>Increased need for more staff (e.g., to handle an increasing or unknown workload, etc.)</td>
<td>36%</td>
</tr>
<tr>
<td>Shifted regulatory responsibilities</td>
<td>31%</td>
</tr>
<tr>
<td>(i.e., new burdens have been introduced or moved to or from other departmental, local, and/or state entities, etc.)</td>
<td></td>
</tr>
<tr>
<td>New compliance standards from other government entities</td>
<td>28%</td>
</tr>
<tr>
<td>New issues have introduced more stakeholders</td>
<td>24%</td>
</tr>
<tr>
<td>(e.g., new funding/budget stakeholders or new cross-departmental interactions, etc.)</td>
<td></td>
</tr>
<tr>
<td>Do not know</td>
<td>20%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
</table>

n = 127
Which of the following are current unmet or expected needs for new or emerging regulatory areas in your jurisdiction?

<table>
<thead>
<tr>
<th>Need</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community awareness of policy regulations</td>
<td>43%</td>
</tr>
<tr>
<td>Lack of informed best practices</td>
<td>38%</td>
</tr>
<tr>
<td>Expanded data collection tools</td>
<td>36%</td>
</tr>
<tr>
<td>Staff training</td>
<td>35%</td>
</tr>
<tr>
<td>Mobile technology platforms</td>
<td>33%</td>
</tr>
<tr>
<td>Public and/or privacy space issues or concerns</td>
<td>32%</td>
</tr>
<tr>
<td>Data-compliant technology options</td>
<td>28%</td>
</tr>
<tr>
<td>Do not know</td>
<td>15%</td>
</tr>
<tr>
<td>Agile development features</td>
<td>13%</td>
</tr>
<tr>
<td>Banking/Taxing issues</td>
<td>13%</td>
</tr>
<tr>
<td>Solutions with rapid deployment</td>
<td>12%</td>
</tr>
<tr>
<td>I do not expect any needs for new or emerging regulatory areas</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
</tr>
</tbody>
</table>

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Which of the following are current unmet or expected needs for new or emerging regulatory areas in your jurisdiction?

- Community awareness of policy regulations
- Lack of informed best practices
- Expanded data collection tools
- Staff training
- Mobile technology platforms
- Public and/or privacy space issues or concerns

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Which are most important unmet needs in current permitting and licensing solutions?

- System integration (e.g., tying GIS to business licenses, etc.) - 34%
- User-centered features, such as a centralized platform for licensing, permitting, and payment - 28%
- Mobile solutions (e.g., apps for on-site inspections, etc.) - 28%
- Data analytics capabilities - 27%
- Do not know - 25%
- Data compliance features (e.g., automated reports, etc.) - 20%
- Automated workflows - 19%
- Automated alerts to violations - 9%
- Agile development features (allow for iterative solution development aimed at fast, imperfect deployment and collaborative, feedback-driven optimization thereafter) - 9%
- We have no unmet needs when it comes to our current regulatory solutions and environment - 6%
- Other - 2%

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Which are most important unmet needs in current permitting and licensing solutions?

- Community awareness of policy regulations: 45% Total, 44% State, 43% Municipality
- Lack of informed best practices: 45% Total, 34% State, 38% Municipality
- Expanded data collection tools: 44% Total, 35% State, 36% Municipality
- Staff training: 36% Total, 30% State, 35% Municipality
- Mobile technology platforms: 40% Total, 29% State, 33% Municipality
- Public and/or privacy space issues or concerns: 33% Total, 28% State, 32% Municipality

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Regulations Now and in the Future

The regulatory environment for different products and services
Key Findings

✓ Drug and alcohol products are subject to the most existing regulation relative to other business areas

✓ Many other products and services are expected to come under increased regulation, but not all

✓ Service and technology markets are the least likely to be currently regulated and least expected to gain regulation
Looking at the drug and alcohol markets, what products and services are regulated or will be regulated?

<table>
<thead>
<tr>
<th>Product/Service</th>
<th>Currently subject to regulatory requirements</th>
<th>Expected to fall under regulatory oversight in the next two years</th>
<th>Do not know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcoholic beverages/Breweries</td>
<td>91%</td>
<td>1%</td>
<td>9%</td>
</tr>
<tr>
<td>Firearms or related devices</td>
<td>72%</td>
<td>2%</td>
<td>25%</td>
</tr>
<tr>
<td>Cannabis production, distribution, and/or sale</td>
<td>67%</td>
<td>15%</td>
<td>18%</td>
</tr>
<tr>
<td>E-cigarettes and/or vaporizer</td>
<td>46%</td>
<td>12%</td>
<td>42%</td>
</tr>
</tbody>
</table>

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How are rental markets, products, and services regulated in your jurisdiction?

<table>
<thead>
<tr>
<th>Category</th>
<th>Currently subject to regulatory requirements</th>
<th>Expected to fall under regulatory oversight in the next two years</th>
<th>Do not know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ride sharing services, such as Uber or Lyft</td>
<td>43%</td>
<td>17%</td>
<td>41%</td>
</tr>
<tr>
<td>Short-term home rental services, such as AirBnB</td>
<td>42%</td>
<td>28%</td>
<td>30%</td>
</tr>
<tr>
<td>Non-traditional residential properties, such as &quot;tiny homes&quot;</td>
<td>29%</td>
<td>17%</td>
<td>54%</td>
</tr>
<tr>
<td>Short-term auto rental services, such as Zipcar</td>
<td>26%</td>
<td>16%</td>
<td>58%</td>
</tr>
<tr>
<td>Bike or scooter sharing services, such as JUMP or BIRD</td>
<td>26%</td>
<td>25%</td>
<td>49%</td>
</tr>
<tr>
<td>Non-traditional commercial properties, such as office-sharing spaces or &quot;makerspaces&quot;</td>
<td>19%</td>
<td>13%</td>
<td>69%</td>
</tr>
</tbody>
</table>

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Q7: For the following rental markets, products, and/or services please select the statuses that apply to your jurisdiction.
How are service and technology markets regulated in your jurisdiction?

- Businesses and/or services related to unmanned drones:
  - Currently subject to regulatory requirements: 30%
  - Expected to fall under regulatory oversight in the next two years: 14%
  - Do not know: 56%

- Smart home devices, such as doorbell cameras or in-home personal assistants, such as Alexa or Google Home:
  - Currently subject to regulatory requirements: 6%
  - Expected to fall under regulatory oversight in the next two years: 7%
  - Do not know: 87%

- Freelance labor services, such as TaskRabbit:
  - Currently subject to regulatory requirements: 6%
  - Expected to fall under regulatory oversight in the next two years: 7%
  - Do not know: 87%

- 3D printers:
  - Currently subject to regulatory requirements: 2%
  - Expected to fall under regulatory oversight in the next two years: 8%
  - Do not know: 91%

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Top Emerging Regulation Growth Areas

Rented products are most often expected to see increased regulation

- Short-term home rental services: 28%
- Bike or scooter sharing services: 25%
- Ride sharing services: 17%
- Non-traditional residential properties: 17%
- Short-term auto rental services: 16%
- Cannabis production, distribution, and/or sale: 15%
- Businesses and/or services related to unmanned drones: 14%

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Legislators’ Views on Emerging Regulation

- Cannabis production, distribution, and/or sale: 66% Already regulated, 18% Expected to be regulated
- Ride sharing services: 58% Already regulated, 16% Expected to be regulated
- Short-term home rental services: 37% Already regulated, 34% Expected to be regulated
- E-cigarettes and/or vaporizer: 53% Already regulated, 16% Expected to be regulated
- Short-term auto rental services: 37% Already regulated, 18% Expected to be regulated
- Non-traditional residential properties: 32% Already regulated, 21% Expected to be regulated
- Bike or scooter sharing services: 24% Already regulated, 26% Expected to be regulated
- Businesses and/or services related to unmanned drones: 29% Already regulated, 18% Expected to be regulated

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How Technology Affects New Areas of Regulation

Perceptions of the role of vendors and technologies
Key Findings

✓ IT vendors are seen as important to a jurisdiction’s response to areas of new regulation

✓ Reduced costs, increased mobility, and cybersecurity benefits are the most commonly expected benefits of SaaS

✓ Public sector employees in permitting and licensing, followed by citizens, are seen as the most likely beneficiaries of SaaS when it comes to new and emerging regulations

✓ Agile development is seen as important to varying degrees depending upon the area of regulation
How important is the role of technology providers when responding to emerging regulations?

- **Ride sharing services**
  - Very important: 25%
  - Somewhat important: 34%
  - Neither unimportant nor important: 25%
  - Somewhat unimportant: 8%
  - Very unimportant: 8%

- **The sharing economy in general**
  - Very important: 25%
  - Somewhat important: 35%
  - Neither unimportant nor important: 24%
  - Somewhat unimportant: 11%
  - Very unimportant: 5%

- **Cannabis production, distribution, and/or sale**
  - Very important: 21%
  - Somewhat important: 21%
  - Neither unimportant nor important: 33%
  - Somewhat unimportant: 10%
  - Very unimportant: 14%

- **Short-term rental services**
  - Very important: 19%
  - Somewhat important: 41%
  - Neither unimportant nor important: 24%
  - Somewhat unimportant: 9%
  - Very unimportant: 7%

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Which aspects of Software-as-a-Service (SaaS) solutions do you think would be most beneficial when using technology for new or emerging regulations?

- Capital budget savings (i.e., no longer need on-premise technology, etc.): 35%
- Mobile/cloud-based features: 34%
- Cybersecurity benefits of cloud-based data: 31%
- Do not know: 27%
- Rapid implementation of new features: 27%
- Rapid deployment of new features: 27%
- Freed IT resources: 22%
- Other cost savings: 13%
- Relaxed maintenance needs: 9%
- I see no benefits to applying SaaS solutions to new or emerging regulatory areas: 2%
- Other: 1%

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Which stakeholders do you believe would most benefit from Software-as-a-Service (SaaS) solutions as applied specifically to new or emerging regulatory areas?

- Permitting/licensing public-sector employees: 31%
- Citizens: 30%
- Regulatory public-sector employees: 28%
- Compliance public-sector employees: 28%
- IT public-sector employees: 27%
- Do not know: 23%
- Inspections public-sector employees: 20%
- Business owners/entrepreneurs: 20%
- Elected officials: 17%
- Finance/taxation public-sector employees: 11%
- Other: 2%

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How important is agile development in responding to emerging regulations?

- Very important
- Somewhat important
- Neither unimportant nor important
- Somewhat unimportant
- Very unimportant

**The sharing economy in general**
- Very important: 27%
- Somewhat important: 33%
- Neither unimportant nor important: 18%
- Somewhat unimportant: 14%
- Very unimportant: 8%

**Ride sharing services**
- Very important: 24%
- Somewhat important: 35%
- Neither unimportant nor important: 19%
- Somewhat unimportant: 13%
- Very unimportant: 9%

**Cannabis production, distribution, and/or sale**
- Very important: 20%
- Somewhat important: 26%
- Neither unimportant nor important: 24%
- Somewhat unimportant: 14%
- Very unimportant: 16%

**Short-term rental services**
- Very important: 15%
- Somewhat important: 42%
- Neither unimportant nor important: 16%
- Somewhat unimportant: 19%
- Very unimportant: 9%

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“The future of government is total integration and elimination of work silos. Integrated systems for permitting and development management will help move communities forward to keep pace with rapid growth and development occurring in the current financial climate.”

- Respondent

“Collaborative adaptive governance is not a top-down governance model, but a more collaborative, horizontal model that requires inter-agency, multi-stakeholder, public-private, and public participatory processes for working more effectively for cooperative and interdisciplinary (non-stove-piped) policy areas. Technology needs to facilitate this level of cooperation and engagement online, and address disparities of access to internet, security standards, and computing power.”

- Respondent

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Key Findings

✓ New and emerging regulations are expected to affect inspections, oversight, and permitting most

✓ Rental products and services are expected to see the most growth in regulation

✓ As new and emerging regulations are implemented, respondents are calling for increased communication, and systems integration

✓ IT products and vendor services are seen as playing a role in assisting jurisdictions with these emerging challenges
Appendix

Survey demographic information
Level of Government Respondents

- State: 43%
- Municipality: 39%
- County: 14%
- Other: 3%

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Respondent Department and Role

- Community/Economic Development: 21%
- Finance/Taxation/Budgeting: 20%
- Justice/Public Safety: 18%
- Consumer/Regulatory Affairs: 16%
- Legislative/elected official: 9%
- Health/Human Services: 6%
- Information Technology: 4%
- Public Works/Transportation/Utility: 3%
- Other: 2%

- Elected Official/Legislative: 30%
- Operations/Administration: 28%
- Planning/Community Outreach: 13%
- Human Resource/Workforce/Training: 9%
- Other: 6%
- Regulatory/Inspections: 3%

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