

A Report by a Panel of the  
NATIONAL ACADEMY OF PUBLIC ADMINISTRATION  
for the Pew Charitable Trusts

# State Regulatory Compliance Processes: Lessons Learned From COVID-19



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**December 2022**

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**NATIONAL ACADEMY OF PUBLIC  
ADMINISTRATION**  
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# **State Regulatory Compliance Processes: Lessons Learned From COVID-19**

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December 2022

Printed in the United States of America

#### *Cover Photo Source:*

Aziz, Yoav. Published June 14, 2021. [Unsplash](#).

McLean, Erik. Published April 3, 2020. [Unsplash](#).

Stone, Daniel. Published on December 11, 2019. [Unsplash](#).

## About the Academy

The National Academy of Public Administration (the Academy) is an independent, nonprofit, and non-partisan organization established in 1967 and chartered by Congress in 1984. It provides expert advice to government leaders in building more effective, efficient, accountable, and transparent organizations. To carry out this mission, the Academy draws on the knowledge and experience of its approximately 1,000 Fellows—including former cabinet officers, Members of Congress, governors, mayors, and state legislators, as well as prominent scholars, career public administrators, and nonprofit and business executives. The Academy helps public institutions address their most critical governance and management challenges through in-depth studies and analyses, advisory services and technical assistance, congressional testimony, forums and conferences, and online stakeholder engagement. Learn more about the Academy and its work at [www.NAPAwash.org](http://www.NAPAwash.org).

## About the Center for Intergovernmental Partnerships

The Academy established the Center for Intergovernmental Partnerships (the Center) in September 2021 in recognition that no significant public problem fits entirely within one government agency or even one level of government. The Center identifies intergovernmental gaps and serves as a forum for dialogue and problem-solving on fiscal and grants management, program design, regulatory compliance, and related matters across local, state, Tribal, territorial, and federal levels of government. Over time, the Academy envisions the Center as the nation's hub for problem-solving around the government's biggest challenges. It will bring leaders from every level of government and relevant sectors together to design solutions that create new governance models for the 21st century.



Support for this project was provided by The Pew Charitable Trusts. The views expressed herein are those of the author(s) and do not necessarily reflect the views of The Pew Charitable Trusts.

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## Foreword

The United States reported its first case of COVID-19 in January 2020. Within weeks, the virus was present in every state and locality, prompting the implementation of a series of economic and public health strategies, including the closure of all non-essential industries, social distancing, and mask mandates. The federal government disbursed trillions of dollars to lessen the impact on businesses, families, individuals, states, and localities. State and local governments further offset the impact by adapting regulatory compliance systems, utilizing online mechanisms, addressing business concerns, and enhancing the sequencing and routing of regulatory approvals. These adaptations accommodated public health requirements by facilitating economic activity and healthcare.

With the support of The Pew Charitable Trusts, the National Academy of Public Administration's Center for Intergovernmental Partnerships (CIP) conducted a study to identify challenges that the pandemic and economic recession posed to state regulatory compliance systems. The CIP also examined key regulatory compliance process modifications at the state level, assessed the impact, and developed recommendations for how states can improve regulatory compliance processes in a post-COVID-19 world. This report provides state and local leaders with information on how our country collectively responded to public health and economic emergencies. It also serves as an actionable guide to implementing innovative and efficient compliance processes before the next crisis requires them.

The Academy draws on the expertise of its nearly 1000 Fellows with nationally recognized careers in public administration. The five distinguished Fellows selected for this report brought experiences from academia, city management, and leadership roles in the United States Office of Management and Budget, Departments of Health and Human Services, and the Environmental Protection Agency. I deeply appreciate their meaningful contributions to the Academy and their contributions throughout the project. The CIP staff was also integral to the success of this study.

I want to thank The Pew Charitable Trusts for their continued collaboration with the Academy. I also want to thank the state officials and business representatives who spoke with the Study Team while continuing to address ongoing challenges with the pandemic. Without their dedication and valuable insights, this report would not have been possible. Academy Fellows Valerie Lemmie and Naim Kapucu reviewed the draft and provided valuable insights. Lynn-Marie Edwards and Nicole Janeiro contributed to the research.

Teresa W. Gerton  
President and Chief Executive Officer  
National Academy of Public Administration

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## Acronyms and Abbreviations

Acronym or Abbreviation	Definition
ACA	Affordable Care Act
Academy	National Academy of Public Administration
ARPA	American Rescue Plan Act
CDC	Centers for Disease Control and Prevention
CARES	Coronavirus Aid, Relief, and Economic Securities Act
CCHP	Center for Connected Health Policy
Center	Center for Intergovernmental Partnerships
CMS	Center for Medicare and Medicaid Services
CRA	Connecticut Restaurant Association
CRF	Coronavirus Relief Fund
CSG	Council of State Governments
DAS-BEST	Department of Administrative Services Bureau of Enterprise Systems Technology
DCEP	Department of Commerce and Economic Opportunity
DCP	Department of Consumer Protection
DECD	Department of Economic Community Development
DEED	Department of Employment and Economic Development
DOI	Department of the Interior
DOL	Department of Labor
DOT	Department of Transportation
DRS	Department of Revenue Services
ECOS	Environmental Council of the States
eNLC	Enhanced Nursing Licensure Compact
EOC	Electronic Oversight Committee
EPA	Environmental Protection Agency
ERA	Emergency Rental Assistance
FDA	Food and Drug Administration
FFCRA	Families First Coronavirus Response Act
FIFRA	Federal Insecticide, Fungicide, and Rodenticide Act
FY	Fiscal Year
GDP	Gross Domestic Product
H.B.	House Bill
HIPAA	Health Insurance Portability and Accountability Act
IMLC	Interstate Medical Licensure Compact
IT	Information Technology
IVR	Interactive Voice Response
LFRF	Local Fiscal Recovery Fund
MSI	Mississippi Interactive
NABCA	National Alcohol Beverage Control Association
NASBO	National Association of State Budget Officers

NCSL	National Conference of State Legislatures
NES	Nonemployer Establishments
NHLC	New Hampshire Liquor Commission
NIH	National Institutes of Health
OLCC	Oregon Liquor and Cannabis Commission
OSHA	Occupational Safety and Health Administration
PFAS	Per- and Poly-fluoroalkyl Substances
PHE	Public Health Emergency
PPE	Personal Protection Equipment
PRAC	Pandemic Response Accountability Committee
PUA	Pandemic Unemployment Assistance
RCRA	Resource Conservation and Recovery Act
S.B.	Senate Bill
SBDC	Small Business Development Center
SCC	State Corporate Commission
SFRF	State Fiscal Recovery Fund
SLFRF	State and Local Fiscal Recovery Funds
SNAP	Supplemental Nutrition Assistance Program
SOS	Secretary of State
SWA	State Workforce Agency
TAP	Taxpayer Access Point
UEVHPA	Uniform Emergency Volunteer Health Practitioners Act
USFW	United States Fish and Wildlife Services
VABC	Virginia Alcoholic Beverage Control Authority



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## Executive Summary

During the COVID-19 pandemic, state and local governments modified their regulatory compliance processes to protect public health while allowing economic activity to continue. The Academy conducted a retrospective review of such adaptations to identify the specific obstacles and responses, describe their impact, and develop recommendations for how states can improve regulatory compliance processes in a post-COVID-19 world.

COVID-19 was first detected in the United States in January 2020. Within a few weeks, state governments faced a public health crisis, operational disruption, budget volatility, and economic distress. As the nature of the emergency evolved, governors issued directives to protect public health, including closures, distancing requirements, limits on indoor gatherings, mask requirements, and provisions for essential workers. Many states and the federal government started providing grants, loans, deferred tax payments, rent and mortgage assistance, eviction moratoria, and many other forms of relief.

The pandemic fueled innovation in regulatory compliance processes as closures and distancing requirements curtailed in-person meetings and made manual processes impractical. States eased regulatory standards and sometimes set up automatic or expedited approval processes to implement them. A baseline review of all states' activities and subsequent research on 10 states suggest that regulatory process compliance adaptations had a notable impact in specific settings.

**Simplified permitting paved the way for business start-ups.** States require prospective business owners to register and, in some cases, apply for licenses. Registration establishes the business as a legal entity and adds it to the tax rolls. Industries and professions have permitting and licensing requirements that vary across states. Government office closures, social distancing requirements, and stay-at-home orders complicated permitting, monitoring, reporting, and inspection processes. States that had already invested in online portals continued to offer services relatively uninterrupted. This functionality proved useful as business formations surged throughout the United States during the pandemic.

**New permissions allowed restaurants to resume operations.** Business closures, social distancing requirements, and stay-at-home orders temporarily shut down in-person service providers unable to operate remotely. Restaurants had several unique impediments. At the time of shutdowns, many had perishable food and stores of alcohol on the premises. Switching to mainly pick-up and delivery required developing or scaling up ordering systems, retraining staff, procuring food containers and utensils, and redesigning internal production flows. In most states, restaurants could not include alcohol sales as part of pick-up or delivery food orders, yet alcohol sales are normally a large part of their revenues. States delayed or sharply curtailed the reopening of establishments serving alcohol because of fears that people drinking would not observe safety protocols. Many states allowed restaurants to set up temporary outdoor dining on state-controlled property, extended alcohol licenses to cover temporary outdoor dining, and temporarily allowed off-premises sale of alcohol as part of pick-up or delivery food orders. Several states are taking steps to allow one or both activities permanently.

**Streamlined licensing allowed healthcare professionals to continue practice.**

Shutdowns interfered with state licensing offices, testing and training facilities, and licensing boards. Some states had prepared for emergency operations by joining multi-state agreements recognizing out-of-state healthcare providers' licenses. States temporarily added or expanded these arrangements during the pandemic and allowed professionals to restore inactive licenses.

**The authorization of telehealth allowed millions of people to receive remote healthcare services.**

As hospitals strained to care for COVID-19 patients, stay-at-home orders prevented healthcare providers from seeing patients in their offices early in the pandemic. The highly contagious nature of the disease, capacity limits, and the initial lack of personal protective equipment delayed the resumption of in-person appointments. Telehealth provided remote access to their healthcare providers and allowed people infected with COVID-19 but not hospitalized to continue receiving care. Many states rolled back telehealth as emergency declarations ended.

There are several implications of these findings.

**Some states were better positioned than others to withstand the particular disruptions of the pandemic.** Online business start-up functionality allowed state governments to support the sharp increase in business start-ups. Licensing flexibility allowed healthcare providers to offer their services needed.

**Some states embraced experimentation more readily than others,** specifically concerning flexibility for eating establishments. Permission for outdoor dining and off-premises alcohol created revenue sources when public health measures required restaurants to reduce or stop normal operations temporarily.

**States' direct financial assistance to businesses received more attention than regulatory relief and process changes.** Federal, state, and local governments created many large programs in rapid succession, many of which aimed to offset businesses' and individuals' losses. This assistance was broadly distributed and easily understood.

**Information about the pandemic experience is already disappearing.** While official acts, press releases, news stories, industry reports, and data are part of the "permanent record," agencies only posted temporary guidance as long as it was valid. The memories of people who lived through it firsthand may fade over time.

As the pandemic recedes, state officials have the opportunity to learn from each other's experiences and improve their own preparation for future disruptions. The following recommendations are directed to state officials:

1. Conduct after-action reviews on regulatory process changes made during the pandemic or other major events to improve future practice.
2. Assess whether regulatory compliance processes streamlining during the pandemic provided a positive return on investment.
3. As part of emergency planning, identify opportunities in advance for process improvements and risk reduction.

4. Join other states to learn from their experiences making operational changes to regulatory processes.
5. Build evidence to inform operational decision making, track progress toward regulatory objectives, and monitor risks.

This report has laid the groundwork for follow-up research and projects to capture additional lessons of the pandemic, improve regulatory compliance processes, and help states prepare for future crises. See details in section 5.2.

1. Document the features and functions of states' online business portals. Assess the effects on outcomes, operational quality, public understanding of regulated-party decisions, and trust in government.
2. Pilot state best practices benchmarking and networking for state business regulatory compliance programs, working with 5-10 selected states.
3. Document states' decisions regarding telehealth and assess outcomes.
4. Examine the impact of the EPA's temporary COVID enforcement policy on states during the pandemic and assess outcomes.
5. Document the changed requirements in public meeting venues and assess outcomes.
6. Document the regulatory relief and compliance adaptations to help restaurants.

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# Chapter 1: Introduction

The COVID-19 pandemic presented many regulatory compliance challenges for governments beginning in early 2020. This report explores state regulatory compliance adaptations made in response to the pandemic. The approach focused on uncovering patterns in regulatory process innovations, lessons learned from the pandemic experience that might inform future regulatory practice, and recommendations for future practice and knowledge building to improve state regulatory practices.

The disruption of the pandemic forced states to innovate in order to continue operations. Public health needs and economic distress further opened the door to innovation. The lingering question is whether these new processes will persist. Did the pandemic push states to re-think regulatory compliance processes, or were the adaptations short-lived responses to the emergency? By November 2022, states had already rolled back some adaptations. They must now consider whether changes should be kept, modified, or discarded.

## 1.1 Background

### *Regulation*

Governments regulate for numerous reasons. Many regulations aim to prevent or reduce harm to third parties in health, safety, welfare, and the environment that may result from the actions of businesses and other entities. Some of these harms result from market externalities when firms do not bear or prevent the costs of their activities on third parties, including future generations. Regulations may also counteract the harm caused by other market failures, such as monopolies, information asymmetries, and unequal bargaining power.

Regulations affect economic activity, albeit sometimes indirectly. The U.S. Office of Management and Budget has noted that “economic growth is enhanced by regulatory policies that promote competitive markets, secure property rights, and intervene to correct market failures rather than to increase state influence.”<sup>1</sup> As applied in specific contexts, regulations may need to balance supporting economic activity and protecting the public welfare.

State authority to regulate derives from the U.S. Constitution, which reserves for states those powers not expressly delegated to the federal government. Powers reserved to the states are related to property ownership, public safety, public utilities, and alcohol control, among others. States must protect the federal constitutional rights of their residents as they regulate these areas. States also have the authority to enforce federal regulations under various circumstances. For instance, 22 states have chosen to develop worker safety programs and implement Occupational Safety and Health Administration (OSHA) standards; the other states are under federal

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<sup>1</sup> “2006 Report to Congress on the Costs and Benefits of Federal Regulations and Unfunded Mandates on State, Local, and Tribal Entities.” Obama White House: Office of Management and Budget, 2006. [https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/omb/inforeg/2006\\_cb/2006\\_cb\\_final\\_report.pdf](https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/omb/inforeg/2006_cb/2006_cb_final_report.pdf).

jurisdiction.<sup>2</sup> States share enforcement of certain environmental laws with the Environmental Protection Agency<sup>3</sup> and have the authority to enforce many federal consumer protection laws.<sup>4</sup>

Regulations can take many forms. In some cases, regulated parties in a group have minimum standards set, and monitoring, enforcement, and sometimes compliance and beyond-compliance assistance complement these standards. In other cases, the government issues individual permits specifying allowable operating conditions for specific sites or businesses. Follow-up includes monitoring, enforcement, and, sometimes, assistance. Economic regulations are often industry-specific, limiting who can enter the field or the prices they can charge. For example, states set professional licensing requirements. They decide which professions to license and develop credentialing requirements, including fees, education, and testing.

The federal government has many industry-specific permitting and licensing requirements. These requirements apply to business activities in agriculture, alcoholic beverages, aviation, firearms, ammunition and explosives, fish and wildlife, commercial fisheries, maritime transportation, mining and drilling, nuclear energy, radio and television, and transportation and logistics.<sup>5</sup> In addition to permitting and licensing requirements, federal agencies implement broad regulations related to health, safety, welfare, competitiveness, finances, and others. State regulation complements regulatory activity at the federal and local levels.

The local government's role in regulation varies across states. They may issue permits and licenses in addition to or instead of state permits and licenses. Local governments may implement and have the authority to modify state standards. Land use approval is the domain of local governments. This process involves determining whether specific locations are appropriate for particular uses and whether measures are needed to offset the impact of the proposed use. Impact typically relates to noise, congestion, views, appearance, and other spillover effects.

## ***The pandemic***

The COVID-19 pandemic that began in early 2020 upended the nation's economy and society. The United States identified its first case in January 2020. By late January 2020, the U.S. Secretary of Health and Human Services declared a public health emergency for the United States. Officials in all 50 states followed suit.<sup>6</sup> As the virus spread rapidly, it significantly impacted the economy and the daily lives of millions of Americans. It severely strained some U.S. communities'

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<sup>2</sup> "State Plans." Occupational Safety and Health Administration: United States Department of Labor, accessed October 19, 2022. <https://www.osha.gov/stateplans/>.

<sup>3</sup> Cohen, Steve. "The State and Local Role in Protecting America's Environment." State of the Planet: Columbia Climate School, July 16, 2018. <https://news.climate.columbia.edu/2018/07/16/state-local-role-protecting-americas-environment/>.

<sup>4</sup> "Authority of States To Enforce the Consumer Financial Protection Act of 2010." Federal Register: Bureau of Consumer Financial Protection, May 26, 2022. <https://www.federalregister.gov/documents/2022/05/26/2022-11356/authority-of-states-to-enforce-the-consumer-financial-protection-act-of-2010>.

<sup>5</sup> "Apply for Licenses and Permits." Small Business Association, accessed May 23, 2022. <https://www.sba.gov/business-guide/launch-your-business/apply-licenses-permits>.

<sup>6</sup> "State Emergency Health Orders During the Coronavirus (COVID-19) Pandemic, 2021-2022." Ballotpedia, December 5, 2022. [https://ballotpedia.org/State\\_emergency\\_health\\_orders\\_during\\_the\\_coronavirus\\_\(COVID-19\)\\_pandemic,\\_2021-2022](https://ballotpedia.org/State_emergency_health_orders_during_the_coronavirus_(COVID-19)_pandemic,_2021-2022).

healthcare systems. States, counties, and localities were almost immediately affected and faced extraordinary obstacles in providing services to meet the urgent needs of their communities.

The pandemic exposed gaps in U.S. capabilities to respond to public health emergencies and other shocks in myriad ways. Supply chain issues, loss of income, and school and childcare facility closures created problems for state residents, institutions, and government systems. Governments at all levels found it difficult to plan, implement, and evaluate adaptations they made to various processes to address the circumstances created by the pandemic and subsequent economic consequences. The speed of decision making heightened risk as officials had little or no time to test their responses before implementing them.<sup>7</sup> At the end of October 2022, sectors of the economy and states are still moving back toward “normal.” Officials in seven states (Colorado, Connecticut, Delaware, Georgia, Illinois, Rhode Island, Texas, and Washington) have renewed the emergency declaration through December 2022. The states of emergency are set to expire in early 2023 in two more states (California and Kansas). The declared emergencies will continue in two states (New Mexico and West Virginia) until further notice.<sup>8</sup>

## **1.2 Scope and Methodology**

This report’s research objectives are to gather interesting and instructive examples, capture state decision making in specific contexts, document the flexibility achieved as a result of those decisions, and describe the effect of those flexibilities, both during the pandemic and afterward. This report does not comprehensively document all the relevant state responses to the pandemic, nor does it consider whether a regulation is fitting, necessary, appropriately designed, or fully aligned with the agency’s mission. Report findings have implications for state policy and practice. All states can learn from these recent experiences with flexibility and experimentation, applying the lessons now and as states deal with future disruptions.

The exploration of state regulatory compliance process adaptations occurred in three phases. Phase 1 featured a 50-state baseline review of state activities during the pandemic. Other organizations’ compilations of state activity by source (executive actions, legislation, and state-of-the-state addresses) and category (telehealth, professional licensing, and alcohol sales) served as an initial source of information. The Study Team refined the search’s keywords over several rounds of scanning. Initially, “streamline,” “expedite,” and “adapt” identified many actions potentially within scope. A review of the text describing those actions suggested related search terms. The keyword search revealed the patterns, trends, and range of measures that could qualify as innovations, representing potentially novel, impactful, and replicable modifications of rules and practices. This high-level understanding provided a knowledge base to create categories. Prominent categories include:

- Healthcare (telehealth and provisional credentials)
- Existing businesses (outdoor retail and dining; alcohol sales)

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<sup>7</sup> “OECD Regulatory Policy Outlook 2021.” Organisation for Economic Cooperation and Development, October 6, 2021. <https://www.oecd.org/gov/oecd-regulatory-policy-outlook-2021-38bofdb1-en.htm>.

<sup>8</sup> “States’ COVID-19 Public Health Emergency Declarations and Mask Requirements.” The National Academy for State Health Policy, November 23, 2022. <https://www.nashp.org/governors-prioritize-health-for-all/>.



- Business start-up and initial registration

Phase 2 began with selecting ten states for a more detailed study. The selection process tried to ensure that each state had at least one potentially relevant adaptation and that at least one example of each type of adaptation appeared in the sample. The selection also aimed for a balance of size, geographic location, and political orientation (as indicated by the parties of the governors and legislative chambers). Selected states are

- |               |                 |
|---------------|-----------------|
| • Arizona     | • Mississippi   |
| • Colorado    | • New Hampshire |
| • Connecticut | • Ohio          |
| • Illinois    | • Oregon        |
| • Minnesota   | • Virginia      |

The Study Team then created detailed profiles of selected states built on the information gathered during the baseline review. Supplementary document review and interviews filled in many specifics.

Developing case studies was an iterative process. The Study Team created state profiles based on the information gathered during phase 1. Interviews and reviews of executive orders, legislation, press releases, administrative codes, and local news stories revealed a range of variations. Side-by-side comparisons of states allowed the Study Team to identify the key characteristics in each category of adaptations and develop standard language to describe those characteristics. Each stage required additional research to ensure equivalent information was collected and presented across states.

In phase 3, the Panel was instrumental in developing lessons learned and recommendations. As experts in the regulatory process and state and local government, they were able to connect the detailed findings to a larger context. They developed recommendations based on the implications for states and the need for follow-up research.

Appendix B provides a detailed discussion of the scope and methodology.

## ***Report layout***

Chapter one overviews regulation and the relevant aspects of the pandemic environment. It also introduces the report's purpose – to document states' use of regulatory compliance process adaptations in response to the pandemic, emphasizing decisions related to small businesses.

Chapter two explores the pandemic as a major disruptor. These disruptions strained state and local governments, healthcare, and the economy, fueling the innovations described in chapter three. Supply chain, procurement, and distribution issues added complexity and created competition among the private sector and multiple levels of government.

Chapter three provides an overview of the main categories of adaptations, explaining what they were, why they were necessary, and how common they were. Regulatory compliance adaptations occurred in business start-up processes, restaurant regulation, and healthcare. Findings suggest officials rethought the balance between public health and economic well-being (in the case of

restaurant regulations) and trade-offs between healthcare access and professional practice limitations.

The fourth chapter presents ten state case studies. The selected states have a mix of political, demographic, and geographic characteristics as a group. Nonetheless, officials in those states made similar decisions in some areas and different choices in others, presenting many options for further study.

The final chapter describes conclusions and lessons learned. Recommendations for state officials focus on assessing experiences and using the insight to improve preparation for future events. Recommendations for additional study note the many questions arising from the foundational information created in this report.

## Chapter 2: Pandemic Disruptions Created a Window for Regulatory Compliance Creativity

This report focuses on a specific aspect of states' responses to the pandemic—adaptations of regulatory compliance processes. These adaptations occurred against a backdrop of massive disruption that strained state governments' ability to respond and created an opportunity to rethink processes.

During the pandemic, states had to address at least four major challenges nearly simultaneously—a public health crisis, disruption to government operations, financial volatility, and economic distress. Response required states to establish new systems, create or adapt rules, and develop implementation strategies quickly. For every new area of activity, they may have designed new processes, established internal protocols, expedited decision making, disseminated information, arranged for management and staffing capacity, monitored uptake, prepared reports, and evaluated performance.

States acted quickly when the magnitude of the pandemic became clear. Beginning in early 2020, governors issued directives to protect public health that included limits on indoor gatherings, mask requirements, and provisions for essential workers, among many others. These emergency rules immediately forced many businesses, schools, and other institutions to shut down in-person operations. The sudden drop in economic activity created acute financial hardships. Many states and the federal government began to provide grants, loans, deferred tax payments, rent and mortgage assistance, eviction moratoria, and other relief measures.

### 2.1 States faced a public health crisis

The United States identified its first COVID-19 case in January 2020. Later that month, the U.S. Secretary of Health and Human Services declared a public health emergency for the United States.<sup>9</sup> Excerpts from near-daily situational reports published by Johns Hopkins University<sup>10</sup> offer a glimpse into the progression of the disease:

**May 1, 2020:** According to the U.S. Centers for Disease Control and Prevent (CDC), U.S. cases totaled 1.03 million, with 60,057 deaths attributable to COVID-19. Several governors declared a state of emergency and issued temporary “stay at home” orders, uncertain how long either would be necessary.

**December 4, 2020:** The CDC reported that U.S. cases totaled 13.8 million with 272,525 deaths. New research found evidence that states ending eviction moratoria early had greater incidence and mortality from COVID-19.

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<sup>9</sup> “Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak.” National Archives and Records Administration, March 13, 2019. <https://trumpwhitehouse.archives.gov/presidential-actions/proclamation-declaring-national-emergency-concerning-novel-coronavirus-disease-covid-19-outbreak/>.

<sup>10</sup> “COVID-19 Situation Report.” Johns Hopkins Center for Health Security, November 4, 2022. <https://www.centerforhealthsecurity.org/resources/COVID-19/COVID-19-SituationReports.html>.

**September 21, 2021:** The CDC reported 42.0 million total cases, with 672,738 deaths attributable to COVID-19. “At more than 1,500 deaths per day, the US could surpass 675,000 cumulative deaths in the next several days, which would make the COVID-19 pandemic more deadly in the US than the 1918 influenza pandemic.”

**January 6, 2022:** The CDC reported 57.2 million cumulative cases with 827,879 deaths. Officials believe that holiday get-togethers in November and December were the main cause of surges in new cases, new hospitalizations, and total hospitalization.

**July 28, 2022:** The CDC reported 90.6 million total cases, with 1,023,382 deaths. Research noted racial, ethnic, and geographic disparities in mortality rates. “Long COVID” continued to pose a threat, with new clusters of symptoms continuing to emerge.

States mobilized quickly to address the public health crisis. Many enacted emergency orders, often bypassing usual procedures. By May 31, 2020, 42 states had enacted stay-at-home orders.<sup>11</sup> Many forms of in-person, indoor economic activity were temporarily prohibited. State procurement offices struggled to find adequate personal protective equipment (PPE) and other supplies to support the public health system.<sup>12</sup> When the U.S. Food and Drug Administration (FDA) approved a COVID-19 vaccine (August 2021<sup>13</sup>), states developed and implemented plans for distribution, confronting many coordination and communication complexities.<sup>14</sup> More than half of the states set up contact tracing to notify individuals if they had been in proximity to someone who tested positive. Eight states built the systems in-house, 14 relied on third parties for training and staffing, and four turned the function over to contractors.<sup>15</sup> At least one state, New York, developed an online pass for people to prove their vaccination status.<sup>16</sup>

## **2.2 State government operations were upended**

Throughout the pandemic, state governments faced a series of challenges that led or forced them to modify processes and make system investments quickly. Some of these changes appear to be permanent.

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<sup>11</sup> “Timing of State and Territorial COVID-19 Stay-at-Home Orders and Changes in Population Movement - United States, March 1–May 31, 2020.” Morbidity and Mortality Weekly Report. Centers for Disease Control and Prevention, September 3, 2020.

<https://www.cdc.gov/mmwr/volumes/69/wr/mm6935a2.htm>.

<sup>12</sup> Handfield, Robert, Zhaohui Wu, Andrea Patrucco, Christopher Yukins, and Thomas Kull. “Assessing State PPE Procurement During COVID-19.” National Association of State Procurement Officers, March 2021. [https://www.naspo.org/wp-content/uploads/2021/03/2021\\_COVIDReportC.pdf](https://www.naspo.org/wp-content/uploads/2021/03/2021_COVIDReportC.pdf).

<sup>13</sup> “FDA Approves First COVID-19 Vaccine.” U.S. Food and Drug Administration. FDA, August 23, 2021. <https://www.fda.gov/news-events/press-announcements/fda-approves-first-covid-19-vaccine>.

<sup>14</sup> “Intergovernmental Dimensions of the COVID-19 Response and Consequences.” National Academy of Public Administration, 2022. <https://s3.us-west-2.amazonaws.com/napa-2021/Working-Groups/NAPA-COVID-WG-Final-Report-3.11.22.pdf>.

<sup>15</sup> Feliciano, Melanie. “State Approaches to Contact Tracing during the COVID-19 Pandemic.” COVID-19 State Action Center: The National Academy for State Health Policy, September 23, 2022.

<https://www.nashp.org/state-approaches-to-contact-tracing-covid-19/>.

<sup>16</sup> “Be a Part of New York’s Safe Reopening.” Excelsior Pass Plus, accessed May 16, 2022. <https://covid19vaccine.health.ny.gov/excelsior-pass-plus>.

In many states, stay-at-home orders and later social distancing requirements forced many state government offices to close temporarily or reduce in-person services. Previously established work-from-home or telework policies may not have been adequate for large-scale implementation. States scrambled to build information technology (IT) infrastructure, develop operating protocols, and provide staff remote access to office systems.<sup>17</sup>

Stay-at-home orders and social distancing requirements also temporarily halted customer-serving operations involving hard-copy documents or in-person meetings. When offices reopened, some created low-technology solutions by, for instance, meeting with the public in parking lots or other open areas. Some state agencies pivoted to digital service delivery and remote processes. Setting up these systems required more investments in information technology (IT) infrastructure, safety, and security. Agencies that had already developed digital and remote processes expanded their capacity and integrated those processes into larger operations. Pandemic-related pressures may have accelerated states' moves to online and automated services.<sup>18</sup> States also reaped the benefits of technology investments begun some years earlier.

Some examples of creative responses are described below.

### ***State Unemployment Insurance programs saw surges in enrollment***

A massive influx of federal funds flowed through and substantially increased the size of existing state and local unemployment insurance programs. Some programs struggled to keep up with the spike in demand. For example, the surge in unemployment claims and changing eligibility criteria overwhelmed many state workforce agencies' (SWA) Unemployment Insurance programs and led to long processing delays for some applicants. A 2021 report by the Federal Pandemic Response Accountability Committee (PRAC) provided examples of the increased demand for support:

- The Kansas SWA received 12.5 million calls in April 2020 but could only answer about 70,000 (one percent). Unemployment claims jumped more than 1000 percent from February to April 2020.
- In Oklahoma, the SWA paid out \$2.2 billion in unemployment benefits during Fiscal Year 2020, a ten-fold increase over Fiscal Year 2019.
- In one week in March 2020, the Washington SWA received more than 180,000 claims. A typical high flow is 10,000 per week.

Outdated computer systems in more than half of the states did not have adequate capacity to handle the large volume of transactions or flexibility to incorporate new eligibility criteria created

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<sup>17</sup> Meyerhoff, Robin. "Pandemic Accelerates Need for Digital Government." Forbes. Forbes Magazine, August 12, 2020. <https://www.forbes.com/sites/sap/2020/05/19/pandemic-accelerates-need-for-digital-government/>.

<sup>18</sup> Van de Velde, Hilda, and Kathleen De Hornois. "2021 Government Trends." Deloitte Belgium, November 30, 2021. <https://www2.deloitte.com/be/en/pages/public-sector/articles/2021-government-trends.html>.

through the Pandemic Unemployment Assistance program (PUA, created as part of the CARES Act). Insufficient staffing also contributed to the delays in claim processing.<sup>19</sup>

Maryland offers an example of a state that could adapt quickly by implementing remote systems because of pre-pandemic investments. The Department of Labor launched an Interactive Voice Response (IVR) system to help claimants file weekly certifications for regular and pandemic unemployment insurance claims (among other actions) through a toll-free number without waiting for a live agent.<sup>20</sup> The online Beacon system allowed claimants to file applications, submit documentation, and check the status of payments.<sup>21</sup> The state started working on this permanent improvement to access in 2015 and benefited from its availability as normal operations were interrupted.<sup>22</sup>

### ***States moved driver's license expiration dates and shifted to online processing***

The shutdown of state offices and social distancing requirements meant that states had to develop strategies to deal with expiring driver's licenses. Most states extended expirations or created grace periods.<sup>23</sup> Before the pandemic, the New Jersey Motor Vehicle Commission allowed a few types of online transactions. Within 18 months after its reopening (following an early-pandemic shutdown), the agency was able to move 80 percent of its business online. It upgraded its IT systems to process more transactions and implemented an appointment system for in-person service.<sup>24</sup> Similarly, California expanded eligibility for online driver's license renewal.<sup>25</sup> In the first three quarters of FY22, the state processed more than 700,000 (out of 2.75 million) renewals online.<sup>26</sup>

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<sup>19</sup> "Key Insights: State Pandemic Unemployment Insurance Programs." Pandemic Oversight. Pandemic Response Accountability Committee, December 16, 2021.

<https://www.pandemicoversight.gov/oversight/our-publications-reports/state-UI-report>.

<sup>20</sup> Hauge, Kimberly, Lauren Shimanek, and Rachael Stephens. Letter to Governors' Offices and State Workforce System Leaders. "Unemployment Insurance During COVID-19." February 5, 2021. <https://www.nga.org/publications/unemployment-insurance-covid-19/>.

<sup>21</sup> "FY 2021 Customer Service Annual Report." Maryland Department of Labor, accessed September 14, 2022. <https://www.dllr.state.md.us/aboutdllr/csannrep2021.pdf>.

<sup>22</sup> "Beacon 2.0 System Launching on September 20." Maryland Department of Labor, September 10, 2020. <https://content.govdelivery.com/accounts/MDDLLR/bulletins/29fa75f>.

<sup>23</sup> "COVID-19 Response State Issued Driver's License & ID Card Extension Guidance." Department of Defense Common Access Card: Defense Manpower Data Center, June 2020. [https://www.cac.mil/Portals/53/Documents/DL%20Expiration%20Guidance\\_cac\\_mil.pdf?ver=2020-06-18-115456-723](https://www.cac.mil/Portals/53/Documents/DL%20Expiration%20Guidance_cac_mil.pdf?ver=2020-06-18-115456-723).

<sup>24</sup> Sobko, Katie. "NJ MVC Went from Dreaded Visit to 'Easy' Online Services after COVID. Here's What's Next." North Jersey Media Group, March 2, 2022. <https://www.northjersey.com/story/news/new-jersey/2022/03/02/mvc-nj-modernized-online-services-after-covid/6843491001/>.

<sup>25</sup> "DMV Encourages Renewing License Online, Expands Eligibility." California DMV, July 31, 2020. <https://www.dmv.ca.gov/portal/news-and-media/dmv-encourages-renewing-license-online-expands-eligibility/>.

<sup>26</sup> "Customers Eligible to Renew Their License via Alternative Services Fiscal Year 2021-2022." California DMV, October 31, 2022. <https://www.dmv.ca.gov/portal/dmv-research-reports/departments-of-motor-vehicles-dmv-performance-reports/customers-eligible-to-renew-their-license-via-alternative-services-fiscal-year-2021-2022/>.

Federal agencies adjusted some requirements implemented by states. State motor vehicle agencies were in a multi-year effort to upgrade driver's licenses to meet federal "Real I.D." requirements. Because of the pandemic, the Department of Homeland Security delayed enforcement of Real I.D. until May 2023.<sup>27</sup> Pandemic-related supply chain issues caused the Federal Motor Carrier Safety Administration to waive some Commercial Driver's License and vehicle inspection requirements. The current emergency declaration is set to expire in January 2023.<sup>28</sup>

## ***Public meetings and other government business went online***

Since 1976, all 50 states have had open meeting laws.<sup>29</sup> Many of these laws required deliberative bodies to allow interested people to attend and, in some cases, participate in meetings. Stay-at-home orders, travel restrictions, and social distancing requirements made many in-person meetings impossible. According to the National Conference of State Legislatures, at least 31 states adopted measures authorizing or requiring remote legislative meetings, voting, or operations due to the pandemic or in case of emergencies generally.<sup>30</sup> For example, Kentucky's H.B. 1 (2022) authorized the House Speaker to set up remote voting procedures as needed. House committees in Montana were allowed to provide remote participation for members under specific circumstances. The North Dakota legislature extended full privileges to members participating by telephone or video.<sup>31</sup>

Local government meeting flexibilities varied. If addressed at all, states either required or allowed localities to shift to remote or hybrid meetings. For example, the Arizona Attorney General issued an opinion allowing localities to hold meetings and hearings online without breaking the state's open meetings law.<sup>32</sup> Massachusetts authorized remote local government meetings through March 2023.<sup>33</sup> States' open meeting laws may have already allowed remote or hybrid sessions, effectively giving localities the authority to decide for themselves.

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<sup>27</sup> "DHS Announces Extension of Real ID Full Enforcement Deadline." Department of Homeland Security, April 27, 2021. <https://www.dhs.gov/real-id/news/2021/04/27/dhs-announces-extension-real-id-full-enforcement-deadline>.

<sup>28</sup> Becerra, Xavier. "Renewal of Determination That a Public Health Emergency Exists." PHE Declarations: Administration for Strategic Preparedness and Response, October 13, 2022. <https://aspr.hhs.gov/legal/PHE/Pages/covid19-13Oct2022.aspx>.

<sup>29</sup> Aichinger, Alex. "Open Meeting Laws and Freedom of Speech." The First Amendment Encyclopedia: The John Seigenthaler Chair of Excellence in First Amendment Studies, accessed October 11, 2022. <https://www.mtsu.edu/first-amendment/article/1214/open-meeting-laws-and-freedom-of-speech>.

<sup>30</sup> "COVID-19: State Actions Related to Legislative Operations." National Conference of State Legislatures, September 26, 2022. <https://www.ncsl.org/research/about-state-legislatures/covid-19-state-actions-related-to-legislative-operations.aspx>.

<sup>31</sup> "Senate and House Legislative Manual 2021-22." 67th Legislative Assembly State of North Dakota, 2021. <https://www.ndlegis.gov/sites/default/files/resource/67-2021/miscellaneous/rules21a.pdf>.

<sup>32</sup> Sunnucks, Mike. "Cities, Counties Can Hold Meetings, Hearings Remotely, Online and Not Break Open Meetings Laws in Midst of Coronavirus." Rose Law Group Reporter, March 17, 2020. <https://roselawgroupreporter.com/2020/03/cities-counties-can-hold-meetings-hearings-remotely-online-and-not-break-open-meetings-laws-in-midst-of-coronavirus/>.

<sup>33</sup> "Remote Meeting Extension for Local Boards Signed into Law." Massachusetts Municipal Association (MMA), July 18, 2022. <https://www.mma.org/remote-meeting-extension-for-local-boards-signed-into-law/>.

States made other special provisions for remote operations during the pandemic. For example, Arkansas temporarily suspended the requirement that corporations and banks hold shareholder meetings in person (Executive Order 20-15). Thirty-seven states have created provisions for the remote notarization of documents.<sup>34</sup>

## **2.3 State financial management was upended**

New federal funding offset sharp declines in state revenue, covered emergency spending, and provided financial support to people, businesses, and institutions hurt by the loss of economic activity during the pandemic.

The turbulence in state budgets in 2020 and 2021 is widely documented. Initially, tax revenues declined across the board due to sharp drops in taxable activities.<sup>35</sup> Charges and fees also dropped substantially as the use of public facilities and services shrank.<sup>36</sup> For the fiscal year ending June 30, 2020, total state tax revenue declined by \$46.4 billion (4.6 percent). Much of the decline occurred in the fourth quarter as many states pushed income tax filing deadlines to July 15.<sup>37</sup> Yet by February 2021, states' total 12-month receipts had edged slightly higher than the preceding, pre-pandemic 12-month period. Those gains resulted from higher revenue in 29 states, while other revenues were flat or below par.<sup>38</sup>

During the same timeframe, states increased spending in many categories. A year-end report by the National Association of State Budget Officers (NASBO)<sup>39</sup> found that although some states responded initially with sharp budget cuts, states' fiscal year 2021 total expenditures increased in

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<sup>34</sup> Tank, Margo H. K., David Whitaker, Elizabeth S. M. (Liz) Caires, and Andrew Grant. "Coronavirus: Federal and State Governments Work Quickly to Enable Remote Online Notarization to Meet Global Crisis." DLA Piper, August 25, 2021.

<https://www.dlapiper.com/en/us/insights/publications/2020/03/coronavirus-federal-and-state-governments-work-quickly-to-enable-remote-online-notarization/>.

<sup>35</sup> "How Did State and Local Governments Fare during the Pandemic?" United States Government Accountability Office, April 24, 2019. <https://www.gao.gov/blog/how-did-state-and-local-governments-fare-during-pandemic>.

<sup>36</sup> Sheiner, Louise, and Sophia Campbell. "How Much Is COVID-19 Hurting State and Local Revenues?" The Hutchins Center Explains: Brookings, September 24, 2020. <https://www.brookings.edu/blog/up-front/2020/09/24/how-much-is-covid-19-hurting-state-and-local-revenues/>.

<sup>37</sup> Rosewicz, Barb, Justin Theal, and Alexandre Fall. "Pandemic Drives Historic State Tax Revenue Drop." The Pew Charitable Trusts, February 17, 2021. <https://www.pewtrusts.org/en/research-and-analysis/articles/2021/02/17/pandemic-drives-historic-state-tax-revenue-drop>.

<sup>38</sup> Rosewicz, Barb, Justin Theal, and Alexandre Fall. "State Tax Revenue Passes a Recovery Milestone." The Pew Charitable Trusts, May 7, 2021. <https://www.pewtrusts.org/en/research-and-analysis/articles/2021/05/07/state-tax-revenue-passes-a-recovery-milestone>.

<sup>39</sup> "Summary: 2021 State Expenditure Report." National Association of State Budget Offices, November 19, 2021. [https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-ofca152d64c2/UploadedImages/Issue%20Briefs%20Summary\\_of\\_2021\\_State\\_Expenditure\\_Report.pdf](https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-ofca152d64c2/UploadedImages/Issue%20Briefs%20Summary_of_2021_State_Expenditure_Report.pdf).



K-12 education (12.3 percent), public assistance (25.7 percent),<sup>40</sup> and Medicaid (11.5 percent). Spending on other assistance programs rose 29.3 percent.<sup>41</sup>

Federal COVID-19 relief funding supported much of new state spending. The 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act included over \$2 trillion for emergency assistance to help cover healthcare needs for businesses, families, and individuals affected by COVID-19. As part of the CARES Act, the Paycheck Protection Program provided funds for small business loans, COVID-19 testing, and grants to healthcare providers. The CARES Act included the Coronavirus Relief Fund (CRF), which provided \$150 billion in direct assistance to states, large localities, tribal governments, the District of Columbia, and five U.S. territories to help cover the costs of responding and mitigating the impact of the pandemic. The 2021 American Rescue Plan (ARP) provided nearly \$2 trillion, including \$195 billion in direct aid through the State Fiscal Recovery Fund (SFRF)<sup>42</sup> and another \$155 billion in direct assistance to all local, territorial, and Tribal governments (Local Fiscal Recovery Funds or LFRF). ARPA also made allocations for:<sup>43</sup>

- Vaccine distribution
- Testing and contact tracing
- Safety equipment for K-12 schools
- Stimulus checks and expanded unemployment benefits
- Expanded child, dependent, and earned income tax credits
- Homeowner and renter assistance
- Additional PPP, airline, and restaurant industry support.

States built new management capacities to manage these funds in addition to their SFRF funds. Some states created new divisions and hired new staff; others hired consultants. Although some of these funds flowed through existing programs, states also had to stand up new programs, building new program infrastructure before scaling up assistance and subsequently delaying assistance distribution. Regarding Emergency Rental Assistance (ERA), Treasury Department program data “suggests that many state and local governments focused on building program infrastructure early this year. States and localities committed more than \$1 billion in the first quarter of 2021 for administrative costs – like hiring staff – and housing stability services,

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<sup>40</sup> “Public assistance” includes Temporary Assistance for Needy Families (TANF) program and other cash assistance programs.

<sup>41</sup> Other programs include including unemployment insurance, public health programs, housing assistance, emergency management, economic relief, aid to local governments, broadband and other technology upgrades, COVID-19 vaccination, testing, and other response costs; prevention in congregate settings; mental health services; other public health services; household assistance, unemployment benefits; contributions to unemployment insurance trust funds; job training assistance; small business economic assistance; aid to tourism, travel or hospitality; and aid to other impacted industries.

<sup>42</sup> Maher, Emily. “How States Are Spending Their Stimulus Funds.” National Conference of State Legislatures, September 2, 2022. <https://www.ncsl.org/research/fiscal-policy/how-states-are-spending-their-stimulus-funds.aspx>.

<sup>43</sup> “Assistance for State, Local, and Tribal Governments.” U.S. Department of the Treasury, July 28, 2022. <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments>.

reflecting the scale of program stand-up efforts.”<sup>44</sup> By contrast, Virginia and Texas were able to scale up existing housing assistance programs quickly to administer funds.

ARPA also temporarily expanded state-administered safety net programs such as Medicaid and Supplemental Nutrition Assistance Program (SNAP).<sup>45</sup> Continuous coverage requirements of the 2020 Families First Coronavirus Response Act (FFCRA) extended Medicaid eligibility until the end of the month when the national public health emergency (PHE) ends.<sup>46</sup> The number of Medicaid enrollees increased by an estimated 23 percent (almost 17 million people) from February 2020 to March 2022.<sup>47</sup> SNAP participation grew from 37 million in February 2020 to 43 million in June 2020.<sup>48</sup> The U.S. Department of Agriculture has issued waivers to states,<sup>49</sup> allowing flexibility to manage new enrollments and increased caseloads.<sup>50</sup>

## 2.4 State economies were upended

The national economy has endured significant turbulence since the onset of the pandemic, as some of the key economic indicators illustrate:

- The national unemployment rate jumped to 14.8 percent in April 2020, falling to 3.8 percent in August 2022.<sup>51</sup>
- The labor force participation rate dipped during the pandemic. It has gradually increased, but at 62.4 percent (August 2022), it remains 1.0 percentage points below the February 2020 level.<sup>52</sup>

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<sup>44</sup> “Emergency Rental Assistance Data Shows Programs Ramping Up, but States and Localities Must Do More to Accelerate Aid.” U.S. Department of the Treasury, July 2, 2021.

<https://home.treasury.gov/system/files/136/2021-07-02-ERA-Data-Blog-Post-vF.pdf>.

<sup>45</sup> Ford, Leslie. “Expansion of Safety-Net Programs during the COVID-19 Crisis.” Public Health Report: The Heritage Foundation, July 16, 2020. <https://www.heritage.org/public-health/report/expansion-safety-net-programs-during-the-covid-19-crisis>.

<sup>46</sup> Wagner, Jennifer, and Farah Erzouki. “Time to Get It Right: State Actions Now Can Preserve Medicaid Coverage When Public Health Emergency Ends.” Center on Budget and Policy Priorities, May 18, 2022. <https://www.cbpp.org/research/health/time-to-get-it-right-state-actions-now-can-preserve-medicaid-coverage-when-public>.

<sup>47</sup> Corallo, Bradley, and Sophia Moreno. “Analysis of Recent National Trends in Medicaid and CHIP Enrollment.” KFF, November 2, 2022. <https://www.kff.org/coronavirus-covid-19/issue-brief/analysis-of-recent-national-trends-in-medicaid-and-chip-enrollment/>.

<sup>48</sup> “Policy Basics: The Supplemental Nutrition Assistance Program (SNAP).” Center on Budget and Policy Priorities, June 9, 2022. <https://www.cbpp.org/research/food-assistance/the-supplemental-nutrition-assistance-program-snap>.

<sup>49</sup> “SNAP State by State COVID-19 Waivers,” Food and Nutrition Service: U.S. Department of Agriculture, accessed June 3, 2022. <https://www.fns.usda.gov/disaster/pandemic/covid-19/snap-waivers-flexibilities>.

<sup>50</sup> Rosenbaum, Dottie, Ed Bolen, Zoë Neuberger, and Stacy Dean. “USDA, States Must Act Swiftly to Deliver Food Assistance Allowed by Families First Act.” Center on Budget and Policy Priorities, April 7, 2020. <https://www.cbpp.org/research/food-assistance/usda-states-must-act-swiftly-to-deliver-food-assistance-allowed-by>.

<sup>51</sup> “Unemployment Rates During the COVID-19 Pandemic.” Federation of American Scientists, August 20, 2021. <https://sgp.fas.org/crs/misc/R46554.pdf>.

<sup>52</sup> “The Employment Situation - October 2022.” U.S. Department of Labor: Bureau of Labor Statistics, November 4, 2022. <https://www.bls.gov/news.release/pdf/empst.pdf>.

- A brief but severe recession,<sup>53</sup> followed by partial recovery, resulted in an overall gross domestic product (GDP) decline of 2.3 percent for 2020.<sup>54</sup> In 2021, the economy grew at a breakneck rate of 5.7 percent,<sup>55</sup> followed by declines in the first two quarters of 2022.<sup>56</sup>

Businesses faced successive waves of challenges. A National Academy of Sciences report described the chain of events in 2020:

“First, mass layoffs and closures had already occurred—just a few weeks into the crisis. Second, the risk of closure was negatively associated with the expected length of the crisis. Moreover, businesses had widely varying beliefs about the likely duration of COVID-related disruptions. Third, many small businesses are financially fragile: The median business with more than \$10,000 in monthly expenses had only about two weeks of cash on hand at the time of the survey. Fourth, the majority of businesses planned to seek funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. However, many anticipated problems with accessing the program, such as bureaucratic hassles and difficulties establishing eligibility.”<sup>57</sup>

The same dynamics played out in individual states, although on varying timelines and levels of severity. Actions to limit the spread of the disease sharply curtailed economic activity, especially for indoor activities that struggled to comply with social distancing requirements. Forty-three states enacted stay-at-home orders between March and May 2020,<sup>58</sup> forcing businesses to close, in some cases for extended periods. Masks and other forms of PPE were initially in short supply, even for healthcare providers. As understanding of transmissibility improved<sup>59</sup> and masks became available, stay-at-home orders gave way to mask mandates in 39 states.<sup>60</sup> Vaccines, which

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<sup>53</sup> The St. Louis Federal Reserve cited a Commerce Department estimate that GDP declined by 5 percent in the first quarter of 2020 and by 32.9 percent in the second quarter of 2020. Wheelock, David. “Comparing the COVID-19 Recession with the Great Depression.” Economic Synopses no. 39: The Federal Reserve Bank of St. Louis, August 2020. <https://research.stlouisfed.org/publications/economic-synopses/2020/08/12/comparing-the-covid-19-recession-with-the-great-depression>.

<sup>54</sup> “Gross Domestic Product, Fourth Quarter and Year 2020 (Second Estimate).” U.S. Bureau of Economic Analysis, February 25, 2021. <https://www.bea.gov/news/2021/gross-domestic-product-fourth-quarter-and-year-2020-second-estimate>.

<sup>55</sup> Siegel, Rachel, and Andrew Van Dam. “U.S. Economy Grew 5.7 Percent in 2021, Fastest Full-Year Clip since 1984, Despite Ongoing Pandemic.” The Washington Post. WP Company, January 27, 2022. <https://www.washingtonpost.com/business/2022/01/27/gdp-2021-q4-economy/>.

<sup>56</sup> “Perspective from the BEA Accounts.” U.S. Economy at a Glance: U.S. Bureau of Economic Analysis, January 29, 2021. <https://www.bea.gov/news/glance>.

<sup>57</sup> Survey of 5,800 small businesses, conducted March 28 – April 4, 2020. Bartik, Alexander W., Marianne Bertrand, Zoe Cullen, Edward L. Glaeser, Michael Luca and Christopher Stanton “The Impact of COVID-19 on Small Business Outcomes and Expectations.” Proceedings of the National Academy of Sciences, July 10, 2020; Vol. 117, No. 30. <https://www.pnas.org/doi/10.1073/pnas.2006991117>.

<sup>58</sup> “Timing of State and Territorial COVID-19 Stay-at-Home Orders and Changes in Population Movement - United States, March 1–May 31, 2020.” Morbidity and Mortality Weekly Report: Centers for Disease Control and Prevention, September 3, 2020. <https://www.cdc.gov/mmwr/volumes/69/wr/mm6935a2.htm>.

<sup>59</sup> Kiely, Eugene. “Misinformation about Face Masks.” FactCheck.org, August 16, 2021. <https://www.factcheck.org/2021/08/scicheck-misinformation-about-face-masks/>.

<sup>60</sup> “State-Level Mask Requirements in Response to the Coronavirus (COVID-19) Pandemic, 2020-2022.” Ballotpedia, accessed July 15, 2022. [https://ballotpedia.org/State-level\\_mask\\_requirements\\_in\\_response\\_to\\_the\\_coronavirus\\_\(COVID-19\)\\_pandemic,\\_2020-2022](https://ballotpedia.org/State-level_mask_requirements_in_response_to_the_coronavirus_(COVID-19)_pandemic,_2020-2022).

first became available in December 2020,<sup>61</sup> and home testing approved in November 2020,<sup>62</sup> reduced the risk of transmission.<sup>63</sup> Throughout, states adjusted social distancing requirements and capacity limits according to the level of spread.

Exacerbating all of these issues were widespread supply chain problems and labor shortages. Shutdowns halted production and distribution. Producers struggled to keep up when demand for hand sanitizer, cleaning products, toilet paper, masks, and other goods spiked. Meanwhile, inventories of other goods sat idle as consumers and other buyers curtailed or stopped making purchases. Distribution problems led to shortages. Laid-off workers have been slow to return to the labor force.<sup>64</sup>

By October 2022, nearly all emergency public health measures in the United States had expired, but economic distress continued. States and the federal government continued to provide a wide range of direct financial assistance to individuals and businesses.

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<sup>61</sup> “History of COVID-19: Outbreaks and Vaccine Timeline.” Mayo Clinic: Mayo Foundation for Medical Education and Research, accessed July 15, 2022. <https://www.mayoclinic.org/coronavirus-covid-19/history-disease-outbreaks-vaccine-timeline/covid-19>.

<sup>62</sup> Dawson, Lindsey, and Jennifer Kates. “Rapid Home Tests for COVID-19: Issues with Availability and Access in the U.S.” KFF, November 4, 2021. <https://www.kff.org/report-section/rapid-home-tests-for-covid-19-issues-with-availability-and-access-in-the-u-s-issue-brief/>.

<sup>63</sup> “Get the Facts about COVID-19 Vaccines.” Mayo Clinic: Mayo Foundation for Medical Education and Research, October 26, 2022. <https://www.mayoclinic.org/diseases-conditions/coronavirus/in-depth/coronavirus-vaccine/art-20484859>.

<sup>64</sup> “Why the Pandemic Has Disrupted Supply Chains?” The White House, June 2021. <https://www.whitehouse.gov/cea/written-materials/2021/06/17/why-the-pandemic-has-disrupted-supply-chains/>.

## Chapter 3: States Responded by Modifying Regulations and Regulatory Compliance Processes

Government regulation of businesses and professions serves multiple purposes. States regulate businesses to protect the environment and the community's health, safety, and welfare. State regulations also limit who can enter a field and the prices they can charge. Registration requirements establish a business as a legal entity known to the state. Establishments may have to meet additional requirements that vary by structure, industry, state, and locality.

The pandemic disrupted and then fueled innovation in many aspects of regulatory compliance. Government office closures and social distancing requirements interrupted permitting, monitoring, reporting, and inspection processes as regulatory staff could not conduct business in person. States eased some regulations to allow alternate forms of economic activity and healthcare services, requiring them to set up new compliance procedures.

This chapter focuses on examples of regulatory compliance process streamlining, where the states provided expedited or automatic approvals by eliminating steps or compressing review periods. The examples include state business start-up portals, regulatory process adaptations to help restaurants, flexibility in licensing for healthcare professionals, and eligibility to provide telehealth services. Each section addresses the purpose of the regulation, how the pandemic interfered with regulatory compliance processes, states' responses, and the effects of the change.

### 3.1 Simplified Permitting Paved the Way for Business Start-Ups

#### ***Purpose of regulations: state registry and licensing establish conformity***

New businesses must comply with state and local registration and licensing requirements. Complying with these requirements can be cumbersome. Business owners may have to submit the same information to multiple offices and wait for consecutive reviews and approvals. Or they may have to visit various sites to determine requirements. States and some localities usually offer an online "one-stop" center for business start-ups; however, they vary in functionality. Some do little more than list requirements, while others allow users to create customized requirements checklists and submit documents online. More advanced systems will automatically route applications for review, provide streamlined or simultaneous approval, and offer a dashboard allowing the business owner to monitor progress and track remaining requirements. Simplifying these processes can be a boon to small business owners who navigate the process themselves rather than pay for professional help.

Business start-up requirements generally involve taking three sets of requirements.

- Registering with the Secretary of State (or equivalent) is how a business becomes a distinct legal entity operating under a specified name.

- The Department of Revenue or Taxation registration process puts the business on the state tax rolls.
- State regulatory agencies have industry-specific permitting and licensing requirements that vary across states.<sup>65</sup>

For instance, about half of the states require auction houses or auctioneers to be state-licensed.<sup>66</sup> All states regulate child-care facilities but to varying degrees.<sup>67</sup> States may require businesses in specific industries to provide evidence of insurance. Businesses with employees may need to complete registration processes related to compliance with labor laws.

States delegate or grant additional regulatory authority to localities. They may have separate licensing, permitting, and registration requirements. Localities have primary control over land use through zoning, subdivision, and other ordinances.

### ***Disruption: public health requirements created obstacles for conventional business start-up processes***

Business start-up processes took on heightened importance during the pandemic as new formations surged in the second half of 2020. Through mid-2021, the pace nationwide was the highest observed since the U.S. Census Bureau started collecting the data in 2004.<sup>68</sup> The most recent data (September 2022) show that business formations are slowing but still substantially above the 2019 rate.<sup>69</sup> The U.S. Chamber of Commerce said the impact of the pandemic “couldn’t have been predicted but has been an incredible learning experience—especially for aspiring entrepreneurs. Social distancing and remote work have forced traditional in-person businesses like restaurants, brick-and-mortar retail, and event services to get creative with solutions and stay viable while also opening a world of opportunities for business owners to meet consumers’ new and evolving needs.” Examples include pet products and services, delivery and errand services, online workout classes, personal training, and career coaching.<sup>70</sup>

The need to modify business start-up processes was largely a function of government office closures, social distancing requirements, and stay-at-home orders. These obstacles complicated permitting, monitoring, reporting, and inspection processes. Even agencies that kept skeleton

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<sup>65</sup> “Business Startup Checklist.” MyCompanyWorks: RASi - a Lexitas Company, January 12, 2022. <https://www.mycompanyworks.com/checklist.htm>.

<sup>66</sup> “Auction License Laws.” United Country Auction Blue Book, accessed August 16, 2022. <https://www.ucauctionservicesevents.com/auction-blue-book/adding-auctions/license-laws/>.

<sup>67</sup> “National Database of Child Care Licensing Regulations.” Licensing Regulations Database. Child Care Technical Assistance Network, accessed September 7, 2022. <https://licensingregulations.acf.hhs.gov/>.

<sup>68</sup> Haltiwanger, John C. “Entrepreneurship during the COVID-19 Pandemic: Evidence from the Business Formation Statistics.” National Bureau of Economic Research, June 14, 2021. <https://www.nber.org/papers/w28912>.

<sup>69</sup> “Business Formation Statistics October 2022.” United States Census Bureau, November 10, 2022. <https://www.census.gov/econ/bfs/index.html>.

<sup>70</sup> Betterton, Katarina. “13 Post-Pandemic Businesses You Can Start Now. - Business ideas: Businesses to Start During a Pandemic.” U.S. Chamber of Commerce, June 21, 2021. <https://www.uschamber.com/co/start/startup/businesses-to-start-during-pandemic>.

crews in their offices could not accommodate in-person meetings with applicants. Initially, their staff may have also had limited access to office systems.

### ***State response: automation sidestepped disruption***

At the beginning of the pandemic, some states had already established automated, online functionality to support the business start-up process. Building on this foundation, the continued use of these systems may have required operational upgrades as staff shifted to remote work. By contrast, manual and in-person processes created a bigger challenge, while state agencies' on-site capacities were temporarily diminished or eliminated. Agencies had to develop alternatives for receiving and processing documents, verifying identities, and recording transactions.

A 2022 report by the National Governors Association describes four states' recent initiatives to add online business portals.<sup>71</sup>

- In 2021, Connecticut expanded its online portal to include business start-up processes. Rather than simply moving the existing process online, they re-engineered it to improve the workflow and the customer experience. Officials plan to continue to improve the site over time.
- The “Opening a Restaurant in Rhode Island” online portal was launched in May 2021. A key feature is its ability to handle complex permitting situations. The Department of Business Regulation estimates they have reduced a two-week manual process to two hours online. Rhode Island also has an e-permitting portal, standardizing the protocols and systems used for the state’s permit management, inspection management, and electronic plan review. Rhode Island expects all municipalities to move their e-permitting processes online by 2023.
- In late 2019, Delaware launched its one-stop site that streamlines business licensing, registration, and employer requirements. The portal is a collaborative effort among the Delaware Departments of State, Labor and Industry, Revenue, and the Office of Administration. The key development is an online tool that guides users to the relevant forms by asking a series of questions. A dashboard allows users to monitor their application’s progress.
- Tennessee is phasing in “SmartStart,” which will eventually allow users to complete all aspects of the business start-up process online, including specialized licensing and regulatory elements. As of mid-2022, the site featured limited functionality, allowing customers to utilize an interactive form that generates a step-by-step business registration guide and connects them to relevant resources. The state’s Business Enterprise Resource Office added a pandemic resource page, providing information on state and federal resources.

To build online capacity during the pandemic, state officials had to confront many competing demands for IT investment. Full-fledged development of web portals can require years and numerous steps. The decision to move forward would follow a period of study and deliberation.

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<sup>71</sup> “One-Stop Portals Help Businesses Navigate State Regulations.” National Governors Association, June 30, 2022. <https://www.nga.org/center/publications/one-stop-portals-help-businesses-navigate-state-regulations/>.

Planning and design may involve mapping complex processes. Large projects may require approval through the annual budget process. During the procurement process, officials develop detailed specifications and procurement documents. After bidders prepare and submit responses, procurement officials review proposals, select winning bids, and arrange for contract signature. Project implementation involves integrating existing data systems, installing hardware, developing software development, testing, and training.

### ***Finding: creating online portals can improve efficiency***

Allowing businesses to fulfill business start-up and other requirements online confers many benefits:

- It allows some business owners to complete the processes on their own, without paying for extra assistance.
- The process improves efficiency when it can prepopulate data, automatically route submissions to multiple agencies for approval, return approvals more quickly, and allow the applicant to check the status by way of a dashboard.
- Customized checklists can reduce errors by guiding the applicant through requirements one step at a time.
- Especially when combined with the simplification of requirements, online portals can reduce barriers to entry.
- Sites can be more accessible for individuals facing language or other barriers.

Despite these potential benefits, online portals may not be the right choice for all states. Allocating resources to improve the business start-up process inevitably crowds out spending on other initiatives. Online portals may improve access for some prospective business owners but create obstacles for others. For example, individuals without internet access or computer skills might be unable to navigate the process. Language proficiency could be an obstacle, although paper processes could also require English skills. Another consideration is that the business start-up process may already be simple enough that efforts to streamline the process would have little benefit.

Operationally, online portals should provide relatively easy access to data on activity. On the back end, the system can eliminate duplicative data entry and automatically compile data to allow state officials to track usage. Online portals can also burnish a state's reputation for being both modern and business-friendly.

However, the availability of an online portal might not be a deciding factor for individuals thinking about starting businesses. More than half of all businesses in the United States are home-based,<sup>72</sup> and three-quarters have no employees,<sup>73</sup> suggesting that individuals decide to start a business because they see it as their best option for livelihood, regardless of the start-up requirements.

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<sup>72</sup> "Frequently Asked Questions." U.S. Small Business Administration Office of Advocacy, November 2020. <https://cdn.advocacy.sba.gov/wp-content/uploads/2020/11/05122043/Small-Business-FAQ-2020.pdf>.

<sup>73</sup> "Nonemployer Statistics (NES)." Census.gov. U.S. Census Bureau, July 12, 2022. <https://www2.census.gov/programs-surveys/nonemployer-statistics/tables/2019/combine19us.xlsx>.



## **3.2 New Permissions Allowed Restaurants to Resume Operations**

### ***Purpose of regulations: licensing enforces health, safety, and alcohol control regulations***

Restaurant regulations and inspections assure the public that a restaurant adheres to accepted standards and practices. Several federal agencies' rules apply to restaurants. Food safety regulations require the establishment to provide safe products and limit foodborne illnesses. The U.S. Food and Drug Administration (FDA) sets the standard with the Food Code. The Food Code provides a "scientifically sound, technical, and legal basis for regulating the retail and food service segment of the industry." The regulations establish safeguards to protect food from contamination from various sources in the restaurant.<sup>74</sup> State and local governments implement many federal health and safety regulations. Generally, they can set standards higher than those required by federal rules. State and local restaurant regulations and inspections address worker safety, cleanliness,<sup>75</sup> and food storage and handling.<sup>76</sup> Localities may govern how often inspections occur and the specific items checked by inspectors. The Occupational Safety and Health Administration (OSHA) worker safety standards cover operational functions, such as fire extinguishers, protecting clothing, and accident prevention. Twenty-two states enforce OSHA standards through their own worker safety programs; the other states are under federal jurisdiction.<sup>77</sup>

Restaurants have regular contact with other state and local regulatory systems. New restaurants are subject to the same business start-up processes as other establishments. Once established, restaurants may need to renew licenses or certificates. They are subject to periodic inspections. State or local public health agencies check for compliance with food safety rules. Local government fire inspectors look for fire safety violations and ensure compliance with relevant codes. Local government building inspectors typically check restaurants only when a community member submits a complaint or the premises are under construction. Local zoning rules govern land use, including location, building and site configuration, access, buffers, and parking.

States have primary authority to regulate the sale, import, distribution, and possession of alcoholic beverages, per the 21<sup>st</sup> Amendment. States regulate alcohol sales to limit the time, manner, and place of consumption and restrict the legal purchase of alcohol by anyone under the age of 21. Seventeen states "control" the sale and distribution of beer, wine, and/or spirits, generally limiting availability.<sup>78</sup> According to the National Alcohol Beverage Control Association (NABCA), "Control jurisdictions reflect the public commitment to moderation and serve as a vehicle for balance between alcohol profits and public wellbeing through dedicated enforcement,

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<sup>74</sup> "Restaurant Inspections in Your Area." Food Safety News. Marler Clark, March 28, 2022. <https://www.foodsafetynews.com/restaurant-inspections-in-your-area/>.

<sup>75</sup> Lesonsky, Rieva. "Rules and Regulations for Restaurants and Bars." Score.org, October 22, 2019. <https://www.score.org/resource/rules-and-regulations-restaurants-and-bars>.

<sup>76</sup> Food Safety News, March 2022.

<sup>77</sup> United States Department of Labor. "State Plans: Occupational Safety and Health Administration." <https://www.osha.gov/stateplans/>.

<sup>78</sup> "State Control of Alcohol: Protecting the Public's Health." Alcohol Justice, January 2014. <https://alcoholjustice.org/images/factsheets/StateControlPublicHealth2014.pdf>.

resources, and promotion of alcohol education and awareness programs to support that commitment.”<sup>79</sup> Aside from local governments in Alaska, Maryland, Minnesota, and South Dakota, the other states license the private sector to distribute and sell the product.<sup>80</sup> Alcohol sales and distribution of alcohol can be an important source of revenue for a state.

Restaurants must abide by state and sometimes local laws to sell alcohol. Generally, this entails obtaining a license and meeting its terms. State or local alcohol inspectors confirm current licenses and permits, review required documentation, and verify compliance with training requirements. Before the pandemic, most states allowed restaurants and bars to sell alcohol only for on-premises consumption. Restaurants in California, Connecticut, Hawai‘i, New York, North Carolina, and Pennsylvania could sell off-premises beer, wine, or cider. Alcohol control authorities in Idaho, Illinois, Indiana, New Jersey, and South Carolina include or allow an option for off-premises sales. Maryland, Nevada, and North Dakota do not authorize restaurants’ off-premises sales at the state level, but they allow at least some local governments to set their own policies.<sup>81</sup>

Many states have partially delegated alcohol control authority to localities. Three types of arrangements exist. In 35 states, the state alcohol agency has exclusive jurisdiction to issue licenses. They may allow local government input in the decision and require prior local approval of the location. Six dual-license states require establishments to obtain a license from the local government and a second license from the state. In most cases, the local license must be issued first. In nine states, the licensing authority is fully delegated to local governments. The state may set regulations, but no state agency issues licenses.<sup>82</sup>

### ***Disruption: Public health requirements precluded normal restaurant operations***

Business closures interrupted the normal flow of economic activity, and the economic shutdown hit restaurants very hard. By April 15, 2020, 49 states and the District of Columbia ordered all bars and restaurants to be closed,<sup>83</sup> along with many other establishments that brought patrons into close contact for extended periods. When the closure orders came, restaurants had food inventory, including perishables, on their premises. Switching to mainly pick-up and delivery

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<sup>79</sup> “Control State Directory and Info.” National Alcohol Beverage Control Association, accessed August 31, 2022. <https://www.nabca.org/control-state-directory-and-info>.

<sup>80</sup> “Structure of U.S. Alcohol Regulation.” Policies and Research. National Alcohol Beverage Control Association, accessed August 31, 2022. <https://www.nabca.org/structure-us-alcohol-regulation>.

<sup>81</sup> “State Alcohol-Related Laws During the COVID-19 Emergency for On-Premises and Off-Premises Establishments as of January 1, 2022.” National Institute on Alcohol Abuse and Alcoholism (NIAAA). U.S. Department of Health and Human Services, January 1, 2022. [https://alcoholpolicy.niaaa.nih.gov/sites/default/files/file-page/digest\\_state\\_alcohol\\_policies\\_in\\_response\\_to\\_covid-19\\_220101.pdf](https://alcoholpolicy.niaaa.nih.gov/sites/default/files/file-page/digest_state_alcohol_policies_in_response_to_covid-19_220101.pdf).

<sup>82</sup> “The Role of Alcohol Beverage Control Agencies in the Enforcement and Adjudication of Alcohol Laws.” The National Highway Traffic Safety Administration, 2005. [https://www.nhtsa.gov/sites/nhtsa.gov/files/documents/role\\_abc\\_agencies\\_enforcement\\_and\\_adjudication\\_of\\_alcohol\\_laws-809877.pdf](https://www.nhtsa.gov/sites/nhtsa.gov/files/documents/role_abc_agencies_enforcement_and_adjudication_of_alcohol_laws-809877.pdf).

<sup>83</sup> NIAAA, 2022.

required developing or scaling up ordering systems, retraining staff, procuring food containers and utensils, and redesigning internal production flows.

As in other fields, workers navigated the disease itself, extended school closures, and the loss of childcare. By May 2022, the industry was still down 750,000 jobs (a loss of 6 percent of its workforce) compared to pre-pandemic levels.<sup>84</sup> Total revenue has not recovered to 2019 levels, falling short by \$240 billion in 2020<sup>85</sup> and \$65 billion in 2021.<sup>86</sup>

During the pandemic, some restaurants were able to adapt within existing rules and permissions. In many states, restaurants needed authorization to expand alcohol sales to outdoor dining areas, pick-up, or delivery. Alcohol sales are a substantial part of a restaurant's income. Moreover, states delayed or sharply curtailed the reopening of establishments serving alcohol because of fears that people who had been drinking would not observe safety protocols. When states did allow reopening, they typically limited indoor capacity, mandated masks or other PPE, and required investment in barriers or other measures to prevent patrons from infecting workers and each other.

### ***State response: extending alcohol licenses and making public spaces available allowed restaurants to offer outdoor dining***

Recognizing the restaurant industry's loss of revenue and jobs, states and localities eased regulations and created automatic or expedited approval processes for outdoor dining. "Outdoor dining" refers to serving patrons in adjacent private or public spaces, such as parking lots, sidewalks, parks, or buffer areas. The restaurant's layout, site configuration, availability of space, and local site restrictions determine whether outdoor dining is feasible.

Because outdoor dining is a local land use issue, most states do not regulate it, per se. But state approval may be needed if it entails using an area under state jurisdiction. The state would have no role if the outdoor dining was on privately owned or locally controlled property, the alcohol license already (automatically) covered adjacent outdoor spaces, or approval of alcohol sales associated with outdoor dining was a matter of local authority.

### ***Finding: streamlined processes helped restaurants set up outdoor dining quickly but may have sidestepped established safeguards***

Expedited and automatic approvals of alcohol license amendments and outdoor dining on public property allowed restaurants to re-open and put people back to work right away. If state alcohol

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<sup>84</sup> Krietzberg, Ian, and Amelia Lucas. "Restaurants Are Short-Staffed, and That's Taking a Big Toll on Customers and Workers Alike." CNBC, July 17, 2022. <https://www.cnbc.com/2022/07/17/customer-service-suffers-at-short-staffed-restaurants-as-covid-takes-toll.html>.

<sup>85</sup> Stabley, Justin. "How Restaurants Have Innovated to Face the Pandemic." Public Broadcasting Service, September 14, 2021. <https://www.pbs.org/newshour/economy/how-restaurants-have-innovated-to-face-the-pandemic>.

<sup>86</sup> "National Statistics." National Restaurant Association, accessed August 30, 2022. <https://restaurant.org/research-and-media/research/industry-statistics/national-statistics/>.

control authorities could act on license amendments quickly during the pandemic, they may be able to continue these practices as pandemic restrictions are lifted.

Streamlining eliminated extra time for review and steps that bog down the process rather than improve regulatory effectiveness. In the case of outdoor dining, additional applications and on-site inspections for restaurant operators with good track records could be redundant. Some states suspended public notice requirements, eliminating the community's opportunity to weigh in on the desirability of adding outdoor dining at a particular location. Other regulatory agencies (health, fire, building, and zoning) had to forego customary inspections or conduct them on an accelerated schedule. In some cities, inadequate public input led to dissatisfaction with outdoor dining. New York City residents have complained about crowding, the use of sidewalks, and the design of outdoor dining areas.<sup>87</sup> Boston residents have expressed similar concerns, adding parking congestion to the list.<sup>88</sup> In Santa Barbara (California), officials are modifying permission to use city streets after the Fire Department raised concerns about getting fire equipment through.<sup>89</sup>

### ***Finding: relaxed regulations allowed restaurants to operate while observing public health requirements***

States supported outdoor dining by allowing the use of state-controlled property and extending alcohol licenses to cover additional seating. Before the pandemic, outdoor dining on private property was allowed in many states, but permission may have required a lengthy review process. Fast approval and, in some cases, the offer of public space may have been instrumental in the proliferation of outdoor dining options during the pandemic.

Justifications for regulatory relief and expedited approvals were similar across states responding to the public health threat and economic distress. Executive Order 2020-60, issued by Arizona Governor Doug Ducey in December 2020, encapsulates the reasoning (paraphrased):

- The state is facing a public health emergency.
- The State Health Department director recommended emergency measures to limit the spread.
- The state has a plan to re-open and criteria for moving ahead with it.
- Transmission rates increased after earlier attempts to loosen restrictions.
- The incidence of the disease is straining the public health system.
- The disease continues to be a threat.

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<sup>87</sup> Adams, Erika. "NYC Restaurants and Residents Clash over Some Sprawling Outdoor Dining Setups." Eater NY, February 22, 2021. <https://ny.eater.com/2021/2/22/22295133/restaurant-owners-residents-outdoor-dining-structures-complaints>.

<sup>88</sup> Redefier, Katie, and Tonya Alanez. "Some North End Residents Are Fed up with Outdoor Dining." The Boston Globe, July 27, 2021. <https://www.bostonglobe.com/2021/07/26/metro/some-north-end-residents-hope-outdoor-dining-will-end-soon/>.

<sup>89</sup> Ionescu, Diana. "Santa Barbara May Scale down Outdoor Dining Areas." Planetizen News, January 31, 2022. <https://www.planetizen.com/news/2022/01/116027-santa-barbara-may-scale-down-outdoor-dining-areas>.

- The State Health Department Director, acting with appropriate authority, has declared that outdoor dining is a “moderate low-risk activity.”
- Current rules do not allow outdoor dining.
- State statute requires alcohol sales to be licensed.
- The emergency declaration authorized the governor to take extraordinary steps.
- The state aims to balance mitigating the spread of COVID-19 with stabilizing the state economy.

In some places, outdoor dining has proven to be a welcome amenity. Denver is among the cities transitioning to a permanent outdoor dining program after studying the impact of its temporary permission and consulting community members.<sup>90</sup> Chicago is considering a similar move, applying lessons learned during the pandemic and reaching out to stakeholders to ensure the program’s success.<sup>91</sup> The restaurant industry has praised outdoor dining. The National Restaurant Association has called the expansion of outdoor dining a “lifeline.”<sup>92</sup>

### ***State response: allowing off-premises alcohol sales created a source of revenue and addressed economic distress***

Before the pandemic, a few states allowed restaurants to sell alcohol with pick-up or delivery food orders. During the pandemic, many states newly or temporarily allowed restaurants to make off-premises sales. Along with new regulatory flexibility, they typically created an expedited or automatic approval process. For example, the Governor of Hawai’i’s Executive Order 20-04 illustrates how a state could simultaneously accomplish both objectives. The order enabled “the county liquor commissions to allow licensees to sell unopened beer, unopened wine, or pre-packaged cocktails with food for pick up, delivery, take-out, or other means to be consumed off the premises, and to enable county liquor commissions to waive, suspend, or postpone any deadlines or administrative procedures.”

As early as July 2020, the National Restaurant Association expected that carry-out alcohol would be an important revenue source for restaurants struggling due to closures. At one point, 39 states allowed some form of drinks to-go.<sup>93</sup> By April 2022, 18 states and the District of Columbia had made drinks-to-go permanent: Arizona, Arkansas, Delaware, Florida, Georgia, Iowa, Kansas,

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<sup>90</sup> “Denver to Create New Permanent Outdoor Dining Program.” City and County of Denver, October 26, 2021. <https://www.denvergov.org/Government/Agencies-Departments-Offices/Agencies-Departments-Offices-Directory/Mayors-Office/News/2021/Denver-to-Create-New-Permanent-Outdoor-Dining-Program>.

<sup>91</sup> “Mayor Lightfoot Introduces Ordinance to Make Expanded Outdoor Dining a Permanent Feature in Chicago.” City of Chicago, September 22, 2022. [https://www.chicago.gov/city/en/depts/mayor/press\\_room/press\\_releases/2022/september/ExpandedOutdoorDiningPermanent.html](https://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2022/september/ExpandedOutdoorDiningPermanent.html).

<sup>92</sup> Whatley, Mike. “Letter to Honorable Nan Whaley, President of the United States Conference of Mayors: Regarding Outdoor Dining.” National Restaurant Association, October 19, 2021. <https://restaurant.org/getmedia/78178f59-3aco-4b06-acef-a00e9d287b56/uscm-regarding-outdoor-dining.pdf>.

<sup>93</sup> “Alcohol to Go Might Be Magic Potion for Struggling Restaurants.” National Restaurant Association, July 20, 2020. <https://restaurant.org/education-and-resources/resource-library/alcohol-to-go-might-be-magic-potion-for-struggling-restaurants/>.

Kentucky, Montana, Missouri, Nebraska, Ohio, Oklahoma, Oregon, Rhode Island, Texas, West Virginia, and Wisconsin.<sup>94</sup> Other states, including Colorado, Connecticut, Illinois, and Virginia, allow drinks to go temporarily (see chapter four).

***Finding: expedited or automatic approval allowed restaurants to begin off-premises sales quickly but may have sidestepped established safeguards***

The impact of streamlined approval for off-premises alcohol sales is similar to outdoor dining in that it allowed restaurants to begin this economic activity quickly. Unlike outdoor dining, very few states allowed restaurants to sell alcohol for off-premises consumption before the pandemic;<sup>95</sup> therefore, there was no existing process to streamline. A reasonable point of comparison is the licensing process for retail off-premises sales. The particulars vary across the 37 states and the District of Columbia that issue licenses for retail sales, but they tend to have many requirements, entail multiple levels of approval, and sometimes have substantial fees. It is not clear whether a lengthier approval process would improve alcohol control effectiveness.

State officials implicitly added another regulatory objective: to provide immediate relief to the restaurant industry and mitigate economic distress. A May 2020 online survey by the National Restaurant Association found that adults responding to an online survey favored allowing restaurants to sell alcohol as part of a pick-up or delivery food order.<sup>96</sup> Like outdoor dining, it has been referred to as a “lifeline” for restaurants during the pandemic.<sup>97</sup>

The question of whether or how much to relax regulations is beyond the scope of this report. However, the impact of relaxed regulations, as implemented through a streamlined process, provides valuable context. As widely reported, alcohol sales increased during the pandemic. The National Institute on Alcohol Abuse and Alcoholism (NIAAA, part of the National Institutes of Health) monitored state alcohol policies and usage changes during the pandemic. Their analysis showed that beginning in March 2020, monthly sales of alcohol were higher in 16 of the next 18

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<sup>94</sup> “Once Temporary, Cocktails-to-Go Becoming Permanent Fixture Across U.S.” National Restaurant Association, March 10, 2022. <https://restaurant.org/education-and-resources/resource-library/cocktails-to-go-becoming-permanent-fixture-across-us/>.

<sup>95</sup> NIH data lists several states as allowing restaurants to sell off-premises before the pandemic, either automatically or with approval. California, Connecticut, Hawaii, New York, North Carolina, and Pennsylvania provided for the off-premises sale of beer, wine, or cider. Maryland, Nevada, and North Dakota allowed at least some localities to decide for themselves. Idaho, Illinois, Indiana, New Jersey, and South Carolina provide for full off-premises sales.

<sup>96</sup> The survey included adults in Colorado, Florida, Michigan, Missouri, New York, Oregon, Texas, and Virginia. Approval ratings were high across gender, age, income, and place of residence (rural, suburban, or urban). Interpretation of results should be tempered by the recognition that any survey is representative only of individuals who choose to complete it. “Colorado Off-Premises Alcohol Survey: Survey of Results - May 2020.” National Restaurant Association, September 2020. <https://restaurantsact.com/wp-content/uploads/2020/09/State-Off-Premises-Alcohol-Polling-2020.pdf>.

<sup>97</sup> Pelner, Laura. “Bar Talk: Drinks To-Go Here To Stay.” Market Watch, September 28, 2020. <https://www.marketwatchmag.com/drinks-to-go-here-to-stay/>.

months than the previous three-year average.<sup>98</sup> The increase could be related to off-premises restaurant sales if it increased supply in specific contexts where there was pent-up demand. Another NIH study found that greater availability was indeed an important reason for increased drinking, along with increased stress and boredom.<sup>99</sup>

“Drinks to-go” policies have also caused consternation. Reporting by Stateline noted health advocates’ concerns that drinks to-go policies may lead to increased substance use disorders and underage drinking.<sup>100</sup> Difficulties with enforcement have also occurred. Agents in California, Virginia, and Montgomery County, Maryland, found low compliance rates with underage drinking laws when they tested delivery and pick-up operations.<sup>101</sup>

Incidents of impaired driving have also increased as drivers leaving a restaurant with alcohol as part of a pick-up food order started drinking before they arrived at their destination. To prevent drinking and driving, states limited the amount of alcohol sold at one time, required accompanying food purchases, required ID checks, and prohibited drinking inside a vehicle. The National Highway Traffic Safety Administration reported that fatalities in police-reported, alcohol-involved crashes rose five percent from 2020 to 2021.<sup>102</sup> This is in addition to a nine percent increase from 2019 to 2020.<sup>103</sup> However, the R Street Institute disputes the apparent connection between drinks to-go and alcohol-related traffic fatalities. Their state-level analysis showed that states allowing drinks to-go had a lower increase in alcohol-related fatalities than states that did not.<sup>104</sup> Documented changes in driving conditions during the pandemic, including

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<sup>98</sup> Researchers were able to gather complete data on spirits, wine, and beer sales for 13 states. Monthly sales were compared to the 2017–2019 three-year average for those states and standardized by alcoholic content. “Surveillance Report: COVID-19 Alcohol Sales During the COVID-19 Pandemic.” National Institute on Alcohol Abuse and Alcoholism: National Institutes of Health. <https://pubs.niaaa.nih.gov/publications/surveillance-covid-19/COVSALES.htm>.

<sup>99</sup> Grossman, Elyse R., Sara E. Benjamin-Neelon, and Susan Sonnenschein. “Alcohol Consumption during the COVID-19 Pandemic: A Cross-Sectional Survey of US Adults.” *International Journal of Environmental Research and Public Health* vol. 17, no. 24, 2020.

<sup>100</sup> Bergal, Jenni. “Cocktails To-Go Help Restaurants Stay Afloat.” The Pew Charitable Trusts, January 12, 2021. <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2021/01/12/cocktails-to-go-help-restaurants-stay-afloat>.

<sup>101</sup> Bergal, Jenni. “Your To-Go Cocktails Make It Harder to Enforce Underage Drinking Laws.” The Pew Charitable Trusts, May 5, 2022. <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2022/05/05/your-to-go-cocktails-make-it-harder-to-enforce-underage-drinking-laws>.

<sup>102</sup> “Newly Released Estimates Show Traffic Fatalities Reached a 16-Year High in 2021.” National Highway Traffic Safety Administration: US Department of Transportation, May 17, 2022. <https://www.nhtsa.gov/press-releases/early-estimate-2021-traffic-fatalities>.

<sup>103</sup> “Early Estimates of Motor Vehicle Traffic Fatalities and Fatality Rate by Sub-Categories in 2020.” National Highway Traffic Safety Administration: U.S. Department of Transportation, June 2021. <https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/813118>.

<sup>104</sup> Dieterle, Jarrett. “The Facts About To-Go Alcohol and Drunk Driving: The COVID-19 Experience.” R Street, June 2020. [https://www.rstreet.org/wp-content/uploads/2022/06/ULTIMATE\\_policy-short-no-114-REVD.pdf](https://www.rstreet.org/wp-content/uploads/2022/06/ULTIMATE_policy-short-no-114-REVD.pdf). The R Street Institute describes itself as a free-market think tank on the political right.

increased aggression,<sup>105</sup> less driving by risk-averse people,<sup>106</sup> and higher driving speeds, complicate the interpretation of any of these findings.<sup>107</sup>

### **3.3 Streamlined Licensing Allowed Healthcare Professionals to Continue Practice**

#### ***Purpose of regulations: State licensing requirements limit professional practice to individuals meeting established criteria***

States regulate professions through licensing. For example, attorneys, physicians, and real estate agents need licenses to operate legally within a state. Licensing requirements protect the health and safety of consumers by ensuring a minimum standard of service. Licensing benefits practitioners by signaling they have achieved a basic level of proficiency, increasing customer trust and confidence in their skill and demand for their service.<sup>108</sup> Licensing also limits entry into a field by creating eligibility criteria and requirements such as paying fees, completing initial or continuing education, passing a test, and clearing a criminal background check. By limiting the number of entrants into a profession, licensing leads to higher wages and more stable employment. However, the promise of higher quality can result in higher costs to consumers and limit access to people who can afford to pay or who have insurance. Empirical research differs on the overall net quality of services.<sup>109</sup> State requirements for many professions, including healthcare providers, vary notably, suggesting that standards are not objective.<sup>110</sup> A recent report by the Minneapolis Fed described lower licensure rates among workers of color and immigrants, including those who received training outside of the United States.<sup>111</sup>

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<sup>105</sup> Stephens, Amanda N., Steven Trawley, Justin Ispanovic, and Sophie Lowrie. "Self-Reported Changes in Aggressive Driving Within the Past Five Years, and During COVID-19." *PLOS ONE* vol. 17, no. 8, 2022. <https://doi.org/10.1371/journal.pone.0272422>.

<sup>106</sup> McArdle, Megan. "Opinion: Why Bad Driving Habits from the Pandemic Might Be Here to Stay." *The Washington Post*: WP Company, March 11, 2022. <https://www.washingtonpost.com/opinions/2022/03/10/pandemic-risky-driving-maybe-here-to-stay/>.

<sup>107</sup> Hacking, Mark. "Are Pandemic-Induced Driving Habits Here to Stay?" *Capital One*, September 12, 2022. <https://www.capitalone.com/cars/learn/finding-the-right-car/are-pandemic-induced-driving-habits-here-to-stay/1749>.

<sup>108</sup> Timmons, Edward. "More and More Jobs Today Require a License. That's Good for Some Workers, but Not Always for Consumers." *Harvard Business Review*, April 30, 2018. <https://hbr.org/2018/04/more-and-more-jobs-today-require-a-license-thats-good-for-some-workers-but-not-always-for-consumers>.

<sup>109</sup> Kleiner, Morris M. "Licensing Occupations: Ensuring Quality or Restricting Competition?" W.E. Upjohn Institute for Employment Research, February 2, 2006. <https://doi.org/10.17848/9781429454865>.

<sup>110</sup> The Reason Foundation describes itself as promoting libertarian principles through nonpartisan research. Nastasi, Vittorio. "Scope of Practice Laws and Licensing Regulations Increase Health Care Costs For Patients." *The Reason Foundation*, October 3, 2019. <https://reason.org/commentary/scope-of-practice-laws-and-licensing-regulations-increase-health-care-costs-for-patients/>.

<sup>111</sup> Boesch, Tyler, Lim, Katherine, and Nunn, Ryan. "How Occupational Licensing Limits Access to Jobs Among Workers of Color." *Federal Reserve Bank of Minneapolis*, March 11, 2022. <https://www.minneapolisfed.org/article/2022/how-occupational-licensing-limits-access-to-jobs-among-workers-of-color>.



States generally require healthcare providers to hold licenses in the states where they provide care. Licensing requirements vary across states, and state licensing boards' strong preferences to set their own conditions is a factor in keeping the licensing system fragmented. The process for a licensed healthcare professional to move to another state also varies.

### ***Disruption: Remote operations hampered professional licensing processes***

During the pandemic, several factors made the usual licensing processes impossible. State government office closures delayed or limited their ability to process license applications, renewals, and related documentation. Examination and continuing education facilities shut down, preventing practitioners from meeting either of those requirements in person. Some states prohibited online courses and testing. Licensing boards that set state-level policies were unable to meet in person. These issues existed for a wide range of professional licenses. Over time, many states created online options for all these functions.

The healthcare profession faced an especially acute difficulty. During the pandemic, many hospitals struggled to find enough licensed practitioners in-state to care for the overwhelming numbers of very sick patients.<sup>112</sup>

### ***State response: reduced barriers to licensing allowed healthcare professionals to practice where needed***

States declare public health or general emergencies under a wide range of circumstances.<sup>113</sup> As part of their resilience planning, some states had already created legal structures to recognize licenses issued out of state. According to a 2022 study by the Council of State Governments (CSG)<sup>114</sup>

- Eighteen states (including the District of Columbia) and the U.S. Virgin Islands have adopted the Uniform Emergency Volunteer Health Practitioners Act (UEVHPA).<sup>115</sup> The Uniform Law Commission developed the UEVHPA in 2006 to facilitate access to care during an emergency where licensure boards may be swamped with requests or not

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<sup>112</sup> Abelson, Reed. "COVID Overload: U.S. Hospitals Are Running out of Beds for Patients." The New York Times, November 27, 2020. <https://www.nytimes.com/2020/11/27/health/covid-hospitals-overload.html>.

<sup>113</sup> During the pandemic, states and Puerto Rico declared additional emergencies related to an earthquake, hurricanes, wildfires, storms, winds, flooding, landslides, and mudslides. "Declarations of a Public Health Emergency." Administration for Strategic Preparedness & Response. <https://aspr.hhs.gov/legal/PHE/Pages/default.aspx>.

<sup>114</sup> Additional arrangements allow emergency responders and mental health practitioners to cross state lines or serve out-of-state patients. "Assessing COVID-19 Occupational Licensing Policy Actions." Council of State Governments, 2022. <https://licensing.csg.org/wp-content/uploads/2020/12/Assessing-COVID-19-Occupational-Licensing-Policy-Actions-20202.pdf>.

<sup>115</sup> The New York State legislature is currently considering the legislation. "New York A6649." TrackBill, March 23, 2021. <https://trackbill.com/bill/new-york-assembly-bill-6649-enacts-the-uniform-emergency-volunteer-health-practitioners-act-for-declared-state-disaster-emergencies/2083583/>.

functioning due to the disaster.<sup>116</sup> This arrangement permits registered professionals to provide services in a state with an emergency declaration in place without also seeking a license in the state.

- The Enhanced Nursing Licensure Compact (eNLC) is an agreement among 39 states to recognize licenses issued by each other.<sup>117</sup> To be eligible for a compact license, nurses must have primary residence in a participating state.<sup>118</sup>
- The Interstate Medical Licensure Compact (IMLC) offers an expedited pathway for physicians to become licensed in multiple states. Thirty-eight states (including the District of Columbia) and Guam are currently members.<sup>119</sup>

Nationwide, five states do not participate in any of these agreements—Alaska, California, Hawai‘i, Massachusetts, and Oregon.<sup>120</sup> However, all five established emergency provisions allowing healthcare providers licensed in good standing in another state to practice in their states. Many states participating in these agreements further temporarily expanded recognition of out-of-state licenses.<sup>121</sup> These arrangements became especially important for telehealth, as described below.

At least 40 states addressed shortages during the pandemic by temporarily allowing health professionals to restore inactive licenses. States waived fees, deferred educational requirements, or ignored expiration dates. Most of these arrangements ended or will end when emergency declarations expire.<sup>122</sup>

### ***Finding: Licensing flexibility allowed healthcare professionals to respond to the emergency***

The impact of regulatory relief for healthcare professionals differs from restaurant industry relief. In healthcare, states relaxed regulations in order to achieve automatic or expedited approval. Restaurant relief was a step toward restoring the economy and the economic well-being of business owners and workers. In contrast, licensing flexibility was not enacted to address major job losses. Rather, it allowed these professionals to get to work quickly to help restore an aspect of public life threatened during the pandemic—public health. Expediting or automatically

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<sup>116</sup> “Emergency Volunteer Health Practitioners Act.” Uniform Law Commission, 2006. <https://www.uniformlaws.org/committees/community-home?communitykey=565933ce-965f-4d3c-9c90-b00246f30f2d>.

<sup>117</sup> Gaines, Kathleen. “Compact Nursing States List 2022.” Nurse.org, November 8, 2022. <https://nurse.org/articles/enhanced-compact-multi-state-license-eNLC/>.

<sup>118</sup> “NLC Faqs.” NCSBN. National Council of State Boards of Nursing, accessed October 5, 2022. <https://www.ncsbn.org/nlc-faqs.htm>.

<sup>119</sup> Interstate Medical Licensure Compact (IMLC), November 1, 2022. <https://www.imlcc.org/>.

<sup>120</sup> As noted by the Council of State Governments, there are other interstate compacts and multi-state agreements.

<sup>121</sup> “U.S. States and Territories Modifying Licensure Requirements for Physicians in Response to COVID-19.” Federation of State Medical Boards, October 27, 2022. <https://www.fsmb.org/siteassets/advocacy/pdf/state-emergency-declarations-licensure-requirements-covid-19.pdf>.

<sup>122</sup> “U.S. States and Territories Expediting Licensure for Inactive/Retired Licensees in Response to COVID-19.” Federation of State Medical Boards (FSMB), October 27, 2022. <https://www.fsmb.org/siteassets/advocacy/pdf/states-expediting-licensure-for-inactive-retired-licensees-in-response-to-covid19.pdf>.

recognizing the licenses of inactive or out-of-state practitioners made it easier for individuals to go where needed.

During non-emergency times, licensing flexibility forces state officials to accept the trade-off between adhering to state professional standards and easing entry into the healthcare workforce. State healthcare professional standards vary, primarily in continuing education, examinations, and criminal background checks.

Licensing flexibility also affects the healthcare profession. It reduces the barrier to entry by reducing the paperwork cost of restoring or obtaining a license. A few states are moving toward streamlined licensing for out-of-state healthcare professionals. At least two states (Ohio and Connecticut) took steps during the pandemic to join interstate agreements. During recent sessions, Arizona, Colorado, Florida, Idaho, Missouri, Montana, New Jersey, Pennsylvania, South Dakota, Utah, and Wyoming adopted measures to reduce barriers to licensing. Similar legislation was considered but failed in California, Iowa, Ohio, Mississippi, Nebraska, and Washington.<sup>123</sup>

The healthcare profession experienced substantial turbulence during the pandemic, but it is unclear whether licensing flexibility had any role in stabilizing the profession. Like many other sectors of the economy, the healthcare industry experienced a sharp drop in revenues and employment in the spring of 2020. Providers canceled elective care, and patients avoided health facilities. As a result, the use of healthcare services dropped precipitously and remains below pre-pandemic levels.<sup>124</sup> As of July 2022, health sector employment had not returned to pre-pandemic levels.<sup>125</sup> At the same time, healthcare worker shortages remain.<sup>126</sup>

### **3.4 Authorization of Telehealth Allowed Millions of People to Receive Remote Healthcare Services**

#### ***Purpose of regulations: telehealth regulations assure the quality of care and limit entry***

Telehealth is “the use of electronic information and telecommunication technologies to support long-distance clinical healthcare, patient and professional health-related education, health administration, and public health,” according to the Health Resources & Services Administration

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<sup>123</sup> Herman, Zach. “Universal Licensure Recognition.” National Conference of State Legislatures, March 2, 2021. <https://www.ncsl.org/research/labor-and-employment/universal-licensure-recognition.aspx>.

<sup>124</sup> Jain, Sanjula. “Despite the Return to Pre-Pandemic Activities and Increasing Care Delivery Options, Routine Healthcare Utilization Remains Down.” The Compass: Trilliant Health, August 21, 2022. <https://www.trillianthealth.com/insights/the-compass/despite-the-return-to-pre-pandemic-activities-and-increasing-care-delivery-options-routine-healthcare-utilization-remains-down>.

<sup>125</sup> Wager, Emma, Imani Telesford, Paul Hughes-Cromwick, and Cynthia Cox. “What Impact Has the Coronavirus Pandemic Had on Health Employment?” Peterson-KFF Health System Tracker, August 24, 2022. <https://www.healthsystemtracker.org/chart-collection/what-impact-has-the-coronavirus-pandemic-had-on-healthcare-employment/>.

<sup>126</sup> Ollove, Michael. “Health Worker Shortage Forces States to Scramble.” The Pew Charitable Trusts, March 25, 2022. <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2022/03/25/health-worker-shortage-forces-states-to-scramble>.

(HRSA).<sup>127</sup> Telehealth technologies include the internet, video conferencing, store-and-forward imaging, streaming media, and land and wireless communications.

States regulate telehealth for the same reasons they regulate professions through licensing—to assure quality and limit entry. To allow telehealth, states may need to create permission for both remote appointments and care across state lines. Healthcare providers must hold a license in the state where they provide care. A physician can generally see any patient in their office, regardless of where the patient lives. Telehealth changes the care location to the patient’s home or another site that might not be in the same state where the physician is licensed.<sup>128</sup> The healthcare provider and patient might be in different states.

### ***Disruption: public health requirements made telehealth a necessity***

Remote healthcare or telehealth became necessary early in the pandemic when stay-at-home orders prevented healthcare providers from seeing patients in their offices. The highly contagious nature of the disease, capacity limits, and the initial lack of personal protective equipment delayed the resumption of in-person appointments. Telehealth allowed people infected with COVID-19 but not hospitalized to continue receiving care. It also reduced the risk of transmission from people leaving their homes for healthcare.

### ***State response: actions expanded access to telehealth***

According to the NCSL, all 50 states, D.C., and Puerto Rico changed their telehealth policies during the COVID-19 pandemic to support healthcare workers, limit in-person contact, and ensure continuity of care.<sup>129</sup> These modifications covered different aspects of telehealth, including prescribing via telehealth, originating site, provider type, service expansion, audio-only delivery, easing consent requirements, cross-state licensing, and private payer.<sup>130</sup> Some modifications required federal approval. At the beginning of the pandemic, the Centers for Medicare and Medicaid Services (CMS) created a fast track for states to request and get approval for waivers to ensure the continuity of healthcare. CMS released a template identifying the provisions that enable telehealth.<sup>131</sup> States also enacted regulations to address the safety, security, and quality of

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<sup>127</sup> Health Resources & Services Administration, “What is Telehealth?” accessed July 10, 2022. <https://www.hrsa.gov/rural-health/topics/telehealth/what-is-telehealth>.

<sup>128</sup> Rheuban, Karen S., and Elizabeth A. Krupinski. “Legal and Regulatory Issues.” Essay. In *Understanding Telehealth*. McGraw-Hill Education, 2018. <https://accessmedicine.mhmedical.com/content.aspx?bookid=2217&sectionid=187795865>.

<sup>129</sup> Pitsor, Jack. “Telehealth, COVID-19 and Looking Ahead.” The Telehealth Explainer Series: A Toolkit for Legislators - National Conference of State Legislatures, July 2021. [https://www.ncsl.org/Portals/1/Documents/Health/Telehealth-Private-Insurance-Laws\\_36242.pdf](https://www.ncsl.org/Portals/1/Documents/Health/Telehealth-Private-Insurance-Laws_36242.pdf).

<sup>130</sup> “Telehealth in the Time of COVID-19,” Center for Connected Health Policy, accessed July 10, 2022, <https://www.cchpca.org/covid-19-actions/>.

<sup>131</sup> “Memorandum to Governors’ Offices: Overview of Section 1135 and Section 1115 Waivers.” National Governors Association, June 8, 2020. <https://www.nga.org/wp-content/uploads/2020/03/3.23.20-Health-Waivers-in-Disasters-Final.pdf>.

services provided by telehealth by, for example, defining standards of care, preserving the patient-provider relationship, and allowing for informed consent.<sup>132</sup>

Some governors ordered private insurance companies to cover telehealth on the same basis as in-person appointments. As of October 2022, 26 states have made payment parity permanent.<sup>133</sup>

***Finding: telehealth facilitated care for millions of people during the pandemic, but the effect on health outcomes is yet to be studied***

Before the pandemic, five percent of physicians reported they used telehealth often. By 2021, the share had risen to 46 percent.<sup>134</sup> Among patients with commercial or Medicare Advantage Insurance, the demand for remote or telehealth appointments increased by more than 2000 percent between January 1 and June 16, 2020.<sup>135</sup> A Government Accountability Office (GAO) study of five states found that the use of telehealth among Medicaid recipients increased 15-fold from before the pandemic to February 2021.<sup>136</sup>

CMS-granted flexibilities are set to expire at the end of the public health emergency;<sup>137</sup> as of late October 2022, this is expected to occur in January 2023.<sup>138</sup> After a waiting period, Medicare will eliminate many provisions that support telehealth. These include allowing place of care flexibility, requiring periodic in-person assessment for mental health services (but allowing coverage of mental health services), eliminating coverage for physical therapists, occupational therapists, speech-language pathologists, and audiologists, and ending coverage for audio-only appointments.<sup>139</sup>

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<sup>132</sup> George, Kelsie. “Ensuring Patient Safety, Security and Quality of Care.” The Telehealth Explainer Series: A Toolkit for Legislators, July 2021.

[https://www.ncsl.org/Portals/1/Documents/Health/Telehealth-ensuring\\_36242.pdf](https://www.ncsl.org/Portals/1/Documents/Health/Telehealth-ensuring_36242.pdf).

<sup>133</sup> “Executive Summary: Tracking Telehealth Changes State-by-State in Response to COVID-19.” Manatt, October 28, 2022. <https://www.manatt.com/insights/newsletters/covid-19-update/executive-summary-tracking-telehealth-changes-stat>.

<sup>134</sup> These findings are based on a survey of 625 primary care physicians, conducted from May 14 to May 25, 2021. Callaghan T, McCord C, Washburn D, Goidel K, Schmit C, Nuzhath T, Spiegelman A, Scobee J. “The Changing Nature of Telehealth Use by Primary Care Physicians in the United States.” *Journal of Primary Care & Community Health*, 2022;13. <https://pubmed.ncbi.nlm.nih.gov/35795898/>.

<sup>135</sup> Patel, Sadiq Y., Ateev Mehrotra, Haiden A. Huskamp, Lori Uscher-Pines, Ishani Ganguli, and Michael L. Barnett. “Trends in Outpatient Care Delivery and Telemedicine During the COVID-19 Pandemic in the U.S.” *JAMA Internal Medicine*, vol. 181, no. 3, 2021; 388. <https://doi.org/10.1001/jamainternmed.2020.5928>.

<sup>136</sup> “Medicaid: CMS Should Assess Effect of Increased Telehealth Use on Beneficiaries’ Quality of Care,” U.S. Government Accountability Office, March 31, 2022. <https://www.gao.gov/products/gao-22-104700>.

<sup>137</sup> “COVID-19 Emergency Declaration Blanket Waivers for Health Care Providers.” Center for Medicare and Medicaid Services, October 13, 2022. <https://www.cms.gov/files/document/covid-19-emergency-declaration-waivers.pdf>.

<sup>138</sup> Becerra, Xavier. “Renewal of Determination That a Public Health Emergency Exists.” PHE Declarations: Administration for Strategic Preparedness and Response, October 13, 2022. <https://aspr.hhs.gov/legal/PHE/Pages/covid19-13Oct2022.aspx>.

<sup>139</sup> “Telehealth Policy Changes after the COVID-19 Public Health Emergency.” U.S. Department of Health and Human Services, accessed November 12, 2022. <https://telehealth.hhs.gov/providers/policy-changes->

Many concerns about the delivery of telehealth services remain.

- High-speed internet access is not available or affordable throughout the United States.
- Users need some familiarity with computers and online meeting platforms.
- Patient privacy may have been compromised. The Department of Health and Human Services acknowledged this issue when officials announced it would “not impose penalties for non-compliance with the regulatory requirements under the HIPAA Rules against covered healthcare providers in connection with the good faith provision of telehealth during the nationwide public health emergency.”<sup>140</sup>
- Many aspects of a physical exam are impossible in an online meeting.
- Little is known about the efficacy of care provided by telehealth.

On this last point, the American Journal of Managed Care published an article by nine healthcare professionals suggesting a framework to assess states’ experiences with telehealth.

“It will be critical to examine what quality means in the telehealth context and how it differs from our extant definitions of quality in traditional clinical encounters (e.g., structure, process, outcomes; the six dimensions of healthcare quality—safety, equity, efficiency, effectiveness, timeliness, and patient-centeredness), as well as to evaluate the implications of these differences from the perspectives of both patients and clinicians. For instance, differences in how we measure and evaluate quality could have implications for telehealth payment parity because traditional quality frameworks may not be directly applicable to virtual care delivery.”<sup>141</sup>

GAO has also called for study of telehealth for Medicaid participants, noting

“CMS does not collect, assess, or report information about any effect delivering services via telehealth has on the quality of care Medicaid beneficiaries receive and has no plans to do so. Doing so is important, given concerns GAO has raised about the quality of care provided via telehealth. It would also be consistent with how CMS has encouraged states to use data on quality of care to identify disparities in healthcare and target opportunities for improvement to advance health equity. These efforts could begin with data for quality measures CMS already collects or through other means.”

### **3.5 Environmental Regulation Monitoring Adapted to Limitations**

State environmental regulation is somewhat different from the other categories because the Environmental Protection Agency (EPA) sets many standards that state and local governments

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during-the-covid-19-public-health-emergency/policy-changes-after-the-covid-19-public-health-emergency/.

<sup>140</sup> “Notification of Enforcement Discretion for Telehealth Remote Communications During the COVID-19 Nationwide Public Health Emergency.” Health Information Privacy: U.S. Department of Health and Human Services, January 20, 2021. <https://www.hhs.gov/hipaa/for-professionals/special-topics/emergency-preparedness/notification-enforcement-discretion-telehealth/index.html>.

<sup>141</sup> “Addressing Evolving Patient Concerns Around Telehealth in the COVID-19 Era.” The American Journal of Managed Care vol. 27, no. 1, 2021. <https://doi.org/10.37765/ajmc.2021.88576>.

enforce. States must also adhere to the environmental regulatory policies of the USFW, DOI, and federal laws such as the Coastal Zone Management Act, Clean Water Act, and Clean Air Act. They receive guidance regarding any flexibility in the federal regulations and implement them based on their local circumstances. State regulations may adapt to geographic location, terrain, public opinion, and current and prior state-level executive, judicial, and legislative decision making, among other factors.

During the pandemic, stay-at-home orders and distance requirements temporarily limited states' capacities to enforce many environmental regulations. Rather than force regulated operations to shut down, many states adjusted procedures. The Institute for Policy Integrity at the New York University School of Law lists many weakened federal and state environmental laws and policies in response to the pandemic.<sup>142</sup> For example, the State of Ohio temporarily suspended a new PFAS (per-and poly-fluoroalkyl substances) testing program in 2020.<sup>143</sup> California, Louisiana, Maine, Montana, Texas, and Florida extended compliance deadlines. North Dakota, Texas, Oklahoma, and New Mexico reduced penalties or allowed the closure of non-productive oil wells. Many states delayed or suspended regulations related to single-use plastics.

On March 26, 2020, the EPA published a memo curtailing enforcement of some environmental protection and worker safety regulations, albeit temporarily.<sup>144</sup> Retroactive to March 13, 2020, the notice provided regulatory relief related to federal environmental permits, regulations, and statutes related to air emissions, water discharges, hazardous waste management, and safe drinking water. The processes covered under this memo included routine compliance monitoring, integrity testing, sampling, laboratory analysis, and training or certifications. The EPA would not seek penalties for violations of routine compliance requirements if it agreed that COVID-19 was the cause of non-compliance and the entities provided supporting documentation. The EPA also postponed several air quality measures, such as the annual switch to cleaner-burning summer-grade gasoline. The Nuclear Regulatory Commission deferred nuclear plant maintenance and inspection requirements and allowed longer worker shifts. The memo did not cover entities with criminal violations, on probation, or subject to Superfund and Resource Conservation and Recovery Act (RCRA) Corrective Action enforcement. Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) imports of pesticides were also exempt from the memo. On June 29, 2020, the EPA announced the directive would officially expire on August 31, 2020. Further, the agency stated it had no intent to require regulated entities to catch up with missed monitoring or reporting if they resumed within three months.<sup>145</sup>

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<sup>142</sup> "Tracker: Weakened Environmental Laws and Policies in Response to COVID-19." Institute for Policy Integrity: New York University School of Law, March 17, 2021. <https://policyintegrity.org/covid-19-concession-tracker>.

<sup>143</sup> Turay, Ismail. "Ohio EPA Resumes Tests for So-Called 'Forever Chemicals.'" Dayton Daily News, July 5, 2020. <https://www.daytondailynews.com/news/local/ohio-epa-resumes-tests-for-called-forever-chemicals/SmIPPvhiGVPclpumIxYvjN/>.

<sup>144</sup> "Letter to All Governmental and Private Sector Partners: COVID-19 Implications for EPA's Enforcement and Compliance Assurance Program," United States Environmental Protection Agency. March 26, 2020. <https://www.epa.gov/sites/default/files/2020-03/documents/oecamemooncovid19implications.pdf>.

<sup>145</sup> "COVID-19 Implications for EPA's Enforcement and Compliance Assurance Program: Addendum on Termination." U.S. Environmental Protection Agency, June 29, 2020.

### 3.6 Summary

Streamlining can improve efficiency if it does not reduce regulatory effectiveness. A 2021 report by the National Governors Association and The Pew Charitable Trusts on states streamlining regulatory processes during the pandemic provides examples. Online application portals that feature pre-populated data from state records or allow direct data entry reduce errors and staff time associated with manual entry. Digital submissions can eliminate the logistical challenges of meeting with state officials in person.<sup>146</sup>

On the other hand, paring down a compliance process may undermine regulatory objectives. For instance, states may have suspended public notice requirements, eliminating the community's opportunity to weigh in on the impact. Shortening processes may eliminate extra time built into the process to ensure a smooth workflow or cut into the time needed to conduct reviews and inspections. Input on the front end, whether from community members or regulatory officials, can add value.

The state responses described in chapter three countered the disruptions described in chapter two.

- The public health crisis necessitated licensing flexibility for healthcare professionals and point-of-service flexibility for telehealth.
- Public health measures enacted in response to the public health crisis included shutdowns, capacity limits, and distancing requirements. These measures closed restaurants and many other businesses, leading to job and revenue loss. In response, states began to allow outdoor dining and off-premises alcohol sales.
- The shutdown of state government offices made automation of the business start-up process crucial, especially in light of the surge in business formations observed throughout the United States.
- State budget turbulence created uncertainty, worsening economic distress and increasing the urgency for the federal government to take action. State response relied heavily on federally-funded direct assistance to businesses, institutions, and people. The restaurant industry also benefited from regulatory relief and streamlined approvals.

Regulatory compliance process adaptations beg the question: if states could streamline processes during the pandemic, why did they not begin those efforts before the pandemic, and will they continue them after the public health emergency is over? Further, the benefits of streamlined processes are difficult to quantify.

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<https://www.epa.gov/enforcement/covid-19-implications-epas-enforcement-and-compliance-assurance-program-addendum>.

<sup>146</sup> "Streamlining State Business Regulatory Processes To Support Economic Recovery." National Governors Association and the Pew Charitable Trusts, June 2021.

<https://www.nga.org/publications/streamlining-state-business-regulatory-processes-to-support-economic-recovery/>.



Streamlining can be beneficial if it improves a process without undermining its effectiveness. For example, streamlining could reduce extra processing time or eliminate steps that do not add value. Customer-oriented streamlining could provide for simultaneous review, automatic routing of applications, pre-populating data, or instant approval for simple cases.

Streamlining is not beneficial when it reduces the effectiveness of the approval process, which, in turn, may reduce the effectiveness of regulation. Eliminating constructive reviews and public comment periods minimizes the variety of perspectives brought to bear on a decision. It could lead to unintended consequences and diminish public trust in the government. Moreover, delivering expedited approval in some areas might displace oversight in other areas.

Because of the exigent circumstances, states may have modified processes without fully studying their options. Analysis does not preclude experimentation, but it may delay it. In some cases, these modifications may have jumpstarted change. States now must decide whether to continue, modify, or drop the adaptations. They have an opportunity to consider evidence of both net and distributional benefits. However, many states have already begun to roll back these flexibilities or plan to in the near future.

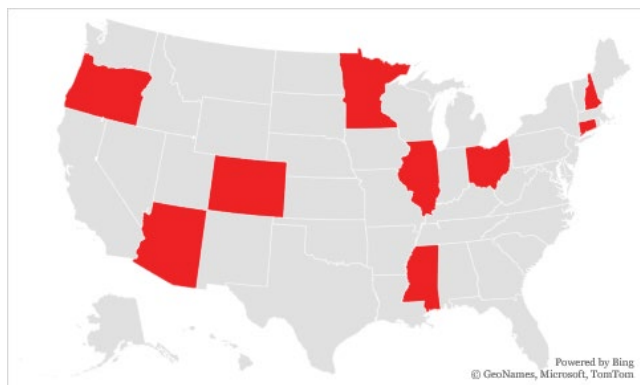
## Chapter 4. State Cases

This chapter describes regulatory compliance adaptations in the ten states selected for detailed study. Each section uses a similar structure to facilitate comparison across states. The last section summarizes findings and describes patterns observed across the ten states.

### 4.1 Selected States Vary in Key Characteristics

Ten states were selected for detailed analysis. As described in Appendix A, some state selections occurred because available evidence suggested they had made at least one of the compliance adaptations under study. Other state selections balanced geographic location, size, population (total and percent urban), and the political parties of the state leaders. Figure 1 **Error! Reference source not found.** displays the selected states within the continental United States. See details and sources in Appendix C.

Figure 1. Map of states selected for study





Source: National Academy of Public Administration

Several characteristics provide context for states' decisions regarding business permitting operations, healthcare professional licensing, and restaurant operations.

### ***Economic and regulatory characteristics***

The selected states had similar experiences in some areas and divergent experiences in others. See details and sources in Appendix C.

	Business formations rose in all ten states, peaking at different times. Mississippi's peak was 252 percent higher in April 2021 than in February 2020. Colorado experienced the smallest gain, peaking in January 2021 at 36 percent higher.
	Throughout the United States, most businesses are “nonemployer establishments” (NES), i.e., individuals working independently. Among the

	ten states, Oregon has the smallest share of NES, 72.1 percent. Mississippi has the largest share, 79.4 percent.
	Half of the states selected (Mississippi, New Hampshire, Ohio, Oregon, and Virginia) “control” the sale and distribution of at least one category of alcohol sales. Except for Ohio, these states realize more revenue (per population age 21 or older) than states that license the sale and distribution of alcohol to the private sector. Alcohol revenues per person aged 21 or older range from \$11.80 (Colorado) to \$144.39 (New Hampshire).
	Alcohol sales and tax revenues go to state coffers, but possibly not in magnitudes great enough to influence decision making. These revenues are less than one-half of one percent of the ten states’ own-source revenue. <sup>147</sup> Three states—Arizona, Illinois, and Ohio—authorize local governments or taxing districts to levy taxes on alcohol sales. <sup>148</sup>
	Nationwide, 5.5 percent of all jobs are in food services and drinking places. The states in the sample range from 4.6 percent (Minnesota) to 6.3 percent (Mississippi).
	New Hampshire collects a statewide 8.5 percent meals tax, providing 5 percent of its own-source general revenue. Localities in Oregon and Virginia can enact their own meals taxes, and Illinois has authorized a single taxing district to collect a meals tax.

## ***Health characteristics***


States had a range of experiences during the pandemic. See details and sources in Appendix C.

<sup>147</sup> “State and Local Alcohol Tax Revenue.” Tax Policy Center, August 2022.

<https://www.taxpolicycenter.org/statistics/state-and-local-alcohol-tax-revenue>. and “State and Local Own Source General Revenue.” Tax Policy Center, August 2022.

<https://www.taxpolicycenter.org/statistics/state-and-local-own-source-general-revenue>.


<sup>148</sup> Mosher, James F., Sabrina S. Adler, Aysha M. Pamukcu, and Ryan D. Treffers. “Review of State Laws Restricting Local Authority to Impose Alcohol Taxes in the United States.” *Journal of Studies on Alcohol and Drugs* 78, no. 2, 2017; 241–48. <https://doi.org/10.15288/jsad.2017.78.241>.

	Arizona and Mississippi had the highest death rates in the U.S., at 433 and 430 per 100,000 people, respectively. Among the selected states, the lowest death rates were in New Hampshire (198 per 100,000) and Oregon (202 per 100,000). They had the eighth and ninth lowest death rates in the United States.
	Nine of the ten states opted into Medicaid expansion before the pandemic. Mississippi did not. Medicaid enrollment grew during the pandemic in all ten states, from 15 percent in Connecticut to 33 percent in Virginia.
	“Health care and social work” is the largest or second-largest employer in all ten states. Colorado has the smallest share (9.4 percent), while Minnesota has the largest share (14.2 percent).

## 4.2 Arizona

As of September 2022, an estimated 31,326 Arizona residents had died of COVID. With 430 deaths per 100,000 population, Arizona had the second-highest death rate among all 50 states. As of September 2022, the vaccination rate was 63 percent. The State of Emergency ended in March 2022.<sup>149</sup>



	Political Orientation	State Leadership	R*
	Geography	Census Region	West
		Total Area (square miles)	113,990
	Population and Population Density	Percent Urban 2010	89.8
		Population 2019 (millions)	7.3

\*Republican governor and both chambers majority Republican

<sup>149</sup> Sources for all data presented in this section appear in Appendix C.

## Business start-ups

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- ⇒ Several state agencies manage business start-up processes separately; a multi-agency online business portal is in development.
  - ⇒ Regulatory agencies issue industry-specific licenses. Some localities require a general license.
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Monthly business formations pre-pandemic (February 2020)	6,637
Peak monthly business formations during the pandemic	April 2021 10,401 (↑ 57%)
Single proprietorships as a percentage of all business establishments	78%

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Arizona started planning an online business portal before the pandemic. Business One-Stop (<https://businessonestop.az.gov/>) offers an online tool to help new business owners identify specific requirements. The customized checklist, accessible through the Commerce Authority webpage, includes links to guidance, forms, and contacts at the state and local levels. Eventually, the site will eliminate the current system where businesses file information separately with six state agencies to get the permissions needed.<sup>150</sup>

In the meantime, Arizona has separate online business portals to complete business start-up requirements. Businesses register through the State Corporation Commission or Secretary of State, depending on the legal structure. If subject to the transaction privilege (sales) tax, they register separately with the Department of Revenue. Arizona does not have a general business license, but some localities do. Business owners must research industry-specific permitting requirements through each state regulatory agency.

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<sup>150</sup> “Business One Stop Project Investment Justification.” Arizona Strategic Enterprise Technology, October 11, 2022. <https://aset.az.gov/>.

## Restaurants



⇒ Executive Order 2020-60 allowed the extension of alcohol licenses to cover temporary outdoor dining, as permitted by localities; the Executive Order is in place “until further notice.”



⇒ H.B. 2773 was signed into law on May 21, 2021, permanently allowing restaurants, bars, and liquor stores to sell mixed drinks to go.

Positions in Food Services and Drinking Places as a Percentage of All Jobs by State, 2020	5.9%
Meals Tax	No
Total Net State and Local Alcohol Revenue 2020 (\$ millions)	\$80.6
Net State and Local Alcohol Revenue Per Population Age 21 or Older, 2020	\$18.72
Alcohol Sale, Production, and Distribution Controlled by the State or Licensed to the Private Sector	License

### Outdoor dining

On December 2, 2020, Governor Doug Ducey signed Executive Order 2020-60, creating a temporary license extension for restaurants' locally-approved, temporary outdoor dining. At least eight cities in the state allowed outdoor dining at some point during the pandemic.<sup>151</sup> For example, Goodyear allowed it until the end of the declared emergency.<sup>152</sup> Scottsdale extended its program for five years,<sup>153</sup> and Phoenix is continuing its program indefinitely.<sup>154</sup>

### Alcohol sales

The Governor issued Executive Order 2020-09, allowing restaurants to deliver alcohol with food purchases. As of October 2021 (H.B. 2773), restaurants are permanently allowed to sell mixed cocktails with a pick-up, drive-through, or delivery order (by employees or third-party contractors). Restaurants may also sell alcohol in its original packaging without a food order.<sup>155</sup> Restaurants must apply for permission and then renew their licenses annually.<sup>156</sup>

<sup>151</sup> “Guidance For All Businesses.” Arizona Commerce Authority. <https://www.azcommerce.com/covid-19/business-guidance/reopening-guidance-az-businesses/>.

<sup>152</sup> “Goodyear to Allow Temporary Tent/Outdoor Dining.” City of Goodyear, August 10, 2020. <https://www.goodyearaz.gov/Home/Components/News/News/11750/>.

<sup>153</sup> “City Council Report.” City of Scottsdale Arizona, September 20, 2020. <https://www.scottsdaleaz.gov/Asset89681.aspx>.

<sup>154</sup> “Temporary Outdoor Dining Program - Response to COVID-19.” City of Phoenix. <https://www.phoenix.gov/pdd/temp-outdoor-dining>.

<sup>155</sup> “To-Go Law Faqs A.R.S. § 4-203.07 Original Packaging.” Arizona Department of Liquor. [https://azliquor.gov/faq/FAQ\\_DLLC\\_TOGO\\_OriginalPackaging.pdf](https://azliquor.gov/faq/FAQ_DLLC_TOGO_OriginalPackaging.pdf).

<sup>156</sup> Bogert, Dan. “Updated Guidance on To-Go Alcohol Implementation” Arizona Restaurant Association, October 18, 2021. [https://azrestaurant.org/wp-content/uploads/2021/10/001-To-go-Alcohol-Guide\\_Update.pdf](https://azrestaurant.org/wp-content/uploads/2021/10/001-To-go-Alcohol-Guide_Update.pdf).

## Healthcare

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- ⇒ Before the pandemic, Arizona joined multi-state agreements recognizing out-of-state nursing licenses and expediting licensing for out-of-state physicians.
- ⇒ The state established “universal reciprocity” in 2019, streamlining licensure for a wide range of out-of-state licensed professionals in good standing.
- ⇒ H.B. 2454 established conditions for registered out-of-state physicians to provide telehealth services.

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Deaths Due to COVID-19 per 100,000 Population as of September 2022	430
State Rank, Deaths Due to COVID-19 per 100,000 Population as of September 2022	50
Medicaid Expansion	Yes
Increase in Medicaid Enrollment During the Pandemic	486,867 (↑ 29%)
Positions in Healthcare and Social Work as a Percentage of All Jobs by State, 2020	11.7%

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Arizona is among the 38 states (and the District of Columbia) that opted into the Affordable Care Act’s (ACA) Medicaid expansion provision. Between February 2020 and April 2022, enrollment increased by 29 percent to 2.2 million residents.

### Professional Licensing

Before the pandemic, Arizona joined multi-state agreements recognizing out-of-state nursing licenses and expediting licensing for out-of-state physicians. Since 2018, Arizona has participated in the Enhanced Nursing Licensure Compact (eNLC), an agreement among 39 states to recognize licenses issued by each other. The Interstate Medical Licensure Compact (IMLC) offers physicians an expedited pathway to becoming licensed in multiple states. Arizona joined the IMLC in 2016.

In 2019, H.B. 2569 established “universal reciprocity,” creating a simplified process for out-of-state professionals in good standing to obtain a license in Arizona. Arizona requires no additional training or testing for most professional licenses.

### Telehealth

The [Arizona Medical Board](#) allowed temporary emergency licenses for medical doctors to practice in the state and extended deadlines for license renewal.<sup>157</sup> Executive Order 20-15 expanded access

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<sup>157</sup> “Application for Waiver of Requirements for a Temporary Medical License in Response to Covid-19 Emergency.” Arizona Medical Board. Accessed 11.27.22.

to telehealth, temporarily allowing out-of-state providers to offer the service. This arrangement ended with Executive Order 21-13, signed in May 2021. In June 2021, H.B. 2454 established that out-of-state healthcare providers must register with the state to provide telehealth services.

## Summary

Arizona developed limited online business permitting before the pandemic and continues to expand functionality. The state will continue allowing alcohol license extensions to cover outdoor dining until further notice. Drinks to-go was adopted into law. Before the pandemic, Arizona had permanently lowered barriers for out-of-state professionals, including healthcare providers offering telehealth services.

## 4.3 Colorado

As of September 2022, an estimated 13,474 Colorado residents had died of COVID. With 234 deaths per 100,000 population, Colorado has the 11<sup>th</sup> lowest death rate among all 50 states. The vaccination rate was 72 percent. The Disaster Recovery Order is scheduled to end in November 2022.<sup>158</sup>



	Political Orientation	State Leadership	D*
	Geography	Census Region	West
		Total Area (square miles)	104,094
	Population and Population Density	Percent Urban 2010	86.2
		Population 2019 (millions)	5.8

\*Democratic governor and both chambers majority Democratic

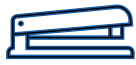
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<sup>158</sup> Sources for all data presented in this section appear in Appendix C.



## Business start-ups

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- ⇒ MyBizColorado manages business start-up processes for multiple state agencies. Users can enter some information directly on the website.
  - ⇒ Regulatory agencies issue industry-specific licenses. Some localities require a general business license.
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Monthly business formations pre-pandemic (February 2020)	7,125
Peak monthly business formations during the pandemic	August 2022 9,714 (↑ 36%)
Single proprietorships as a percentage of all business establishments	76%

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Colorado launched MyBizColorado (<https://mybiz.colorado.gov/>) in 2018. It features an online tool to help new business owners identify requirements. The customized checklist includes links to guidance, forms, and contacts at the state and local levels. The site sends user-submitted documents to appropriate agencies. State agencies have access to analytics on the back end, allowing them to monitor and troubleshoot activity.<sup>159</sup> Participating agencies include the Department of Labor and Employment, Department of Revenue, Department of Regulatory Agencies, Governor's Office of Economic Development and International Trade, Governor's Office of Information Technology, Secretary of State's Office, the Statewide Internet Portal Authority, and Colorado Interactive.<sup>160</sup>

The state envisioned the simplified process would be especially helpful to small business start-ups. Officials estimated that the new system cut the time to complete required forms in half. Pre-population of data from state records reduces errors associated with manual entry.<sup>161</sup> The site was the product of a public-private partnership, with the State Internet Portal Authority now overseeing it. MyBizColorado replaced Colorado Business Express, which had been in place since 2007.<sup>162</sup>

Colorado does not have a general business license, but some localities do.

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<sup>159</sup> "MyBizColorado." Colorado Governor's Office of Information Technology, August 29, 2018. <https://www.nascio.org/wp-content/uploads/2020/09/Final-2020-NASCIO-Award-Submission-MyBizColorado.pdf>.




<sup>160</sup> "MyBizColorado Website Provides Easier, Mobile-Friendly Tool to Launch New Colorado Businesses." Business Wire: Berkshire Hathaway Company, June 5, 2018. <https://www.businesswire.com/news/home/20180605006545/en/MyBizColorado-Website-Provides-Easier-Mobile-Friendly-Tool-to-Launch-New-Colorado-Businesses>.

<sup>161</sup> MyBizColorado

<sup>162</sup> Sealover, Ed. "Colorado Launches One-Stop Website for Business Registration, Licensing." Denver Business Journal: The Business Journals, June 5, 2018. <https://www.bizjournals.com/denver/news/2018/06/05/colorado-launches-one-stop-website-for-business.html>.

## Restaurants

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	⇒ Local governments had the authority to extend alcohol licenses to cover outdoor dining before the pandemic.	
	⇒ H.B. 21 - 1027 codified an executive order allowing the extension of alcohol licenses to cover locally-approved communal outdoor dining on public rights of way through July 2025.	
	⇒ H.B. 21 - 1027 codified an executive order allowing the extension of alcohol licenses to allow alcohol sales with a pick-up or delivery food order, as permitted by localities through July 2025.	

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Positions in Food Services and Drinking Places as a Percentage of All Jobs by State, 2020	5.6%
Meals Tax	No
Total Net State and Local Alcohol Revenue 2020 (\$ millions)	\$50.8
Net State and Local Alcohol Revenue Per Population Age 21 or Older, 2020	\$9.30
Alcohol Sale, Production, and Distribution Controlled by the State or Licensed to the Private Sector	License

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## Outdoor dining

Localities had the authority to extend alcohol licenses to cover new or temporary outdoor dining areas before the pandemic. Colorado is a dual-license state, requiring approval first at the local level and then at the state level.

By Executive Order D 2020 093 (June 2020), Governor Jared Polis established “communal outdoor dining areas” where two or more licensees could serve alcohol outdoors. These areas could be located on public rights-of-way with local government approval. The order further directed the Liquor Enforcement Division to expedite alcohol license modification requests for locally-approved, temporary, communal outdoor dining.<sup>163</sup> Legislation passed in June 2021 (H.B. 1027) extended communal outdoor dining through July 2025.

This regulatory relief effort successfully encouraged the development and expansion of local outdoor dining programs. Denver extended the temporary outdoor dining program to October 2022. After that, a permanent “Outdoor Places” program, currently in development, will allow

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<sup>163</sup> “Regulation 47-302. Changing, Altering, or Modifying Licensed Premises.” Code of Colorado Regulations Liquor Enforcement Division, June 1, 2022.  
[https://sbg.colorado.gov/sites/sbg/files/documents/Emergency\\_Liquor\\_Rules\\_47-302\\_and\\_47-1103\\_CLEAN.pdf](https://sbg.colorado.gov/sites/sbg/files/documents/Emergency_Liquor_Rules_47-302_and_47-1103_CLEAN.pdf).

restaurants and other businesses to use private and public spaces for outdoor operations.<sup>164</sup> The city estimated that its outdoor dining program “saved \$287 million in revenue for restaurants” in the six months after its establishment in May 2020.<sup>165</sup> Denver boosted these savings by waiving approximately \$1.6M in street occupancy fees.<sup>166</sup> Boulder is among the other Colorado cities that embraced outdoor dining. As of September 1, 2022, a five-year pilot program replaced the temporary pandemic program. It offers businesses more consistent regulations for their outdoor infrastructure. ARPA funds will provide financial assistance to the program.<sup>167</sup>

## Alcohol sales

Executive Order D 2020 093 also authorized alcohol sales with pick-up or delivery food orders. H.B. 1027 (2021) extended permission through July 2025. The legislation directed the state licensing authority to develop rules establishing container specifications, creating a permit process, and setting permit fees.

## Healthcare



- ⇒ Before the pandemic, Colorado joined multi-state agreements recognizing out-of-state nursing licenses and expediting licensing for out-of-state physicians.
- ⇒ S.B. 20-212 expanded access to telehealth; providers must be licensed in-state.

Deaths Due to COVID-19 per 100,000 Population as of September 2022	234
State Rank, Deaths Due to COVID-19 per 100,000 Population as of September 2022	11
Medicaid Expansion	Yes
Increase in Medicaid Enrollment During the Pandemic	337,959 (↑ 26%)
Positions in Healthcare and Social Work as a Percentage of All Jobs by State, 2020	9.4%

<sup>164</sup> “Denver Outdoor Places Program.” City and County of Denver.

<https://www.denvergov.org/Government/Agencies-Departments-Offices/Agencies-Departments-Offices-Directory/Community-Planning-and-Development/Denver-Zoning-Code/Text-Amendments/Outdoor-Places-Program>.

<sup>165</sup> Alvarez, Alayna. “Denver's Outdoor Dining Program Has Saved \$287M in Revenue for Restaurants, City Estimates.” Colorado Politics, November 10, 2020.

[https://www.coloradopolitics.com/denver/denver-s-outdoor-dining-program-has-saved-287m-in-revenue-for-restaurants-city-estimates/article\\_b5356ef4-237e-11eb-bb2b-079c77422f2f.html](https://www.coloradopolitics.com/denver/denver-s-outdoor-dining-program-has-saved-287m-in-revenue-for-restaurants-city-estimates/article_b5356ef4-237e-11eb-bb2b-079c77422f2f.html).

<sup>166</sup> Alvarez, Alayna. “Denver's Outdoor Patio Expansion Program Here to Stay for One More Year.” Colorado Politics, September 29, 2020. [https://www.coloradopolitics.com/denver/denver-s-outdoor-patio-expansion-program-here-to-stay-for-one-more-year/article\\_a1402bbo-026c-11eb-b51f-3b91a5d5e527.html](https://www.coloradopolitics.com/denver/denver-s-outdoor-patio-expansion-program-here-to-stay-for-one-more-year/article_a1402bbo-026c-11eb-b51f-3b91a5d5e527.html).

<sup>167</sup> “Boulder to Extend Outdoor Dining Program in Pilot Program.” BizWest, June 24, 2022.

<https://bizwest.com/2022/06/24/boulder-to-extend-outdoor-dining-program-in-pilot-program/>.

Colorado is among the 38 states (and the District of Columbia) that opted into the Affordable Care Act's (ACA) Medicaid expansion provision. Between February 2020 and April 2022, enrollment increased by 26 percent to 1.6 million residents.

### **Professional Licensing**

Before the pandemic, Colorado joined multi-state agreements recognizing out-of-state nursing licenses and expediting licensing for out-of-state physicians. Since 2018, Colorado has participated in the Enhanced Nursing Licensure Compact (eNLC), an agreement among 39 states to recognize licenses issued by each other. The state was an early adopter (2007) of the Uniform Emergency Volunteer Health Practitioners Act (UEVHPA). It allows covered professionals to provide emergency health services in a state with an emergency declaration without meeting the disaster state's license requirements.

In 2020, Colorado enacted H.B. 20-136, creating an occupational credential portability program. It directs regulatory officials to reduce certification, registration, and licensure barriers for healthcare and many other professionals.

### **Telehealth**

Existing Colorado law allowed a physician not licensed in Colorado to practice in connection with public health emergencies, but their services had to be free of charge. Out-of-state physicians could also practice medicine in Colorado if they did not have a regular medical practice in Colorado and maintained malpractice insurance.<sup>168</sup> S.B. 20-212 expanded access to telehealth but did not authorize out-of-state providers.

### **Summary**

Colorado had already created a comprehensive online business permitting portal when the pandemic started. Extending alcohol licenses to cover outdoor dining is primarily a local function. The state authorized the pick-up and delivery of alcohol through mid-2025. Before the pandemic, Colorado reduced barriers to healthcare professionals licensed in other states to relocate and begin practicing quickly. However, telehealth providers must be licensed in-state.

## **4.4 Connecticut**

As of September 2022, an estimated 13,474 Connecticut residents had died of COVID. With 318 deaths per 100,000 population, Connecticut has the 24<sup>th</sup> lowest death rate among all 50 states. The vaccination rate was 81 percent. The state plans to end the State of Emergency in December 2022.<sup>169</sup>




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<sup>168</sup> "DPO Emergency Licensing Measures for Healthcare Professionals." Colorado Department of Regulatory Agencies, April 9, 2020.

<https://docs.google.com/document/d/1fq03qm8QQZG5vnzYEKgoBA1FgEBH-rBpRnPyoWeCDTw/edit>.

<sup>169</sup> Sources for all data presented in this section appear in Appendix C.

	Political Orientation	State Leadership	D*
	Geography	Census Region	Northeast
		Total Area (square miles)	5,543
	Population and Population Density	Percent Urban 2010	88.0
		Population 2019 (millions)	3.6

\*Democratic governor and both chambers majority Democratic

## Business start-ups



- ⇒ Connecticut launched an online business portal, [Business.ct.gov](https://business.ct.gov), in 2020. Users can enter some information directly on agency websites.
- ⇒ Regulatory agencies issue industry-specific licenses. Some localities may require a business license or registration.

Monthly business formations pre-pandemic (February 2020)	2,680
Peak monthly business formations during the pandemic	August 2021 4,450 (↑ 66%)
Single proprietorships as a percentage of all business establishments	76.7

Connecticut started developing an online business portal in 2019. The newly-elected Governor Ned Lamont declared investing in the “first all-digital government” a priority. Rather than simply moving the existing process online, the Department of Administrative Services Bureau of Enterprise Systems and Technology (DAS-BEST) re-engineered it to improve the workflow and customer experience. Officials plan to continue to improve the site over time. Initially, five state agencies joined the project partnership, including the Secretary of the State (SOTS), the Department of Consumer Protection (DCP), the Department of Economic and Community Development (DECD), the Department of Labor (DOL), and Department of Revenue Services (DRS).<sup>170</sup> [Business.ct.gov](https://business.ct.gov) was launched in 2020 and expanded in 2021.

The state has separate online business portals to complete business start-up requirements. [Business.ct.gov](https://business.ct.gov) manages registration with the Secretary of the State. Business owners can use an online tool to create a customized checklist that links to guidance, forms, and contacts at the state and local levels. Tax registration is a separate process through the [myconnectCT](https://myconnecticut.gov) portal. Business owners can find industry-specific permitting requirements on a single page or through another tool.

<sup>170</sup> “Connecticut Department of Administrative Services Bureau of Enterprise Systems and Technology Digital Service.” [Business.CT.gov](https://business.ct.gov), April 30, 2021. [https://www.nascio.org/wp-content/uploads/2021/08/2021-NASCIO-AWARDS-Business.CT\\_.gov\\_.pdf](https://www.nascio.org/wp-content/uploads/2021/08/2021-NASCIO-AWARDS-Business.CT_.gov_.pdf).

## Restaurants



- ⇒ Public Act 22-1 codified an executive order extending outdoor dining until April 2023; after that, outdoor dining will be allowed by right.
- ⇒ Public Act 22-1 also created permission to use rights-of-way for outdoor dining, including state highways by permit, until April 2023.
- ⇒ Public Act 21-37 codified an executive order extending alcohol sales with a pick-up food order until January 2024.



Positions in Food Services and Drinking Places as a Percentage of All Jobs by State, 2020	4.7%
Meals Tax	No
Total Net State and Local Alcohol Revenue 2020 (\$ millions)	\$64.8
Net State and Local Alcohol Revenue Per Population Age 21 or Older, 2020	\$7.48
Alcohol Sale, Production, and Distribution Controlled by the State or Licensed to the Private Sector	Licensed

## Outdoor dining

The governor of Connecticut initially authorized outdoor dining through Executive Order 7MM (May 2020). It automatically extended state-issued alcohol licenses to cover locally-approved outdoor dining. This order also allowed localities to:

- Expedite zoning changes to allow outdoor dining and other activities.
- Designate outdoor dining as an accessory use if not already in their code.
- Expedite local review of outdoor dining and retail.
- Reduce fees and document submission requirements associated with the application.
- Permit activities in street parking areas and on State Department of Transportation (DOT) right-of-way.

Legislation extended these permissions through March 2022 (Special Act no. 21-3) and then April 2023 (Public Act 22-1). This law also established that beginning May 2023, (1) localities will be required to allow outdoor dining as a by-right accessory to a restaurant, and (2) use of non-roadway spaces for outdoor dining will be made permanent.

The Connecticut Restaurant Association (CRA) welcomed the legislation as “a timely and much-needed measure that will help local restaurants as they continue to recover from the COVID-19 pandemic.” The CRA and many restaurant owners hoped the relaxed regulations would become

permanent.<sup>171</sup> The Connecticut Council of Small Towns and the Connecticut Conference of Municipalities also supported the legislation.<sup>172</sup>

## Alcohol sales

In March 2020, the Governor issued Executive Order 7G, allowing restaurants to sell alcohol with a pick-up food order. The state legislature extended this permission through June 2024 with Public Act 21-37 (H.B. 6100).

## Healthcare



- ⇒ Public Act 22-81 authorized Connecticut to join a multi-state compact that expedites licensing for out-of-state physicians.
- ⇒ Public Act 22-81 codified telehealth, including services by out-of-state providers, through 2024.



Deaths Due to COVID-19 per 100,000 Population as of September 2022	318
State Rank, Deaths Due to COVID-19 per 100,000 Population as of September 2022	24
Medicaid Expansion	Yes
Increase in Medicaid Enrollment During the Pandemic	126,387 (↑ 15%)
Positions in Healthcare and Social Work as a Percentage of All Jobs by State, 2020	14.0%

Connecticut is among the 38 states (and the District of Columbia) opting into the Affordable Care Act's (ACA) Medicaid expansion provision. Between February 2020 and April 2022, enrollment increased by 15 percent to 971,000 residents.

## Professional Licensing

With the passage of Public Act No. 22-81, the state joined the Interstate Medical Licensure Compact, effective October 1, 2022. Connecticut law (Conn. Gen. Stat. § 20-12.370.12) already allowed the Department of Public Health to establish a process of accepting an out-of-state license and waiving the examination requirement under specific conditions. Executive Order 14-D

<sup>171</sup> "Lamont Signs Bill Extending Outdoor Dining in Connecticut." NBC Connecticut, March 24, 2022. <https://www.nbcconnecticut.com/news/coronavirus/lamont-signs-bill-extending-outdoor-dining-in-connecticut/2747832/>.

<sup>172</sup> Pazniokas, Mark. "Outdoor Restaurant Dining in CT Is Extended into 2023." The CT Mirror, March 24, 2022. <https://ctmirror.org/2022/03/23/pandemic-right-to-offer-outdoor-restaurant-dining-is-extended-ct-2023/>.

created flexibility for professional licensing. These flexibilities expired in April 2022, per Special Act 22-1.

## Telehealth

Executive Order 7G (March 2020) was the first in a series of executive actions to allow out-of-state providers to offer telehealth services temporarily. It suspended requirements for licensure, certification, or registration of telehealth providers. Executive Orders 7D (April 2020) and 7HHH (July 2020) extended the original action and listed specific healthcare professions. The Governor also signed a series of bills to expand telehealth. The most recent is Public Act 21-9, allowing out-of-state providers to offer telehealth services through June 2023.


## Summary

Connecticut launched a limited-function online portal for streamlined business permitting in the early months of the pandemic. Beginning in May 2023, outdoor dining will be allowed by right. Authorization for picking up and delivering alcohol will remain until June 2024. Connecticut temporarily eased barriers to out-of-state medical professionals through several executive orders and legislation, remaining in place through 2023.

## 4.5 Illinois

As of September 2022, an estimated 39,624 Illinois residents had died of COVID. With 313 deaths per 100,000 population, Illinois has the 21<sup>st</sup> lowest death rate among all 50 states. The vaccination rate was 70 percent. The State of Emergency is scheduled to end in November 2022.<sup>173</sup>



	Political Orientation	State Leadership	D*
	Geography	Census Region	Midwest
		Total Area (square miles)	57,914
	Population and Population Density	Percent Urban 2010	88.5
		Population 2019 (millions)	12.7

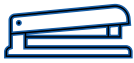
\*Democratic governor and both chambers majority Democratic

<sup>173</sup> Sources for all data presented in this section appear in Appendix C.



## Business Start-up

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- ⇒ Illinois provides business start-up information and submission portals on separate agency web pages.
  - ⇒ Regulatory agencies issue industry-specific licenses. Some localities require a general business license.
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Monthly business formations pre-pandemic (February 2020)	9,903
Peak monthly business formations during the pandemic	July 2020 31,110 (↑ 214%)
Single proprietorships as a percentage of all business establishments	76%

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Illinois has separate online business portals to complete business start-up requirements. Several pages on the state’s website provide information but are not connected or easy to find. The Department of Commerce and Economic Opportunity operates the First Stop Business Information Center, allowing users to look up information and register to receive updates on specific topics. The site features a 50-page pdf, “Starting Your Business in Illinois Handbook,” that provides start-up guidance, requirements, and contact information. A different webpage features similar information organized as a “step-by-step guide.”

The Secretary of State registers new businesses, but name registration occurs at the local level for some legal structures. A new business owner may need to complete multiple forms to meet the Secretary of State’s requirements. The Department of Revenue has a separate registration page. Another page on the state website lists regulatory agencies’ industry-specific registration, license, and permitting requirements. Illinois does not have a general business license, but almost all localities do.<sup>174</sup>

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<sup>174</sup> Crail, Chauncey. “How to Get a Business License in Illinois: Everything You Need to Know.” Forbes. Forbes Magazine, July 8, 2022. <https://www.forbes.com/advisor/business/business-license-illinois/>.

## Restaurants

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- ⇒ The state created a streamlined process for restaurants to request approval for alcohol sales with outdoor dining; however, not all situations require state approval.
- ⇒ S.B. 0104 allows restaurants, bars, and other retail licensees to sell alcohol by carry-out and delivery until January 2024.



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Positions in Food Services and Drinking Places as a Percentage of All Jobs by State, 2020	5.3%
Meals Tax	Local
Total Net State and Local Alcohol Revenue 2020 (\$ millions)	\$372.6
Net State and Local Alcohol Revenue Per Population Age 21 or Older, 2020	\$139.00
Alcohol Sale, Production, and Distribution Controlled by the State or Licensed to the Private Sector	Licensed

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### Outdoor dining

Illinois is a dual license state, requiring approval first at the local level and then at the state level. Restaurants serving alcohol associated with outdoor dining could request a license extension from the state Liquor Control Commission. However, if the local commission did not require a license modification and the serving area was adjacent or contiguous, the restaurant would not need approval from the state.<sup>175</sup> The state adapted its Special Use Permit process to handle situations requiring license modifications.<sup>176</sup>

### Alcohol sales

With the passage of S.B. 0104<sup>177</sup> in May 2020 (signed by Governor J.B. Pritzker in June 2020), Illinois added and amended several sections of the Liquor Control Act of 1934. The key change was to automatically allow retailers holding an “off-premises” consumption license (or a combined on- and off-premises license) to sell individual servings of wine and mixed drinks by carry-out and delivery. The law explicitly prohibits drive-through or third-party delivery, and

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<sup>175</sup> “COVID-19 Compliance Frequently Asked Questions.” Illinois Liquor Control Commission, January 20, 2020. <https://www2.illinois.gov/ilcc/SiteAssets/Pages/Home/FAQs%20updated%203-16-2021.pdf>.

<sup>176</sup> “Application For State of Illinois Special Use Permit Liquor License.” Illinois Liquor Control Commission. <https://www2.illinois.gov/ilcc/SiteCollectionDocuments/Special%20Use%20Permit.pdf>.

<sup>177</sup> “Sales and Delivery of ‘To Go’ Mixed Drinks/Cocktails and Single Servings of Wine.” Illinois Liquor Control Commission, June 25, 2021. <https://www2.illinois.gov/ilcc/SiteAssets/Pages/Home/ILCC%20To%20Go%20Guidance%206-25-2021.pdf>.

permission is subject to conformity with local requirements.<sup>178</sup> An automatic repeal of all amended language will take place on January 3, 2024. The Governor and General Assembly hoped this arrangement would help the restaurant industry recover from pandemic-related shutdowns.<sup>179</sup>

A unique measure in Illinois' law was a temporary vaccination incentive program established in S.B. 0104. Between June 10 and July 10, 2021, from 6 pm to 10 pm, retail establishments with an alcohol license could offer a free drink to any customer presenting proof of vaccination. This section of the Act was repealed automatically on July 11, 2021.

## Healthcare



⇒ Before the pandemic, Illinois joined multi-state agreements recognizing out-of-state nursing licenses and expediting licensing for out-of-state physicians.

⇒ H.B. 3308 permanently expanded access to telehealth.

Deaths Due to COVID-19 per 100,000 Population as of September 2022	313
State Rank, Deaths Due to COVID-19 per 100,000 Population as of September 2022	21
Medicaid Expansion	Yes
Increase in Medicaid Enrollment During the Pandemic	782,060 (↑ 28%)
Positions in Healthcare and Social Work as a Percentage of All Jobs by State, 2020	11.7%

Illinois is among the 38 states (and the District of Columbia) opting into the Affordable Care Act's (ACA) Medicaid expansion provision. Between February 2020 and April 2022, enrollment increased by 28 percent to 3.6 million residents.

### Professional licensing

Before the pandemic, Illinois joined multi-state agreements recognizing out-of-state nursing licenses and expediting licensing for out-of-state physicians. The Interstate Medical Licensure Compact (IMLC) offers physicians an expedited pathway to becoming licensed in multiple states.

<sup>178</sup> "Sales and Delivery of 'To Go' Mixed Drinks/Cocktails and Single Servings of Wine." Illinois Liquor Control Commission, June 25, 2021.

<https://www2.illinois.gov/ilcc/SiteAssets/Pages/Home/ILCC%20To%20Go%20Guidance%206-25-2021.pdf>.

<sup>179</sup> Wheelhouse, Bill. "Illinois Allows Carry-out Mixed Drinks." NPR Illinois, June 2, 2020.

<https://www.nprillinois.org/statehouse/2020-06-02/illinois-allows-carry-out-mixed-drinks>.

Illinois joined in 2015. The state adopted the Uniform Emergency Volunteer Health Practitioners Act (UEVHPA) in 2012. It allows covered professionals to provide emergency health services in a state with an emergency declaration without meeting the disaster state's license requirements.

In May 2020, Governor Pritzker called on healthcare professionals with inactive licenses to “come back and join the fight.” The state waived fees and expedited license approval. Doctors with expired or inactive licenses for fewer than three years could temporarily restore their licenses without paying a fee or meeting continuing education if they agreed to work under the Illinois Emergency Management Agency. License waivers expired in May 2022.<sup>180</sup>

## **Telehealth**

The Governor initially expanded access to telehealth services through Executive Order 2020-09 (March 19, 2020), coinciding with the “Gubernatorial Disaster Proclamation,” which has been extended through December 10, 2022. The Illinois Department of Financial and Professional Regulation interpreted the Executive Order to permit out-of-state healthcare providers not licensed to practice telehealth in Illinois to do so where a previous provider/patient relationship existed.<sup>181</sup> In July 2021, the Governor signed H.B. 3308, permanently expanding telehealth access but limiting it to providers licensed in Illinois.

## **Summary**

Illinois had already created separate online portals for business start-up processes when the pandemic started. The state streamlined its role in outdoor dining and authorized pick-up and delivery of alcohol through the beginning of 2024. It also legislated expanded access to telehealth but required providers to have a license to operate in Illinois.

## **4.6 Minnesota**

As of September 2022, an estimated 13,613 Minnesota residents had died of COVID. With 241 deaths per 100,000 population, Minnesota has the 12<sup>th</sup> lowest death rate among all 50 states. The vaccination rate was 71 percent. The Peacetime Emergency ended in June 2021.<sup>182</sup>




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<sup>180</sup> “States Waiving Licensure Requirements for Telehealth in Response to Covid 19.” Federation of State Medical Boards, November 15, 2022. <https://www.fsmb.org/siteassets/advocacy/pdf/states-waiving-licensure-requirements-for-telehealth-in-response-to-covid-19.pdf>.

<sup>181</sup> “Proclamation Out of State Telehealth.” Illinois Department of Financial and Professional Regulation, January 10, 2022. <https://idfpr.illinois.gov/Forms/COVID19/Proclamation%20Out%20of%20State%20Telehealth%201%2010%2022.pdf>.

<sup>182</sup> Sources for all data presented in this section appear in Appendix C.

	Political Orientation	State Leadership	D-gov*
	Geography	Census Region	Midwest
		Total Area (square miles)	86,936
	Population and Population Density	Percent Urban 2010	73.3
		Population 2019 (millions)	5.6

\*Democratic governor and one or both chambers majority Republican

## Business Start-ups



- ⇒ A “concierge” service helps businesses navigate requirements across nine state agencies.
- ⇒ Minnesota provides business start-up information and submission portals on separate agency web pages.
- ⇒ At least one agency received positive feedback on operational innovations implemented during the pandemic.

Monthly business formations pre-pandemic (February 2020)	4,105
Peak monthly business formations during the pandemic	July 2020 6,384 (↑ 56%)
Single proprietorships as a percentage of all business establishments	74%

Prospective business owners can get one-on-one assistance from the Minnesota Business First Stop Assistance Team. An individual on the team serves as a single point of contact to help “streamline the development process for complex business startups, expansions or relocations that involve financing, licensing, permitting, and regulatory issues that overlap multiple state agencies.” The Department of Employment and Economic Development (DEED) oversees the service and has been the lead agency for business start-ups since its formation in 2012. The other participating agencies are Agriculture, Commerce, Iron Range Resources and Rehabilitation, Labor and Industry, Natural Resources, Revenue, Transportation, and Pollution Control.<sup>183</sup>

For people who prefer to navigate requirements independently, several state agencies have posted information about the business start-up process. DEED’s 350-page pdf, “Guide to Starting a Business in Minnesota,” includes guidance, resources, and requirements. Business owners can create an online account to register with the Secretary of State. A separate online account with the Department of Revenue allows users to apply for a state tax ID, register for a sales and use tax

<sup>183</sup> “Minnesota Business First Stop Highlights and Accomplishments.” State of Minnesota, January 2021. [https://mn.gov/deed/assets/business-first-stop-report\\_tcm1045-348408.pdf](https://mn.gov/deed/assets/business-first-stop-report_tcm1045-348408.pdf).

account, and make payments. Minnesota Elicensing is an online portal for professional and industry-specific licenses. Minnesota does not have a general business license, but some localities do.

Officials in one state office observed that the abrupt closure of the office was about as smooth as could be expected. They were able to increase the capacity of IT hardware, adapt systems, and upgrade security “in a matter of days,” allowing them to resume normal operations almost immediately. The officials expect at least two operational improvements to last. Before 2020, remote work was not a possibility. Now leaders recognize that they can carry out many of their functions remotely. In addition to benefiting state workers who appreciate this flexibility, it opens the possibility of setting up satellite offices in the more remote parts of the state. Another operational change that has generated positive feedback is requiring appointments. The objective was to limit the number of individuals in the office at any given time and prevent crowding and delays caused by limited in-person staffing. The result was to improve predictability for visitors transacting business.

## Restaurants



⇒ Executive Order 20-70 temporarily allowed outdoor dining to expand onto state roads with permission of the State Department of Transportation. The order was rescinded in June 2021.



⇒ Local governments had the authority to extend alcohol licenses to cover outdoor dining before the pandemic.

⇒ S.B. 4489 allowed restaurants to sell alcohol to-go through May 2021.



Positions in Food Services and Drinking Places as a Percentage of All Jobs by State, 2020	4.6%
Meals Tax	No
Total Net State and Local Alcohol Revenue 2020 (\$ millions)	\$100.5
Net State and Local Alcohol Revenue Per Population Age 21 or Older, 2020	\$24.25
Alcohol Sale, Production, and Distribution Controlled by the State or Licensed to the Private Sector	Licensed

## Outdoor dining

By Executive Order 20-70 (June 2020), Governor Tim Walz waived rules “that they prohibit or limit the use of the trunk highway right-of-way by bars and restaurants to provide outdoor dining services.” This rule only applied to right-of-way under state jurisdiction, not local jurisdiction. Instead, it authorized the Department of Transportation (MnDOT) to develop and implement a process to issue temporary permits, evaluate trunk highway rights-of-way for suitability regarding

outdoor dining, and potentially impose traffic control measures to protect public safety. Use of state roads for outdoor dining ended with Executive Order 21-21, which sunset COVID-19 public health restrictions.

Local governments license restaurants for on-premises sales and had the authority to extend permission to outdoor dining areas before the pandemic.<sup>184</sup> For example, Saint Paul extended temporary outdoor dining through April 2022.<sup>185</sup> Minneapolis<sup>186</sup> and Northfield are also among the cities continuing to issue temporary alcohol permits associated with outdoor dining.

## Alcohol sales

With the enactment of S.B. 4489 (April 2020), Minnesota granted restaurants automatic permission to sell malt liquor, hard seltzer, cider, and wine with a pick-up food order, unless prohibited by the locality and only as long as restaurants were subject to closure orders. This Act did not allow the delivery of alcoholic beverages. Alcohol to-go officially expired in May 2021 with Executive Order 21-21, which sunset COVID-19 Public Health Restrictions. In May 2022, Governor Walz signed into law S.F. 3008, allowing breweries and distilleries to sell alcohol to-go

## Healthcare



- ⇒ Before the pandemic, Minnesota joined a multi-state agreement expediting licensing for out-of-state physicians.
- ⇒ Out-of-state doctors are allowed to provide telehealth services under specific conditions.

Deaths Due to COVID-19 per 100,000 Population as of September 2022	241
State Rank, Deaths Due to COVID-19 per 100,000 Population as of September 2022	12
Medicaid Expansion	Yes
Increase in Medicaid Enrollment During the Pandemic	264,913 (↑ 25%)
Positions in Healthcare and Social Work as a Percentage of All Jobs by State, 2020	14%

<sup>184</sup> “Minnesota Liquor Laws and Rules: Manufacturing, Wholesale, and Retail.” State of Minnesota, January 2016. <https://dps.mn.gov/divisions/age/forms-documents/Documents/2016%20Liquor%20Laws%20Handbook1.pdf>.

<sup>185</sup> “Temporary Sidewalk Cafe Permits to Support Bars and Restaurants.” Restaurant Service Outdoors: City of St. Paul, Minnesota, May 4, 2022. <https://www.stpaul.gov/small-business-nonprofit-information/restaurant-service-outdoors>.

<sup>186</sup> “Temporary Licenses and Permits.” City of Minneapolis, July 27, 2022. <https://www2.minneapolismn.gov/business-services/licenses-permits-inspections/special-events-temp-permits/temp-permits/>.

Minnesota is among the 38 states (and the District of Columbia) opting into the Affordable Care Act's (ACA) Medicaid expansion provision. Between February 2020 and April 2022, enrollment increased by 25 percent to 1.3 million residents.

### **Professional licensing**

Before the pandemic, Minnesota joined a multi-state agreement expediting licensing for out-of-state physicians. The Interstate Medical Licensure Compact (IMLC) offers physicians an expedited pathway to becoming licensed in multiple states. Minnesota joined in 2015. The state considered creating a streamlined process to allow healthcare providers with inactive licenses to renew<sup>187</sup> but did not implement waivers. The Minnesota legislature is currently considering legislation to join the Enhanced Nursing Licensure Compact (eNLC), an agreement among 39 states to recognize licenses issued by each other.

### **Telehealth**

Effective March 2020, SF 4334 temporarily allowed a patient's residence to serve as an originating site to deliver telehealth services. Executive Order 20-46 (April 2020) temporarily allowed out-of-state providers to offer telehealth services. Minnesota Statutes provide for interstate telehealth practice for physicians not licensed to practice medicine in the state as long as they register and commit to remaining outside the state.

The Minnesota Department of Health issued a telemedicine utilization report in December 2020. The authors recommended more detailed data collection and study to determine the influence of telehealth on health outcomes in the state. This additional work is in progress. They also recommended continuing telehealth provisions after the end of the Peacetime Emergency.<sup>188</sup>

### **Summary**

Minnesota had already created separate online portals for business start-up processes when the pandemic started. The state temporarily allowed restaurants to use state roads for outdoor dining and sell drinks to go. Before the pandemic, Minnesota had lowered barriers for out-of-state healthcare providers. Out-of-state doctors can provide telehealth services under specific conditions.

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<sup>187</sup> Snowbeck, Christopher. "Minnesota Medical Retirees Get Back to Work During COVID-19 Pandemic." Star Tribune, April 9, 2020. <https://www.startribune.com/minnesota-medical-retirees-respond-to-covid-19/569492542/>.


<sup>188</sup> Owens, Jacob. "Telemedicine Review." Minnesota Department of Human Services, November 2, 2021. <https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/behavioral-health/telemedicine-review/>.



## 4.7 Mississippi

As of September 2022, an estimated 12,879 Mississippi residents had died of COVID. With 433 deaths per 100,000 population, Mississippi had the highest death rate among all 50 states. The vaccination rate was 49 percent. The State of Emergency ended in November 2021.<sup>189</sup>



	Political Orientation	State Leadership	R*
	Geography	Census Region	South
		Total Area (square miles)	48,432
	Population and Population Density	Percent Urban 2010	49.5
		Population 2019 (millions)	3.0

\*Republican governor and both chambers majority Republican

### Business Start-ups



- ⇒ Mississippi provides business start-up information and submission portals on separate agency web pages. Users can enter data directly on some pages.
- ⇒ Regulatory agencies issue industry-specific licenses. Some localities require a general business license.

Monthly business formations pre-pandemic (February 2020)	2,474
Peak monthly business formations during the pandemic	July 2020 8,714 (↑ 252%)
Single proprietorships as a percentage of all business establishments	79.4

In October 2015, the Mississippi Secretary of State (SOS) launched Mississippi Business One Stop Shop (BOSS; <https://www.ms.gov/sos/onestopshop>). The website features a tool that generates a list of business start-up requirements, including contact information for local government agencies. It also lists regulatory agencies that issue industry-specific licenses and permits. The site is a collaborative effort of the SOS, the Electronic Oversight Committee (EOC), the Department of Revenue (DOR), and local governments. Mississippi Interactive (MSI) developed and manages

<sup>189</sup> Sources for all data presented in this section appear in Appendix C.

the website. The state did not streamline any processes to build the site. Instead, the significant change was bringing together the information businesses need to start.<sup>190</sup>

Mississippi has separate online business portals to complete business start-up requirements. To complete the registration process with the SOS, users create an online account and submit information and documents through an online portal. The Department of Revenue has a separate online portal, the Taxpayer Access Point (TAP). Online data entry allows instant verification. Users must contact regulatory agencies and undergo separate approval processes to meet industry-specific requirements. The state does not have a general business license, but some localities do.

## Restaurants



- ⇒ Local governments approved outdoor dining without special provisions from the state.
- ⇒ Agency rule changes temporarily allowed restaurants to sell alcohol with pick-up and delivery food orders.

Positions in Food Services and Drinking Places as a Percentage of All Jobs by State, 2020	6.3%
Meals Tax	No
Total Net State and Local Alcohol Revenue 2020 (\$ millions)	\$141.6
Net State and Local Alcohol Revenue Per Population Age 21 or Older, 2020	\$15.21
Alcohol Sale, Production, and Distribution Controlled by the State or Licensed to the Private Sector	Controlled

## Outdoor dining

Mississippi did not make special provisions to extend alcohol licenses to cover outdoor dining, but several cities did. For example, Oxford allowed outdoor dining and planned to expand sidewalks to accommodate more.<sup>191</sup> The Downtown Tupelo Main Street Association worked with

<sup>190</sup> Orgeron, Craig. "Mississippi Secretary of State Boss: Business One Stop Shop." 2016 Mississippi Finalist Business Regulations/Professional Licensing: NASCIO, 2016. <https://www.nascio.org/wp-content/uploads/2020/09/2016MS2-2016-NASCIO-SOS-BOSS-G2B.pdf>.

<sup>191</sup> Dees, Tom. "Oxford Leaders Looking to Expand Outdoor Dining." FOX13 News Memphis, November 26, 2020. <https://www.fox13memphis.com/news/local/oxford-leaders-looking-expand-outdoor-dining/F22DIMBD5HH5DPJPFRDZ3NRDU/>.

business owners and the city to allow outdoor dining in parklets.<sup>192</sup> Hattiesburg allowed restaurants to set up tables in parking lots.<sup>193</sup>

## **Alcohol sales**

State agencies were given wide latitude to “utilize state resources and to do everything reasonably possible to assist communities and entities affected by the outbreak” when Governor Tate Reeves declared an emergency in March 2020, activating the “Mississippi Comprehensive Emergency Management Plan.” In response, the Department of Revenue (DOR) adopted several changes to the administrative code, expanding alcohol sales. Alcohol retailers received permission to take customer orders and payments by telephone or internet. They were also allowed to provide curbside pick-up.<sup>194</sup> In 2021, H.B. 1135 created a delivery service permit, allowing retailers to deliver alcohol subject to limitations.

For restaurants, DOR enacted provisions to allow off-premise alcohol sales until they could resume normal operations. Restaurants were temporarily allowed to sell a sealed bottle of wine with a pick-up food order.<sup>195</sup> Restaurants in special “leisure and recreation districts” were also allowed to sell mixed drinks for curbside pickup.<sup>196</sup>

Alcohol in Mississippi has a storied past. The state outlawed alcohol in 1907 and was the first to ratify the 18th Amendment, enacting Prohibition.<sup>197</sup> The state never ratified the 21<sup>st</sup> Amendment, which ended Prohibition, but started to allow the sale of beer in 1933. The current legal structure was set up with the passage of a law in 1966,<sup>198</sup> allowing localities to “opt-in” to allow alcoholic beverage sales.<sup>199</sup> Of the state’s 82 counties, 34 prohibit the sale of hard alcohol, and 36 prohibit the sale of beer and wine.<sup>200</sup> Mississippi controls alcohol sales, serving as the state’s sole wholesaler.<sup>201</sup> H.B. 1087 (June 2020) eliminated the prohibition of alcohol possession, leaving

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<sup>192</sup> “Downtown Tupelo Main Street Association 2020 Great American Main Street Award Winner.” Main Street America, 2020.

<https://www.mainstreet.org/mainstreetamerica/mainstreetawards/gamsa/gamsa2020/tupelo>.

<sup>193</sup> Ciurczak, Ellen. “Hattiesburg Restaurants Allowed to Reopen with Outdoor Dining Only.” Hattiesburg American, May 14, 2020.

<https://www.hattiesburgamerican.com/story/news/local/hattiesburg/2020/05/12/hattiesburg-restaurants-allowed-reopen-outdoor-dining-only/3114300001/>.

<sup>194</sup> “Telephone/Internet Liquor Order & Curbside Delivery.” State of Mississippi Department of Revenue, March 17, 2020. <https://www.dor.ms.gov/abc/telephoneinternet-liquor-order-curbside-delivery>.

<sup>195</sup> “Restaurant Doggie Bag Wine Sales Allowed.” State of Mississippi Department of Revenue, March 19, 2020. <https://www.dor.ms.gov/abc/restaurant-doggie-bag-wine-sales-allowed-abc>.

<sup>196</sup> “Leisure and Recreation District (LRD).” State of Mississippi Department of Revenue, April 7, 2020. <https://www.dor.ms.gov/abc/LRD-ABC>.

<sup>197</sup> Estes, Hunter. “In Mississippi, Prohibition Is Alive and Well.” Mississippi Center for Public Policy, December 5, 2019. <https://mcpolicy.org/in-mississippi-prohibition-is-alive-and-well/>.

<sup>198</sup> Willingham, Leah. “90 Years Later, Prohibition Officially Ending in Mississippi.” The Washington Post: WP Company, July 2, 2020. [https://www.washingtonpost.com/business/90-years-later-prohibition-officially-ending-in-mississippi/2020/07/02/19f02478-bcbo-11ea-97c1-6cf116ffe26c\\_story.html](https://www.washingtonpost.com/business/90-years-later-prohibition-officially-ending-in-mississippi/2020/07/02/19f02478-bcbo-11ea-97c1-6cf116ffe26c_story.html).


<sup>199</sup> “Alcohol Technology in the World of Tomorrow: Mississippi.” National Alcohol Beverage Control Association, February 2019. <https://www.nabca.org/sites/default/files/assets/files/Mississippi.pdf.pdf>.

<sup>200</sup> “Beer, Alcohol, and Tobacco FAQs.” State of Mississippi Department of Revenue. <https://www.dor.ms.gov/abc/tobacco-beer-and-alcohol-faqs>.

<sup>201</sup> “Alcohol Technology in the World of Tomorrow: Mississippi.” National Alcohol Beverage Control Association, February 2019. <https://www.nabca.org/sites/default/files/assets/files/Mississippi.pdf.pdf>.


local authority regarding sales in place.<sup>202</sup> Mississippi is the only state that does not prohibit the possession or consumption of open containers of alcohol in a motor vehicle.<sup>203</sup> Public consumption of alcohol is permitted in Mississippi as long as the public does not engage in behaviors described in § 97-29-47, which regulates profanity or drunkenness in public places.

## Healthcare



⇒ Before the pandemic, Mississippi joined multi-state agreements recognizing out-of-state nursing licenses and expediting licensing for out-of-state physicians.

⇒ Out-of-state providers were temporarily allowed to provide telehealth services.



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Deaths Due to COVID-19 per 100,000 Population as of September 2022	433
State Rank, Deaths Due to COVID-19 per 100,000 Population as of September 2022	51
Medicaid Expansion	No
Increase in Medicaid Enrollment During the Pandemic	737,842 (↑ 20%)
Positions in Healthcare and Social Work as a Percentage of All Jobs by State, 2020	10.2%

Mississippi is among the 12 states that did not opt into the Affordable Care Act's (ACA) Medicaid expansion provision. Nonetheless, between February 2020 and April 2022, enrollment increased by 20 percent to 738,000 residents.

### Professional licensing

Before the pandemic, Mississippi joined multi-state agreements recognizing out-of-state nursing licenses and expediting licensing for out-of-state physicians. The Interstate Medical Licensure Compact (IMLC) offers physicians an expedited pathway to becoming licensed in multiple states. Mississippi joined in 2016. Since 2018, Mississippi has participated in the Enhanced Nursing Licensure Compact (eNLC), an agreement among 39 states to recognize licenses issued by each other.

<sup>202</sup> Estes, Hunter. "Chipping Away at Mississippi Prohibition." Mississippi Center for Public Policy, July 6, 2020. <https://mspolicy.org/chipping-away-at-mississippi-prohibition-2/>.

<sup>203</sup> Morton, Heather. "Open Container and Consumption Statutes." National Conference of State Legislatures, June 9, 2021. <https://www.ncsl.org/research/financial-services-and-commerce/open-container-and-consumption-statutes.aspx>.

## Telehealth

By proclamation dated March 15, 2020, and amended March 24, 2020, the Mississippi State Board of Medical Licensure encouraged all physicians to utilize telehealth to avoid unnecessary patient travel.<sup>204</sup> During the public health emergency, out-of-state physicians could treat existing patients by telehealth, provided they were licensed in good standing in another state. Physicians licensed in Mississippi were allowed to see new patients by telehealth. The state stopped authorizing out-of-state doctors for telehealth, per a proclamation dated October 2020.<sup>205</sup>

## Summary

Mississippi had already created separate online portals for business start-up processes when the pandemic started. The state temporarily allowed restaurants to sell alcohol with pick-up and delivery food orders. Before the pandemic, Mississippi had permanently lowered barriers for out-of-state healthcare providers. Out-of-state providers were temporarily permitted to provide telehealth services.

## 4.8 New Hampshire

As of September 2022, an estimated 2,692 New Hampshire residents had died of COVID. With 198 deaths per 100,000 population, New Hampshire had the 8<sup>th</sup> lowest death rate among all 50 states. The vaccination rate was 73 percent. The State of Emergency ended in June 2021.<sup>206</sup>



	Political Orientation	State Leadership	R*
	Geography	Census Region	Northeast
		Total Area (square miles)	9,349
	Population and Population Density	Percent Urban 2010	60.3
		Population 2019 (millions)	1.4

\*Republican governor and both chambers majority Republican

<sup>204</sup> Cleveland, M.D., Kenneth. "Proclamation." Mississippi State Board of Medical Licensure, March 15, 2020. <https://s3.documentcloud.org/documents/6824294/COVID-19-MSBML-Proclamation.pdf>.

<sup>205</sup> Cleveland, M.D., Kenneth. "Proclamation." Mississippi State Board of Medical Licensure, March 15, 2020. <https://s3.documentcloud.org/documents/6824294/COVID-19-MSBML-Proclamation.pdf>.

<sup>206</sup> Sources for all data presented in this section appear in Appendix C.

## Business Start-ups

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- ⇒ New Hampshire provides business start-up information and submission portals on separate agency web pages.
  - ⇒ Regulatory agencies issue industry-specific licenses. Some localities require licenses or permits.
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Monthly business formations pre-pandemic (February 2020)	913
Peak monthly business formations during the pandemic	July 2022 1,270 (↑ 39%)
Single proprietorships as a percentage of all business establishments	73.8

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The New Hampshire Secretary of State launched NH QuickStart (<https://quickstart.sos.nh.gov>) in 2014. Users create an online account, allowing them to track and receive real-time status updates throughout the review process.<sup>207</sup> Initially, the site only handled business registrations for corporations, LLCs, and trade names. The system now takes required document submissions and allows users to order certificates of good standing. QuickStart replaced a manual, paper-based system that required payment by cash or check.

The state has separate online business portals to complete business start-up requirements. The Department of Revenue Administration has separate licensing and permitting for meals and rooms (rentals), tobacco sales, and communications services. Some municipalities have additional permit requirements. Users must contact regulatory agencies and undergo separate approval processes to meet industry-specific requirements. The state does not have a general business license.

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<sup>207</sup> Palmero, Sarah. "State Offers New Online Business Registrations." Concord Monitor, October 27, 2014. <https://www.concordmonitor.com/Archive/2014/10/BizBrief-cmbiz-102714>.

## Restaurants

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- ⇒ S.B. 155-FN allowed restaurants to use nearby spaces, including streets or sidewalks, for locally-approved outdoor dining.
  - ⇒ S.B. 155-FN also allowed the extension of alcohol licenses for locally-approved outdoor dining.
  - ⇒ S.B. 66 authorized restaurants to sell alcohol with a delivery or pick-up food order.
- 

Positions in Food Services and Drinking Places as a Percentage of All Jobs by State, 2020	5.3%
Meals Tax	State
Total Net State and Local Alcohol Revenue 2020 (\$ millions)	\$152.8
Net State and Local Alcohol Revenue Per Population Age 21 or Older, 2020	\$71.37
Alcohol Sale, Production, and Distribution Controlled by the State or Licensed to the Private Sector	Controlled

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### Outdoor dining

The State of New Hampshire made several accommodations for outdoor dining and related sale of alcohol. In May 2020, Emergency Order 40 allowed restaurants to add outdoor operations. It listed “parking spaces close to entrances, sidewalks, existing patios, [and] lawn areas” as potential seating areas. The proprietors were required to seek local approval to use streets and sidewalks. S.B. 155 (March 2021) codified outdoor dining and allowed restaurants to request a license extension to include locally-approved outdoor dining areas. Additionally, in the 2022 session, the state also approved S.B. 17, allowing dogs in outdoor dining areas.



### Alcohol sales

By Emergency Order 6 (March 2020), Governor Chris Sununu permitted restaurants, diners, bars, saloons, private clubs, and any other establishment with both a restaurant license and an on-premises license to sell beer and wine for takeout or delivery. Before the pandemic, state statute (N.H. Rev. Stat. § 179:15) allowed grocery stores and convenience stores to deliver alcohol; the only change was to extend the authority to on-premises licenses. Beginning in July 2021, S.B. 66 permanently authorized on-premises establishments to acquire a license to sell wine and beer with a delivery or pick-up food order.

With no sales or income tax, New Hampshire relies heavily on NHLC to deliver critical revenues to the state. New Hampshire is an alcohol control state, meaning that the New Hampshire Liquor Commission (NHLC) controls the wholesale and retail distribution of spirits and wine. The state

operates 77 liquor and wine outlets and three agency stores selling spirits and wine.<sup>208</sup> As of August 2022, more than 6000 entities held a license to sell alcohol or tobacco in the state. About one-quarter of these licensees were restaurants.<sup>209</sup>

## Healthcare

	⇒ Before the pandemic, New Hampshire joined multi-state agreements recognizing out-of-state nursing licenses and expediting licensing for out-of-state physicians.	
	⇒ Out-of-state providers were temporarily allowed to provide telehealth services.	
Deaths Due to COVID-19 per 100,000 Population as of September 2022		198
State Rank, Deaths Due to COVID-19 per 100,000 Population as of September 2022		8
Medicaid Expansion		Yes
Increase in Medicaid Enrollment During the Pandemic		58,117 (↑ 32%)
Positions in Healthcare and Social Work as a Percentage of All Jobs by State, 2020		12%

New Hampshire is among the 38 states (and the District of Columbia) opting into the Affordable Care Act's (ACA) Medicaid expansion provision. Between February 2020 and April 2022, enrollment increased by 32 percent to 239,843 residents.

### Professional licensing

Before the pandemic, New Hampshire joined multi-state agreements recognizing out-of-state nursing licenses and expediting licensing for out-of-state physicians. Since 2018, New Hampshire has participated in the Enhanced Nursing Licensure Compact (eNLC), an agreement among 39 states to recognize licenses issued by each other. The Interstate Medical Licensure Compact (IMLC) offers physicians an expedited pathway to becoming licensed in multiple states. New Hampshire joined in 2016. Emergency Order 15 (March 2020) authorized temporary licenses for out-of-state and previously licensed in-state professionals (having held a license within the previous three years).

<sup>208</sup> "Alcohol Technology in the World of Tomorrow: New Hampshire." National Alcohol Beverage Control Association, October 2019. [https://www.nabca.org/sites/default/files/assets/files/NH\\_Final\\_12\\_19.pdf](https://www.nabca.org/sites/default/files/assets/files/NH_Final_12_19.pdf)

<sup>209</sup> "Monthly Report August 2022." New Hampshire State Liquor Control, Division of Enforcement and Licensing, August 2022. <https://www.nh.gov/liquor/enforcement/documents-reports/documents/monthly-activity-202208.pdf>



## Telehealth

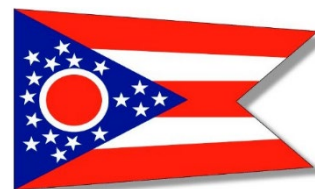
Emergency Order 15 also temporarily allowed in-state and out-of-state medical providers to perform telehealth services. S.B. 277 (June 2022) extended temporary healthcare licenses issued between March 2020 and January 2022 through June 2023.


## Summary

New Hampshire had already created separate online portals for business start-up processes when the pandemic started. The state expanded the use of public space and authorized drinks to go. Before the pandemic, New Hampshire permanently lowered barriers for out-of-state professionals. Out-of-state providers were temporarily allowed to provide telehealth services.

## 4.9 Ohio

As of September 2022, an estimated 39,767 Ohio residents had died of COVID. With 340 deaths per 100,000 population, Ohio's death rate is ranked 29<sup>th</sup> among all 50 states. The vaccination rate was 59 percent. The State of Emergency ended in June 2021.<sup>210</sup>



	Political Orientation	State Leadership	R*
	Geography	Census Region	Midwest
		Total Area (square miles)	44,826
	Population and Population Density	Percent Urban 2010	77.9
		Population 2019 (millions)	11.7

\*Republican governor and both chambers majority Republican

## Business Start-up



- ⇒ The Ohio Business Central and the Ohio Business Gateway portals allow online submission of information required for business start-ups.
- ⇒ Information on many industry-specific licensing requirements is centralized and searchable. Some localities have a general business license requirement.

Monthly business formations pre-pandemic (February 2020)	8,306
Peak monthly business formations during the pandemic	July 2020 17,044 (↑ 105%)
Single proprietorships as a percentage of all business establishments	76.5

<sup>210</sup> Sources for all data presented in this section appear in Appendix C.

A prospective business owner in Ohio can complete most of the start-up process through two online portals. Launched in 2013,<sup>211</sup> the Ohio Business Central (<http://ohiobusinesscentral.gov/>) is an online portal to submit information and completed pdf forms required by the Secretary of State. The Ohio Business Gateway (<https://gateway.ohio.gov/>) allows users to register, file, and pay online many types of taxes and other transactions required by the Department of Taxation. The Ohio Business Gateway is a collaborative effort of state and local government agencies, including Deferred Compensation, Commerce, Taxation, Development, Budget and Management, Job and Family Services, and Opportunities for Ohioans with Disabilities. By sharing entered data, the site saves users time, reduces opportunities for error, and reduces state agencies' processing and administrative costs. It was launched in 2002.<sup>212</sup>

A summary of the business start-up process is available through the state Small Business Development Center (SBDC). Among other resources available through the SBDC's "1st Stop Business Connection" are industry- and activity-specific checklists. A similar set of checklists is available through the official state website. Ohio does not have a general business license, but some localities do. The eLicense Ohio site manages many licenses.

## Restaurants



⇒ S.B. 102 allows the extension of alcohol licenses to cover temporary outdoor dining through December 2023.



⇒ H.B. 669 codified an executive order allowing sale with a pick-up or delivery food order.

Positions in Food Services and Drinking Places as a Percentage of All Jobs by State, 2020	6.0%
Meals Tax	No
Total Net State and Local Alcohol Revenue 2020 (\$ millions)	\$163.7
Net State and Local Alcohol Revenue Per Population Age 21 or Older, 2020	\$26.07
Alcohol Sale, Production, and Distribution Controlled by the State or Licensed to the Private Sector	Controlled

## Outdoor dining

Effective October 2020, H.B. 669 temporarily allowed restaurants serving alcohol associated with outdoor dining to request a license extension from the Department of Liquor Control through

<sup>211</sup> "Ohio Business Central Services Expanding." Fort Collins Coloradoan, March 8, 2014. <https://www.coloradoan.com/story/news/2014/03/08/ohio-business-central-services-expanding/6209553/>.

<sup>212</sup> "Year in Review." Ohio Department of Taxation, July 2022. [https://tax.ohio.gov/static/communications/publications/annual\\_reports/2002\\_annual\\_report/8\\_year\\_in\\_review.pdf](https://tax.ohio.gov/static/communications/publications/annual_reports/2002_annual_report/8_year_in_review.pdf).

December 2022. During the 2022 legislative session, S.B. 102 was passed, moving the expiration date to December 2023.

### Alcohol sales

By Executive Order 2020-10D (April 2020), Governor Mike DeWine temporarily authorized alcohol sales with a pick-up or delivery food order. Executive Order 2020-30D temporarily increased the amount of alcohol that could be sold. In October 2020, H.B. 669 was signed into law, establishing alcohol to-go as a permanent law in Ohio.

## Healthcare



⇒ During the pandemic, Ohio joined multi-state agreements recognizing out-of-state nursing licenses and expediting licensing for out-of-state physicians.



⇒ Out-of-state providers were temporarily allowed to provide telehealth services.

Deaths Due to COVID-19 per 100,000 Population as of September 2022	340
State Rank, Deaths Due to COVID-19 per 100,000 Population as of September 2022	29
Medicaid Expansion	Yes
Increase in Medicaid Enrollment During the Pandemic	633,271 (↑ 24%)
Positions in Healthcare and Social Work as a Percentage of All Jobs by State, 2020	13.1%

Ohio is among the 38 states (and the District of Columbia) opting into the Affordable Care Act's (ACA) Medicaid expansion provision. Between February 2020 and April 2022, enrollment increased 24 percent to 3.2 million residents.

### Professional licensing

During the pandemic, Ohio joined multi-state agreements recognizing out-of-state nursing licenses and expediting licensing for out-of-state physicians. The Interstate Medical Licensure Compact (IMLC) offers physicians an expedited pathway to becoming licensed in multiple states. Ohio joined in 2021. Beginning in 2023, Ohio will join the Enhanced Nursing Licensure Compact (eNLC), an agreement currently among 39 states to recognize licenses issued by each other.

### Telehealth

By Executive Order 2020-01D (March 2020), the governor declared a state of emergency. This order authorized state agencies to develop and implement procedures to manage the state's

response. The State Medical Board of Ohio created emergency licensing for out-of-state doctors to practice temporarily in person or through telehealth. Effective March 2022, H.B. 122 permanently expanded access to telehealth services but did not authorize out-of-state providers.

## Summary

Ohio had already created separate online portals for business start-up processes when the pandemic started. The state will continue to allow alcohol license extensions to cover outdoor dining through December 2023. Drinks to go was adopted into law. Before the pandemic, Ohio had permanently lowered barriers for out-of-state healthcare providers. Out-of-state providers were allowed to provide telehealth services temporarily.

### 4.10 Oregon

As of September 2022, an estimated 8,520 Oregon residents had died of COVID. With 202 deaths per 100,000 population, Oregon had the 9<sup>th</sup> lowest death rate among all 50 states. The vaccination rate was 71 percent. The State of Emergency ended in April 2022.<sup>213</sup>



	Political Orientation	State Leadership	D*
	Geography	Census Region	West
		Total Area (square miles)	98,379
	Population and Population Density	Percent Urban 2010	81.0
		Population 2019 (millions)	4.2

\*Democratic governor and both chambers majority Democratic

### Business Start-up



- ⇒ Oregon developed an online business portal, Business Xpress, in response to 2011 legislation. A single portal provides access to multiple state agencies.
- ⇒ Regulatory agencies issue industry-specific licenses. Some localities require additional licenses or permits.

Monthly business formations pre-pandemic (February 2020)	3,117
Peak monthly business formations during the pandemic	January 2021 4,441 (↑ 42%)
Single proprietorships as a percentage of all business establishments	72.1%

<sup>213</sup> Sources for all data presented in this section appear in Appendix C.

By state statute, online portals allow business start-up requirements to be met online. ORS 56.180 requires the Secretary of State to operate a “one-stop shop for business.” The Oregon Business Xpress online portal provides information “with respect to the business registration requirements of participating state agencies [to] be made available to persons undertaking a new business or operating an existing business.” Further, the statute directs all agencies of state and local government “that have functions related to business registration, licensing, permitting or taxation or that otherwise can provide information for or assist with establishing, expanding, operating or relocating a business are directed to cooperate with and assist the center in performing the center’s duties.” Participating state agencies include the Departments of Employment, Revenue, Consumer and Business Services, Administrative Services, Agriculture, and Transportation, as well as Business Oregon and the Bureau of Labor & Industries.

BusinesXpress includes a comprehensive database of information and contacts to apply for or renew a state, city, or county license; the license directory is also required by statute (ORS 56.185) to be “a searchable, statewide database containing information regarding licenses, permits and registrations for which fees and fee-related regulations are imposed on small businesses by local agencies and state agencies in Oregon.” The Secretary of State must also report annually on processing time and the number of active licenses, permits, and registrations.

## Restaurants



- ⇒ The state permanently allowed the extension of restaurants’ alcohol licenses to include temporary outdoor dining.
- ⇒ Senate Bill 317 permanently allows restaurants to sell alcohol with a curbside, takeout, or delivery food order.

Positions in Food Services and Drinking Places as a Percentage of All Jobs by State, 2020	5.5%
Meals Tax	Local
Total Net State and Local Alcohol Revenue 2020 (\$ millions)	\$251.0
Net State and Local Alcohol Revenue Per Population Age 21 or Older, 2020	\$77.70
Alcohol Sale, Production, and Distribution Controlled by the State or Licensed to the Private Sector	Controlled

## Outdoor dining


State agencies were given wide latitude to take any actions authorized under state code when Oregon Governor Kate Brown issued Executive Order 20-07 (March 2020), declaring an emergency. ORS 401.168(2) provides that “During a state of emergency, the Governor has authority to suspend provisions of any order or rule of any state agency, if the Governor determines and declares that strict compliance with the provisions of the order or rule would in any way prevent, hinder or delay mitigation of the effects of the emergency.” In response, the

Oregon Liquor and Cannabis Commission (OLCC) amended rules 845-005-0329 and 845-005-0331 temporarily (July 2020) and then permanently (January 2021) to automatically extend licenses to include temporary outdoor dining areas.


## Alcohol sales

Executive Order 20-07 also automatically allowed alcohol sale for off-premises consumption. S.B. 317 (June 2021) permanently authorized the sale of cocktails (defined as drinks containing distilled liquor) and single servings of wine with a curbside, takeout, or delivery food order.<sup>214</sup>

## Healthcare



- ⇒ Oregon has not joined multi-state agreements recognizing out-of-state nursing licenses and expediting licensing for out-of-state physicians.
- ⇒ Out-of-state providers may apply for a license to provide telehealth services.



Deaths Due to COVID-19 per 100,000 Population as of September 2022	202
State Rank, Deaths Due to COVID-19 per 100,000 Population as of September 2022	9
Medicaid Expansion	Yes
Increase in Medicaid Enrollment During the Pandemic	295,129 (↑ 29%)
Positions in Healthcare and Social Work as a Percentage of All Jobs by State, 2020	12.5%

Oregon is among the 38 states (and the District of Columbia) opting into the Affordable Care Act's (ACA) Medicaid expansion provision. Between February 2020 and April 2022, enrollment increased by 29 percent to 1.3 million residents.

## Professional licensing

Oregon does not participate in multi-state agreements recognizing out-of-state nursing licenses and expediting licensing for out-of-state physicians. However, state law allows out-of-state healthcare providers to register as emergency healthcare providers. The Department of Human Services is also authorized to enter into agreements with other states to register out-of-state

<sup>214</sup> "Full On-Premises Licensees Mixed Drinks and Wine To-Go." Oregon Liquor Control Commission, July 2021. <https://www.oregon.gov/olcc/Docs/DTG/Drinks-to-Go-Fact-Sheet.pdf>.

healthcare providers.<sup>215</sup> The state created a process to temporarily allow inactive or retired healthcare providers to resume practice in the state.<sup>216</sup>

## Telehealth

The Oregon Board of Medicine allowed physicians with an active license to offer telehealth services. Out-of-state licensed providers could apply for a telehealth license.<sup>217</sup>

## Summary

Oregon had already created a comprehensive online business permitting portal when the pandemic started. By law, the state now allows alcohol license extensions to cover outdoor dining and drinks to go. Oregon does not participate in interstate agreements to lower the barrier for out-of-state general healthcare providers. The state created a streamlined process to allow inactive providers to resume practice. Out-of-state licensed providers may apply for a telehealth license.

### 4.11 Virginia

As of September 2022, an estimated 21,769 Virginia residents had died of COVID. With 255 deaths per 100,000 population, Virginia had the 16<sup>th</sup> lowest death rate among all 50 states. The vaccination rate was 75 percent. The State of Emergency ended in June 2021.<sup>218</sup>



	Political Orientation	State Leadership	D-gov*
	Geography	Census Region	South
		Total Area (square miles)	42,775
	Population and Population Density	Percent Urban 2010	75.5
		Population 2019 (millions)	8.6

\*Democratic governor and one or both chambers majority Republican. In January 2022, a Republican governor took office. One chamber is majority Republican, and the other is majority Democratic.

<sup>215</sup> "Sb8 2009 Regular Session Overview." Oregon Legislative Information System, 2009. <https://olis.oregonlegislature.gov/liz/2009R1/Measures/Overview/SB8>.

<sup>216</sup> FSMB, 2022.

<sup>217</sup> FSMB, 2022.

<sup>218</sup> Sources for all data presented in this section appear in Appendix C.

## ***Business Start-ups***

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⇒ Virginia provides business start-up information and submission portals on separate agency web pages.

⇒ The state does not have a general business license requirement. Regulatory agencies issue industry-specific licenses. Some localities require a general business license.

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Monthly business formations pre-pandemic (February 2020)	7,137
Peak monthly business formations during the pandemic	July 2020 12,724 (↑ 78%)
Single proprietorships as a percentage of all business establishments	76%

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The State Corporation Commission (SCC) manages business registration. Online filing is available for most business types. The SCC directs users to the Commissioners of the Revenue of Virginia Association for more information. A spot check in October 2022 found many links to local agencies inoperative.

Businesses also register with the Virginia Department of Taxation. A general checklist enumerates the requirements. Users can complete registration online or submit a completed pdf by mail or fax.

Virginia does not have a general business license, but some localities do. Business owners must contact regulatory agencies separately to determine industry-specific licensing requirements.



## Restaurants



- ⇒ S.B. 254 allows the extension of alcohol licenses to cover temporary outdoor dining through July 2024.
- ⇒ S.B. 254 allows restaurants to temporarily sell alcohol with a pick-up or delivery food order through July 2024.



Positions in Food Services and Drinking Places as a Percentage of All Jobs by State, 2020	5.3%
Meals Tax	Local
Total Net State and Local Alcohol Revenue 2020 (\$ millions)	\$478.3
Net State and Local Alcohol Revenue Per Population Age 21 or Older, 2020	\$452.08
Alcohol Sale, Production, and Distribution Controlled by the State or Licensed to the Private Sector	Controlled

## Outdoor Dining

State agencies were given wide latitude to “waive any state requirement or regulation, and enter into contracts without regard to normal procedures or formalities, and without regard to application or permit fees or royalties” when Governor Ralph Northam issued Executive Order 51 (March 2020), declaring an emergency. Executive Order 61 (May 2020) allowed restaurants to offer temporary outdoor dining during the emergency. The Virginia Alcoholic Beverage Control Authority (VABC) created an expedited process to extend restaurants’ licenses to cover temporary outdoor dining.<sup>219</sup>

When the emergency expired in June 2021,<sup>220</sup> the VABC declared that extensions previously approved for temporary outdoor dining would remain in effect, and new applications would be accepted. A revised, streamlined process added conditions, including a requirement to document the locality’s approval as part of its request.<sup>221</sup> S.B. 254 (April 2022) declared outdoor dining areas automatically covered by a restaurant’s license. This legislation is in effect through July

<sup>219</sup> “Bureau of Law Enforcement Updates.” Licensee Resources. Virginia Alcoholic Beverage Control Authority. <https://web.archive.org/web/20200522021022/https://www.abc.virginia.gov/covid-19/licensee-resources>.

<sup>220</sup> Jenkins, Sierra. “Virginia’s COVID-19 State of Emergency Has Expired. What Does It Mean?” The Virginia Pilot, July 1, 2021. <https://www.pilotonline.com/coronavirus/vp-nw-virginia-state-of-emergency-ends-20210629-k53zk7ec2vcnvgucfhf5uyfvza-story.html>.

<sup>221</sup> Hill, Travis. “Letter to All Retail Licensees with Dining Facilities - Circular Letter 21-02: Approval of Outdoor Dining Areas.” Virginia Alcoholic Beverage Control Authority, May 13, 2020. [https://townhall.virginia.gov/L/GetFile.cfm?File=C:%5CTownHall%5Cdocrroot%5CGuidanceDocs%5C999%5CGDoc\\_ABC\\_7043\\_v1.pdf](https://townhall.virginia.gov/L/GetFile.cfm?File=C:%5CTownHall%5Cdocrroot%5CGuidanceDocs%5C999%5CGDoc_ABC_7043_v1.pdf).

2024. Arlington<sup>222</sup> and Fairfax Counties<sup>223</sup> are among the jurisdictions studying revisions to local land use regulations that would reduce obstacles to permanent outdoor dining.

## Alcohol sales

In response to the March 2020 emergency declaration, the VABC also allowed restaurants to sell beer and wine by pick-up or delivery. Third parties could deliver the alcohol under contract with the licensee.<sup>224</sup> S.B. 254 codified permission through July 2024. The legislation requires the VABC to report on the new licenses and alcohol sales by November 2023 to allow the legislature to assess the efficacy of S.B. 254.

## Healthcare



- ⇒ Before the pandemic, Virginia joined multi-state agreements recognizing out-of-state nursing licenses and expediting licensing for out-of-state physicians.
- ⇒ Virginia temporarily allowed out-of-state doctors to provide telehealth services.

Deaths Due to COVID-19 per 100,000 Population as of September 2022	255
State Rank, Deaths Due to COVID-19 per 100,000 Population as of September 2022	16
Medicaid Expansion	Yes
Increase in Medicaid Enrollment During the Pandemic	477,004 (↑ 33%)
Positions in Healthcare and Social Work as a Percentage of All Jobs by State, 2020	9.9%

Virginia is among the 38 states (and the District of Columbia) opting into the Affordable Care Act's (ACA) Medicaid expansion provision. Between February 2020 and April 2022, enrollment increased by 33 percent to 1.9 million residents.

<sup>222</sup> Bozman, Ellen. "Future of Outdoor Dining (FOOD) Study." Arlington County Virginia Government. <https://www.arlingtonva.us/Government/Programs/Building/FOOD-Study>.

<sup>223</sup> Constantino, Abigail. "Fairfax Co. Leaders Support Keeping Pandemic-Era Outdoor Dining." WTOP News, October 12, 2022. <https://wtop.com/fairfax-county/2022/10/fairfax-co-leaders-support-keeping-pandemic-era-outdoor-dining/>.

<sup>224</sup> Thornberg, Taylor. "ABC Adjusts Licensing Regulations." Virginia ABC, March 20, 2020. <https://www.abc.virginia.gov/about/media-room/2020/03202020-abc-adjusts-licensing-regulations>.

## Professional licensing

Before the pandemic, Virginia joined a multi-state agreement recognizing out-of-state nursing licenses. Since 2018, Virginia has participated in the Enhanced Nursing Licensure Compact (eNLC), an agreement among 39 states to recognize licenses issued by each other. The state created a temporary process to allow inactive or retired healthcare providers to resume practice. The arrangement expired on June 30, 2021.<sup>225</sup> In March 2021, the state permanently gave the State Corporation Commission broad authority to take necessary steps to ensure enough licensed healthcare providers in the state during an emergency.<sup>226</sup>

## Telehealth

In April 2020, Governor Northam signed Executive Order 20-57, temporarily allowing healthcare practitioners with out-of-state licenses to continue caring for their current Virginia patients via telehealth. In addition, H.B. 5046/5080 (November 220) temporarily amended the telehealth laws to eliminate originating site restrictions and the requirement that a healthcare provider must be present with a patient during a telehealth session.<sup>227</sup> Both H.B. 5046/5080 and Executive Order 20-57 expired on July 1, 2021, at the end of the COVID-19 Public Health Emergency.

## Summary

Virginia had already established online submission of required business start-up forms when the pandemic started. The state will continue to allow alcohol license extensions to cover outdoor dining and drinks to go through July 2024. Before the pandemic, Virginia had permanently lowered barriers for out-of-state healthcare providers. Out-of-state providers were allowed to provide telehealth services temporarily.

## 4.12 Summary of Selected States' Regulatory Compliance Process Adaptations

The pandemic was disruptive in myriad ways. Stay-at-home orders, distancing requirements, and capacity limits temporarily stopped business as usual. All sectors of society temporarily had to stop activities or find a new way to engage in them. State officials made various decisions about how to carry on, frequently adjusting the balance between public health needs and economic concerns. Multiple forces simultaneously pushed states to adapt compliance processes and many other aspects of their operations.

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<sup>225</sup> "Covid-19 Reactivation/Reinstatement Application" Virginia Department of Health Professions: Board of Medicine News, July 1, 2021.  
<https://web.archive.org/web/20220309023732/https://www.dhp.virginia.gov/Boards/Medicine/AbouttheBoard/News/COVID19/Content-343145-en.html>.

<sup>226</sup> "S 1255 2020 VA" State Net Bill Resource, March 18, 2021.  
[https://custom.statenet.com/public/resources.cgi?id=ID%3Abill%3AVA2020000S1255&ciq=ncsl&client\\_md=f69bob5f2ab277d48d1c7cdf1acf4024&mode=current\\_text](https://custom.statenet.com/public/resources.cgi?id=ID%3Abill%3AVA2020000S1255&ciq=ncsl&client_md=f69bob5f2ab277d48d1c7cdf1acf4024&mode=current_text).

<sup>227</sup> Wicklund, Eric. "Virginia Expands Telehealth Coverage During COVID-19 Emergency." MHealthIntelligence: Tech Target, November 24, 2020.  
<https://www.mhealthintelligence.com/news/virginia-expands-telehealth-coverage-during-covid-19-emergency>.

State and local governments directly assisted people and businesses through loans, grants, eviction moratoria, deferred payments, and postponed deadlines during the pandemic. They did not focus on adapting regulatory compliance. Nonetheless, the disruption of the pandemic created a window for small innovations. States may have eventually enacted the adaptations. Other adaptations, coupled with relief measures, temporarily lowered standards. States must now consider which changes should be kept, further revised, or discarded.

An important if expected observation is that not enough time has passed to be available to measure impact meaningfully. For example, it is too soon to tell if the “lifelines” of off-premises alcohol sales and outdoor dining allowed restaurants to survive past the pandemic or only delay an inevitable end. Changes in health outcomes related to telehealth access may be measurable only after a lag of several years.

## ***Process***

- Each of the 10 states took actions related to business permitting, restaurants, or healthcare licensing during the pandemic.
- The scope of the emergency effectively delimited the scope of the response. Emergency declarations in each state gave governors extraordinary jurisdiction to make or suspend rules as necessary to respond to the pandemic. These declarations did not give governors carte blanche to tackle unrelated issues. Nonetheless, experimentation opened the door to process improvements that some states have kept as the emergency has receded.
- Innovations were top-down in the sense that they were authorized by governors acting with extraordinary jurisdiction. In many cases, executive orders established the policy change (such as regulatory relief), leaving the process changes to the executive agencies. In 3 of the 10 states studied—Mississippi, Oregon, and Virginia—the governor also gave wide latitude to executive agencies to enact temporary policy changes to support the well-being of the people and organizations in the state.

## ***Business start-ups***

All 10 states provide information and allow some online filing and data entry as part of the business start-up process, but capabilities and user-friendliness vary greatly. Figure 2 categorizes states’ investments in online business portals by the observed level of integration. The distinction is whether a single portal combines the registration and tax enrollment processes.

- Virginia and Illinois have the least integrated information for business start-ups. Virginia agencies do not highlight business start-up requirements, and the state does not provide detailed guidance. Arizona agencies’ information is also scattered, but the state has a tool allowing the user to create a custom checklist.

*Figure 2. Integrated online business portals in selected states*

Arizona	
Colorado	Yes
Connecticut	
Illinois	
Minnesota	
Mississippi	
New Hampshire	
Ohio	Partial
Oregon	Yes
Virginia	

- Colorado and Oregon have highly integrated online portals, integrating multiple agencies' guidance or requirements. Ohio has two online portals with high levels of functionality.
- Business formations increased substantially during the pandemic, but the ease of navigating state processes appears unrelated.

**Bottom line:** States did not set up online business portals in response to the pandemic, but many continued improving their online business start-up capabilities.

## ***Outdoor dining and alcohol sales***

All 10 states or their localities created streamlined, expedited, or automatic approval for restaurants' expanded economic activity. Although the activities authorized in each state were similar, the regulatory compliance process adaptations varied with the structure of alcohol control and public space jurisdiction in each state. See Figure 3.

- Restaurants in all 10 states were able to extend their alcohol licenses to include outdoor dining areas, but it was not always a matter of state approval.
- Four states—Connecticut, Minnesota, New Hampshire, and Oregon—temporarily or permanently provided for restaurants using state-controlled public spaces, such as sidewalks and roads for outdoor dining. In other states, local governments had the authority to make locally-controlled public areas available.
- The sale of alcohol for off-premises consumption was allowed at least temporarily in all 10 states. Connecticut, Illinois, Minnesota, and Virginia made this permission permanently available to restaurants.

**Bottom line:** States allowed restaurants the flexibility to allow outdoor dining and off-premises alcohol sales. Several made the flexibilities permanent.

*Figure 3. Regulatory relief and compliance process modifications to support restaurants*

	Alcohol permitting for outdoor dining streamlined	Use of public spaces for outdoor dining approval expedited	Restaurants' off-premises alcohol sales approval automatic or expedited
Arizona	Temporary		Yes
Colorado	Local	Temporary	Temporary
Connecticut	Yes	Temporary	Temporary
Illinois	Yes		Temporary
Minnesota	Local	Temporary; ended	Temporary
Mississippi	Local		Temporary
New Hampshire	Yes	Yes	Yes
Ohio	Temporary		Yes
Oregon	Yes		Yes
Virginia	Temporary		Temporary

## ***Licensing flexibility***

Licensing flexibility reduced obstacles for healthcare providers to practice temporarily across state lines or reinstate their inactive licenses. Some states had already created legal structures to recognize licenses issued out of state. The three main legal structures are the Uniform Emergency

Volunteer Health Practitioners Act (UEVHPA), Enhanced Nursing Licensure Compact (eNLC), and the Interstate Medical Licensure Compact (IMLC). The UEVHPA permits registered professionals to provide services in a state with an emergency declaration in place without also seeking a license in the state. States participating in the eNLC recognize licenses issued by each other. The IMLC offers an expedited pathway for physicians to become licensed in multiple states. See Figure 4.

- Nine of the ten states had joined an interstate agreement before the start of the pandemic. Ohio is joining the eNLC effective January 1, 2023. Arizona adopted universal reciprocity for many licensed professions, including healthcare.
- Six selected states streamlined the process of reinstating inactive licenses.
- Most states allowed out-of-state healthcare providers to offer telehealth or in-person services, but many of those arrangements have been rolled back.

*Figure 4. Measures to recognize healthcare provider licenses*

	<b>Automatic recognition of out-of-state licenses</b>	<b>Streamlined process to reinstate expired licenses</b>	<b>Expedited licensing for out-of-state physicians through the IMLC</b>
Arizona	eNLC; universal reciprocity		Yes
Colorado	UEVHPA; eNLC	Yes	Yes
Connecticut	Temporary		Yes (effective October 1, 2022)
Illinois	UEVHPA	Temporary	Yes
Minnesota			Yes
Mississippi	eNLC		Yes
New Hampshire	eNLC	Yes	Yes
Ohio	eNLC (effective January 1, 2023)	Yes	Yes
Oregon	UEVHPA		
Virginia	eNLC	Yes	

*Source: ENLC; IMLCC; UEVHPA*

## ***Telehealth***

All 10 states added some flexibility for telehealth, and most have rolled those flexibilities back. State medical boards typically make some provision for out-of-state practitioners to get a license, and those provisions remain. See Figure 5.

*Figure 5. Expanded access to telehealth in selected states*

Arizona	Temporary
Colorado	Yes
Connecticut	Temporary
Illinois	Yes
Minnesota	Yes
Mississippi	Temporary
New Hampshire	Temporary
Ohio	Yes
Oregon	Yes
Virginia	Temporary

## Chapter 5. Conclusions and Recommendations

### 5.1 Conclusions and lessons learned

The Covid 19 pandemic significantly disrupted life and business as usual, requiring people, businesses, and governments to make significant operational changes. Some of those changes generated or accelerated innovation. This report leads to numerous conclusions and lessons learned about changes that could improve future state regulatory practices. They also suggest where future research could identify enhanced state regulatory practices.

#### ***States' direct financial assistance to businesses received more attention than regulatory relief and process changes***

Information on regulatory changes was far harder to detect than information about financial flows from the government. Elected officials' web pages, official press releases, and news stories focused on programs providing direct financial assistance, such as cash assistance, emergency loans, and payment deferrals. By contrast, information on regulatory compliance process changes was primarily disseminated to regulated businesses. Finding examples of regulatory changes required reviewing several hundred web pages and news stories rather than standard internet searches. Moreover, information about those changes, such as coverage of regulatory relief and process changes allowing outdoor dining and off-premises alcohol sales, focused more on the effect rather than the mechanisms by which those regulatory changes were made possible.

#### ***Some states were better prepared for the disruption of the pandemic than others***

The pandemic created a specific combination of disruptions. The disease overwhelmed the public health system, creating an urgent need for measures such as stay-at-home orders, indoor capacity limits, and distancing requirements to slow the spread. Restrictions to slow the spread interrupted government operations and economic activity, leading to budget volatility, economic distress, and shortages. As long as indoor, in-person, and site-specific activities were restricted, alternative delivery mechanisms, such as remote, diffuse operations reliant on communications and information technology, were essential. Telephone was adequate for individual transactions, but internet connectivity provided a higher volume and higher quality substitute in most settings. Mail was another alternative where real-time or repeated interaction was necessary, although even mail transactions required government workers to be in the office to process it.

Before the pandemic, some state governments had already created alternatives to in-person, site-specific transactions through online functionality, including regulatory applications, reviews, and compliance assurances. Some invested in or planned for the technology and policies to allow remote operations. But although these preparations eased some aspects of pandemic adaptation, most were not adequate for dealing with crisis and disaster. Also, while the pandemic did not threaten the electrical grid or internet connectivity, the need for remote operations highlighted the broadband gap in many parts of the United States.



## ***Some states showed more openness to new ideas than others***

States' embrace of experimentation varied. For example, 39 states adopted temporary mask mandates. Another 39 states temporarily allowed "drinks to-go." Stay-at-home orders were enacted in 42 states. Thirty-seven states temporarily allowed remote notarization. All states embraced telehealth, but variations abound in licensing, format, payment parity, pre-existing doctor-patient relationships, and many other arrangements.

Some states did not make significant changes to their practices. Several factors may explain state inaction. State officials disagreed on the seriousness of COVID-19 and the need to take action of any kind, whether innovative or not. Differing views on mask requirements, vaccines, school closures, distancing requirements, travel restrictions, capacity limits, and many other policies that limited activity are well documented. State officials may have seen less need to alleviate economic distress in states that did not adopt these restrictions or lifted them quickly. Similarly, states with lower death rates, higher vaccination rates, shorter or fewer periods of high-risk contagion, or other conditions may have seen less need to respond. Lastly, some functions in some states are handled primarily at the local level, and states have little or no authority to act.

States face many obstacles to change, and some are better positioned than others to overcome those obstacles. Some may lack the resources to set up an experiment and engage in remediation if it fails. The complexity of government systems can be another obstacle. For example, a review process may route through several agencies with later stages depending on earlier stages. Adjusting one part of a process could have unintended consequences, and consulting all stakeholders could be time-consuming. Federal rules can deter adaptation, especially if that adaptation requires a waiver. At the same time, streamlined approvals for telehealth-related waivers paved the way for rapid and widespread uptake.

This report did not uncover characteristics that foster experimentation, but existing and forthcoming research offers insight. A forthcoming Columbia Law Review article suggests "coordinated networks of third-party organizations (such as interest groups, activists, and funders) often fuel change. These groups are the real laboratories of democracy today. They perform the lion's share of tasks necessary to enact new policies; they create incentives that motivate elected officials to support their preferred policies; and they mobilize the power of the federal government to change the landscape against which state experimentation occurs."<sup>228</sup> The implication for this report is that policy entrepreneurs may have seen a window of opportunity during the pandemic to advance their causes. States with a strong policy entrepreneur community may have received more input, support, or pressure for change.

A 2012 *State Politics & Policy Quarterly* study assessed several techniques to measure state innovativeness. Although the point was to validate methodologies, it provided insight into state activity. Oregon, Connecticut, Illinois, Minnesota, and Colorado are in the top quartile of innovativeness. Virginia, Ohio, and Arizona are above the median (second quartile). New Hampshire is below the median, and Mississippi has the lowest score among all 50 states. These findings are consistent over time, suggesting that experience or culture may be contributing.

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<sup>228</sup> Tyler, Charles and Gerken, Heather. "The Myth of the Laboratories of Democracy." Columbia Law Review, Forthcoming, August 11, 2022. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3902092](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3902092).

Within regions, states tend to move in tandem, possibly because they see themselves in competition with each other or because they perceive common problems. Finally, the more innovative states tend to have larger populations, higher per capita income, greater urbanization rates, and non-professional legislatures.<sup>229</sup>

### ***Information about the pandemic experience and lessons learned that could improve future practice is already disappearing***

Official acts, press releases, news stories, industry reports, and data tend to remain on the internet indefinitely. State and local governments may have requirements to preserve records. Organizations may keep dated material available to demonstrate their long-term commitment to an issue and depth of institutional knowledge.

However, two types of information are receding less than three years since the beginning of the pandemic. The volume and rapidity of decision making, on top of operational challenges and heightened demand for services, left state officials little capacity to keep records beyond the minimum required. All state officials told the Study Team that the interview (conducted June – September 2022) was the first time they had thought about or reflected on working through the pandemic. Additional documentation and surveys could capture memories of the experiences before they disappear.

Another area of disappearing information relates to shifting guidance. State agencies promulgated executive orders and legislative actions, posting guidance on their websites. It was deleted or revised as necessary to keep current. Unless they were recorded or reflected on quickly, the sequence of activities and any learning process is lost. Regarding temporary changes to alcohol compliance processes, law firms and other third parties representing or supporting the restaurant industry still had some information posted on their websites. Another source for deleted material is the Internet Archive (also known as the “Wayback Machine” at <https://archive.org/>), but the user must know the original URL to use this service.

## **5.2 Recommendations**

During the pandemic, state officials made many decisions about addressing the public health crisis, restoring state operations, navigating substantial revenue and budget volatility, and mitigating economic distress. They made those decisions in the contexts of their histories, institutional arrangements, political cultures, relationships with local governments, authority structure, priorities, and capacities. An adaptation that works in one state might not fit in another, but that does not mean that states cannot learn from each other. On the contrary, the case studies of regulatory compliance process adaptations suggest a framework for improved state decision making.

Decision making during the pandemic was shaped by necessity. States acted quickly when the magnitude of the pandemic became clear, based on officials’ understanding of the situation.

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<sup>229</sup> Boehmke, Frederick J; Skinner, Paul. “State Policy Innovativeness Revisited,” *State Politics & Policy Quarterly*; Springfield Vol. 12, Iss. 3, Sep 2012, pp. 303-329. <https://doi.org/10.1177/1532440012438890>.

Emergency declarations in each state gave governors extraordinary jurisdiction to make or suspend rules as necessary to respond to the emergency. No governor appeared to use or abuse that authority to tackle issues unrelated to the emergency. The opportunity for innovation was, therefore, limited to problematic conditions caused by the pandemic in each state. As conditions eased, so did the need and the authority for emergency provisions. Many of the innovations developed during the pandemic ended as pandemic risks receded. States often decided to continue, modify, or end temporary measures in place without understanding their effect. States now have the opportunity to reflect on lessons learned from the innovations they made to support future decision making. This report also opens the door to a host of other research questions.

### ***Recommendations for state officials***

1. **Conduct after-action reviews on regulatory process changes made during the pandemic or other major events to improve future practice.** Reflect on streamlining review and approval processes. Assess what worked well and what increased risk to regulatory objectives. Did streamlining eliminate extra or duplicate steps? Did it reduce the time needed for review and public comment without losing valuable input? What was the net effect on regulatory effectiveness?
2. **Assess whether regulatory compliance processes streamlining during the pandemic provided a positive return on investment.** Did automating parts of the process reduce staff time, eliminate opportunities for error, provide more raw data useful for analytics to inform priority setting, and find more effective practices?
3. **As part of emergency planning, identify opportunities in advance for process improvements and risk reduction.** Work through scenarios in a “war-gaming” exercise.
4. **Join other states to learn from their experiences making operational changes to regulatory processes.** Information sharing and best-practice benchmarking among states could improve operations across the board.
5. **Build evidence to inform operational decision making, track progress toward regulatory objectives, and monitor risks.** Invest in data collection, analysis, and evaluation capacity as needed to design ways to improve systems, assess if changes worked as hoped, and decide if and what adjustments are required. Review analyses and evaluations and use findings to inform decision making. Seek consensus on regulatory goals and data needed to monitor progress and risks.

### ***Recommendations for additional study***

1. **Document the features and functions of states’ online business portals.** Assess the effects on outcomes, operational quality, public understanding of regulated-party decisions, and trust in government.
  - a. Create a typology of the features and structures of state online business portals to aid analyses to identify the features and structures that work better.
  - b. What evidence do or did state officials use to inform decisions to invest in an online portal? What objectives do they have for the portals?

- c. Do online business portals improve outcomes and operational quality?
    - i. Time for business owners to complete the process
    - ii. Number of business formations
    - iii. Longevity of businesses formed during the pandemic
    - iv. Staff time to manage applications
    - v. Customer satisfaction
    - vi. Equity in formations
    - vii. Progress on regulatory outcome objectives
    - viii. Changes in problems or risks being regulated
  - d. Launch and nurture an opt-in, cross-state network of continuous learning and improvement on innovations in state business regulatory practices. Include regulators, regulated entities, oversight agents, and beneficiary advocates.
2. Pilot state best practices benchmarking and networking for state business regulatory compliance programs, working with 5-10 selected states.
    - a. Assess progress toward achieving regulatory objectives.
    - b. If findings reveal gains, assess the feasibility of a larger, ongoing program.
  3. Document states' decisions regarding telehealth and assess outcomes.
    - a. Create a typology for categorizing decision makers, regulated parties, beneficiaries, and outcomes. Create a typology for the categories of decisions made. Create a means to track the duration of changes.
    - b. What was uptake in each of the categories of the typology?
    - c. What evidence do or did state officials use to inform decisions to expand telehealth?
    - d. Does or did increased access to telehealth improve access to healthcare and other health outcomes?
    - e. Does or did increased access to telehealth hurt health outcomes in any areas?
    - f. How did telehealth affect costs?
  4. Examine the impact of the EPA's temporary COVID enforcement policy on states during the pandemic and assess outcomes.
    - a. What specific enforcement policy flexibilities did the EPA offer to sources during COVID, for example
      - i. Reducing the frequency of inspections?
      - ii. Suspending the collection of otherwise required data?
      - iii. Suspending or delaying the submission of otherwise required monitoring reports?
      - iv. Offering the application of presumptive enforcement discretion for actions that responsible entities would take in the future (sometimes referred to as a "no-action assurance."
    - a. How did EPA headquarters communicate changing policies and their interpretations to regional offices and the states during the pandemic? How successful were those communication efforts? Did regions and states know they received the information? Did they pay attention to it? Did they understand the reason for the changes? Did

- they agree with them? Did they make the changes? Did they track the effects of the changes?
- b. EPA policy explicitly said, "Authorized states or tribes may take a different approach under their own authorities."
    - i. Did states and tribes change their policies to conform to EPA's policy? If so, how many and in what ways? If not, why didn't they make changes?
  - c. Is there evidence that the increased flexibility by either EPA or the states resulted in either
    - i. adverse environmental outcomes, or
    - ii. data gaps or records gaps that made it impossible to determine whether undocumented releases of pollutants into the environment occurred?
5. Document the changed requirements in public meeting venues and assess outcomes.
- a. Identify the states that
    - i. required local governments to provide alternate venues
    - ii. allowed local governments to offer alternate venues or
    - iii. took no action.
  - b. In states where alternate venues were optional, what was the uptake?
  - c. What evidence did state officials use to determine whether to continue policies?
  - d. Does or did increased change in public meeting venues improve participation and other outcomes?
  - e. How does or did increased change in public meeting venues affect the cost?
6. Document the regulatory relief and compliance adaptations to help restaurants.
- a. Create a typology based on the legal structure, ownership types, permission changes, size, location characteristics, and duration.
  - b. What was uptake? How many of those restaurants stayed in business? How many went out of business?
  - c. What evidence did state officials use to decide whether to continue flexibility?
  - d. Did flexibility improve outcomes?
  - e. Did any problems arise, and if so, what, how often, and how big?

# Appendices

## Appendix A: Panel Member and Study Team Biographies

### Panel of Academy Fellows

**Neil Kerwin:** *Chair:* President Emeritus, American University. Former Provost, American University. Former positions with the School of Public Affairs, American University: Dean; Acting Dean; Professor: Assistant Professor; Associate Professor.

**Shelley Metzenbaum:** The BETTER Project. Former President, Senior Fellow, The Volcker Alliance; Associate Director for Personnel & Performance, U.S. Office of Management & Budget; Associate Administrator for Regional Operations and State/Local Relations, U.S. Environmental Protection Agency; Undersecretary Massachusetts Environmental Affairs; Executive Director of the Performance Management Project, Harvard Kennedy School.

**Stan Meiburg:** Director, Graduate Studies in Sustainability, Wake Forest University; Acting Deputy Administrator, United States Environmental Protection Agency; Deputy Regional Administrator, Region 4, United States Environmental Protection Agency; Deputy Regional Administrator, Region 6, U.S. Environmental Protection Agency.

**Courtney Phillips:** Chief Executive Officer, Nebraska Department of Health and Human Services; Former Deputy Secretary, Louisiana Department of Health and Human Services; Chief of Staff, Louisiana Department of Health and Human Services; Executive Management Officer, Louisiana Department of Health and Human Services.

**Aretha Ferrell-Benavides:** City Manager, City of Duncanville; City Manager, City of Petersburg; City Manager, City of Glenn Heights; Deputy Secretary of the District, Office of the Secretary, Government of the District of Columbia; Chief Operating Officer, Department of Parks & Recreation, Government of the District of Columbia.

### Study Team Members

**Nancy Augustine:** Academy Project Director; Director, Center for Intergovernmental Partnerships. Dr. Augustine has led projects for the Legislative Branch, the Department of Commerce Office of Inspector General, and the U.S. Merchant Marine Academy. She specializes in intergovernmental relations, public management, policy assessment, environmental and cultural resource protection, comprehensive strategic planning, state and local fiscal issues, and planning for investments in facilities and infrastructure.

**Miles Murphy:** Senior Research Analyst, Center for Intergovernmental Partnerships. Mr. Murphy oversees the coordination, planning, and facilitation of meetings, research, and analysis related to all aspects of the Academy's intergovernmental activities. He is a developing subject matter expert on intergovernmental partnerships with an area of interest in environmental, coastal, and ocean policy.

**Zamira Rodriguez:** Research Associate, Center for Intergovernmental Partnerships. Ms. Rodriguez specializes in designing and implementing communication strategies by building

capacity for the center through data collection, visualization, and event coordination. She most recently served as a Communication Director in the Texas State House of Representatives and has experience in the non-profit sector improving the lives of boys and young men of color by changing ineffective systems through shifts in resources, power, practices, and policies to increase postsecondary achievement.

**Brad Riley:** Research Associate, Center for Intergovernmental Partnerships. Mr. Riley has over 20 years of servant leadership in the public and nonprofit sectors, emphasizing housing policy, social epidemiology, and advocacy for historically excluded populations. He is also a City Councilor for the City of Easthampton, Massachusetts, serving on the Ordinance Committee and Chair of the Appointment Committee overseeing 29 community boards and commissions.

## **Appendix B: Methodology**

The exploration of state regulatory compliance process adaptations occurred in three phases.

### ***Phase 1: Baseline Review of State Responses***

#### **Review of Primary and Secondary Sources**

In this first phase, a high-level, 50-state baseline review of regulatory compliance processes and adaptations during the pandemic provided a baseline understanding of state activity. The scan included a review of (1) state business and regulatory websites, (2) compendia of gubernatorial executive orders beginning in March 2020, (3) summaries of state legislative action beginning in March 2020, (4) governors' state of the state addresses for 2021 and 2022, (5) news sources (by keyword search<sup>230</sup>), (6) state and other organizational reports, (7) general and academic internet sources (by keyword search). The Study Team also reviewed other organizations' reports on regulatory adaptations during the pandemic.

#### **Limitations of the Baseline review**

The objective of this report was not to comprehensively document all the relevant state responses to the unprecedented challenges of the pandemic but to gather some interesting and instructive examples, identify lessons learned, and encourage states to improve further. Nonetheless, limitations to available data and search methods may have excluded some instances:

- Changes to state regulatory compliance processes may not have received much news coverage.
- The terminology used for changes to regulatory compliance processes is likely to vary; simple word searches may not be adequate
- Standardizing findings into a matrix or creating a typology makes sense of disparate information, but the risk is losing context and nuance.
- States may have already been "pandemic-ready" and therefore did not need to modify any compliance processes.
- Some state agencies may have made adaptations without explicit authorization through an Executive Order or legislative actions. Likewise, the governor may have granted blanket discretion to executive branch agencies to modify regulations and regulatory compliance processes as they determined to be necessary.
- Some states delegate some compliance processes to local governments that may have made adaptations without explicit authorization from the state.

#### **Categories of Adaptations**

Analysis of the range and nature of state activities revealed several categories of adaptations that potentially include process improvements:

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<sup>230</sup> Keywords used in the search were refined over several rounds of scanning. Initially, words such as "streamline," "expedite," and "adapt" identified many actions potentially within scope. Review of the text describing those actions suggested related search terms.



- Healthcare (telehealth and provisional credentials)
- Existing businesses (outdoor retail and dining; alcohol sales)
- Business start-up and initial registration<sup>231</sup>

The baseline review also revealed time and place adaptations excluded from the scope. For example, many states temporarily extended deadlines and deferred the expiration of regular and commercial driver's licenses, professional certifications, reporting, and continuing education requirements. They also deferred payment of income tax, property tax, unemployment insurance, and loans. These adaptations altered the timing of states' enforcement, but they did not change the process by which individuals and businesses received or renewed permission for an activity.

Another category of adaptations excluded from the scope is moving or authorizing processes online without changes to the underlying processes. This category includes notary services, public meetings, marriage license issuance, and lottery ticket sales. These arrangements were impactful because they created options to carry out these transactions during stay-at-home orders. While these adaptations made transactions more convenient, they did not in any way streamline review and approval or otherwise improve the process.

## Definition of Scope

A key task was to decide which regulatory compliance process changes warranted a detailed study. Two criteria define the boundaries of the scope. Adaptations are within scope if they (1) expedited or streamlined review, eliminated or consolidated steps to comply with regulatory requirements, or granted automatic approval, and (2) qualified as innovations, representing potentially novel, impactful, and replicable modifications of rules and practices.

**Process adaptations** are a subset of the more commonly understood regulatory relief. The distinction is subtle and possibly unimportant to the entities subject to both. Initial background research revealed that, in many cases, states simultaneously relaxed regulatory standards and created expedited processes to comply with the standard. An example is granting provisional certifications for healthcare providers not already authorized to work in the state.

One of the key questions was whether the change potentially improved businesses' experiences with the compliance process in some way.

Adaptations included within the scope should also be **potentially novel, impactful, and replicable** within individual states, if not nationally. At this stage, the Study Team did not have enough information to determine conclusively whether specific adaptations were within scope; the high-level descriptions reviewed during the baseline review did not consistently provide

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<sup>231</sup> The “business start-up and initial registration” category was later expanded because only one state (Connecticut) appears to have made any adaptations that fall within the scope. As discussed in section 3.1, relatively little innovation in business permitting occurred in response to the pandemic. Rather than abandon this category, the scope of the study was expanded to include previously existing “one-stop” web pages, online portals to submit and track applications and documents, and similar functions. In these cases, the analysis turned to the utility of those streamlined functions during the pandemic, recognizing that many state governments shut their offices at times, making in-person and paper transactions impossible.

enough detail. The scan revealed enough information to conclude that at least some specific adaptations met these criteria, understood as:

- Novel: The adaptation is new for the state. The research explored whether it was novel among all states.
- Impactful: Impact could be a substantive improvement of the customer experience while continuing to achieve the agency's mission or providing lessons for other states.<sup>232</sup>
- Replicable: Adaptations may be replicable if other states have similar underlying processes and institutional arrangements.

## ***Phase 2: Selection and Detailed Analysis of 10 States***

### **Selection of States**

Ten states were selected by a clustered sampling approach followed by purposeful sampling. Clustered sampling increased the likelihood that at least one example of each category would emerge in the case studies. It also increased the likelihood that selected states had made at least one adaptation within scope. Purposeful sampling allowed for a balance of size, geographic location, and political orientation (as indicated by the parties of the governors and legislative chambers).

The initial selection included two states that made adaptations in telehealth, two in business permitting, and one each in outdoor dining and alcohol sales.<sup>233</sup> Selection by cluster began with sorting notable examples of adaptations into categories: telehealth, provisional professional credentials, outdoor retail and dining, alcohol sales, and business start-up. Then individual states were selected based on the availability of information that aligns with study objectives, evidence that the state adapted processes in more than one category, and awareness of the need for balance. Maryland, for example, was rejected as an option despite adaptations related to alcohol sales because it is a strong home-rule state, suggesting the likelihood that more change occurred at the local level rather than the state level. Some of the states not selected appeared as illustrative examples in chapter 2.

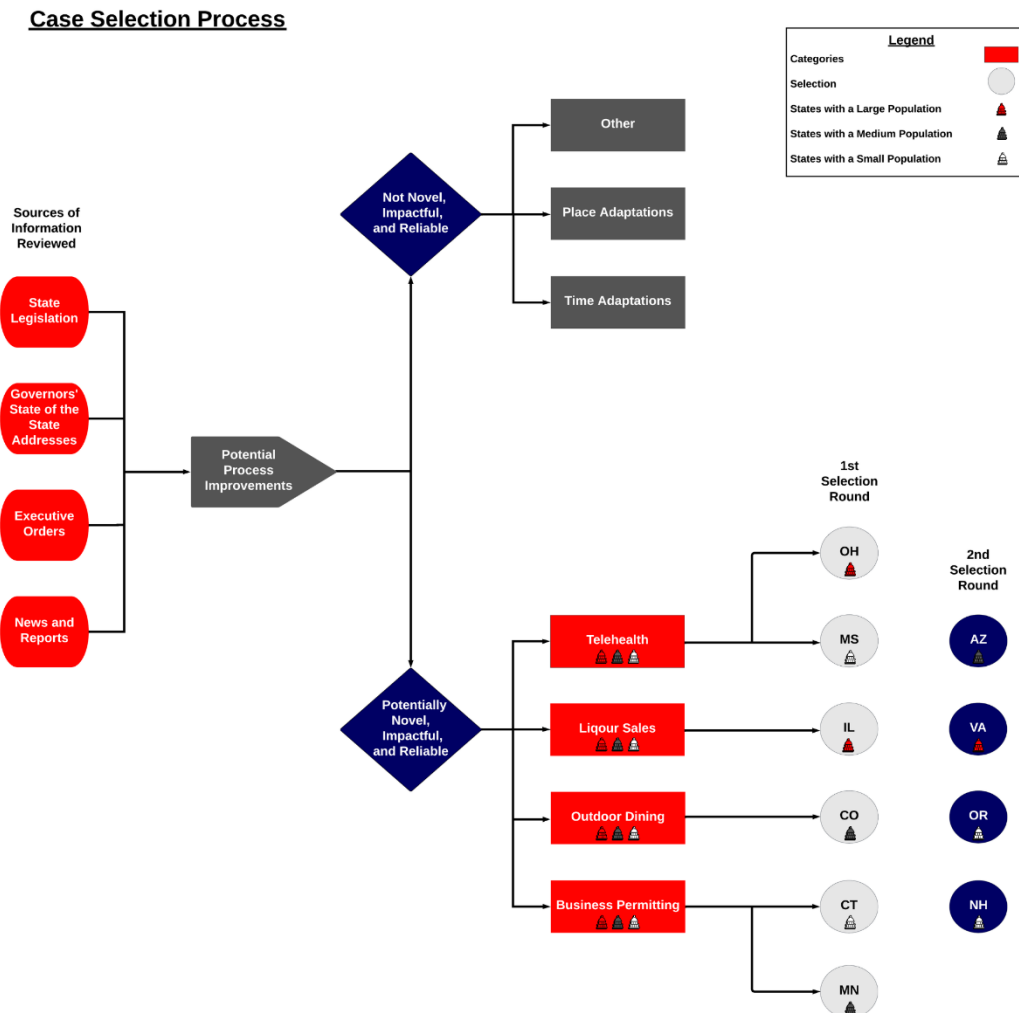
Figure 6 displays the multi-step process to select states.

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<sup>232</sup> Objectively measuring the effect on businesses was beyond the scope of this report. Rather, impact was inferred from interviews with agency officials and businesses who spoke from their own context. States and businesses vary widely in their postures towards regulation, their expectations for the state-business relationship, and their definitions of “improvement.” Recognizing this variation should bolster the usefulness of this report to states at different starting points.

<sup>233</sup> Only one state was selected in the outdoor dining and alcohol sales categories because relatively few state-level adaptations were observed. Outdoor dining is within the purview of local governments in many states. Only one state was selected for alcohol control because although states offered a variety of forms of regulatory relief, the process adaptations appeared to be very similar.

Figure 6. State selection process



Source: National Academy of Public Administration

## Case Studies

The comparative case study framework was used to develop detailed profiles of selected states. The comparative case study method draws on multiple data sources to create profiles similar in content and structure. It examines a single policy or program in multiple settings to find points of contrast within and across contexts.<sup>234</sup> It can offer insight into whether various characteristics are instrumental in the program's success. The framework gave much-needed structure to data collection. However, the programs under examination—adaptation of state regulatory compliance processes during the pandemic—proved in most cases to be minor, expedient adjustments to existing processes. When state governments were scrambling to address exceptional challenges

<sup>234</sup> Goodrick, Delwyn. “Comparative Case Studies: Methodological Briefs – Impact Evaluation No. 9.” UNICEF Office of Research Innocenti, 2014. UNICEF. <https://www.unicef-irc.org/publications/754-comparative-case-studies-methodological-briefs-impact-evaluation-no-9.html>.

in public health, finance, operations, and the economy, the few instances of process streamlining received little notice, especially when part of regulatory relief.

The development of case studies was an iterative process, alternating between data collection and analysis, each pointing to the need for more inquiry. Initially, the Study Team created basic state profiles using the information gathered during phase 1. Side-by-side comparisons of states allowed the Study Team to (1) identify the key characteristics in each category of adaptations, (2) develop standard language to describe those characteristics, and (3) verify that similar characteristics are described similarly.

Additional data collection included semi-structured interviews. Interviewees received a discussion guide in advance, identifying the National Academy of Public Administration, describing the purpose of the interview and the planned use of the information, and assuring anonymity. The core questions focused on filling information gaps and asking interviewees to assess any adaptations. Follow-up questions responded to the context, focusing on what was done and why, how it was done, what resources were required, what obstacles existed, the extent to which obstacles were overcome, and whether the modifications altered overall compliance and business experiences in timeliness, understanding, and predictability. Beyond the prepared questions, most interviews flowed in similar directions. Several public officials had little awareness of the specific adaptations under study but were able to provide information about adjacent activities. All public officials noted that the interview was the first time they had reflected on operations during the pandemic. They talked about pride in their unit for having come through it and optimism that more change could be possible. Several also mentioned satisfaction with new remote work arrangements.

The Study Team reached out to the offices of governors, secretaries of state, health departments, other business permitting agencies, business groups, and a small number of localities. The Study Team connected with at least one interviewee in nine states; nobody in the Mississippi public or private sector responded. Several factors may have contributed to the low level of response. Since the pandemic began, state government communications have emphasized direct financial assistance for businesses and residents. Many states also emphasized protection from the consequences of being unable to operate or work, such as eviction, default, or liability. These actions addressed the most urgent needs. Regulatory compliance process adaptations received little notice at the time. In 2022, state officials are focused on many issues other than regulatory compliance adaptations.

In non-emergency times, regulatory compliance process adaptations may be relatively obscure. These adaptations may go unnoticed unless coupled with more readily understood regulatory relief measures. Even when streamlined, government processes can seem cumbersome. During the study, business community representatives expressed gratitude for the assistance but some frustration at the length of time or number of steps required to receive it.

The results of interviews were analyzed alongside data collected through reviews of executive orders, legislation, press releases, administrative codes, local news stories, and opinion pieces.

### ***Phase 3: Recommendations***

Upon completion of the high-level baseline review and the case studies, the Academy Panel and Study Team summarized the effect of innovations, developed recommendations for states related to regulatory compliance processes, and proposed areas for follow-up study. This part of the project looked at specific changes that should be continued post-pandemic, guidance for how states that have not yet modified their processes should do so, and proposed options to improve regulatory processes and compliance in the states.

## **Appendix C: Baseline data sources**

- Executive Orders issued March 2020 – April 2021
- [NCSL COVID-19 Archive Database](#) (keyword search)
- NASBO State of the States Summaries, [2021](#) and [2022](#)
- General searches using google.com and scholar.google.com
- Targeted searches within specific news sources: GovExec, Route Fifty, Stateline
- States' "one-stop" office websites

A common set of keywords was used to identify actions potentially within scope.

## Appendix D: Characteristics of Selected States

Ten states were selected for detailed study. As described in Appendix A, some states were chosen because available evidence suggested they had made at least one of the compliance adaptations under investigation. Other states were selected to balance geographic location, size, population (total and percent urban), and parties of the state leaders. The selection criteria aimed to achieve some variation in state characteristics and circumstances. Variation is important because it supports generalizability. For example, it would be hard to argue that a study of small, urban Northeastern states had implications for large, mainly rural Mountain states. Variation is also important because these characteristics could have influenced or been influenced by adaptation decisions. None of these characteristics was expected to correlate with the enactment of compliance adaptations. The discussion below addresses the potential influence of individual characteristics.

### *Political, Geographic, and Population Characteristics*

Selection criteria included political, geographic, and population characteristics. Figure 7 displays the features of the ten selected states.

**Political orientation:** The political orientation of state leadership is almost evenly split across Republican leadership (four states) and Democratic leadership (four states), with two states having divided leadership. Polling data finds that Republicans tend to support eliminating regulations, but Republican-dominated states may have relatively few regulations to eliminate.<sup>235</sup>

**Region:** The states were chosen from all four Census regions, with one more each in the West and Midwest than the Northeast and South. Geographic location and climate may limit the viability of outdoor dining.

**Population and population density:** Populations range from 1.4 million (New Hampshire) to 12.7 million (Illinois). Population densities ranged from the fourth most rural state (Mississippi) to the ninth most urban state (Arizona) in the United States. State governments serving larger populations may have more resources and may deal with a broader range of issues. Outdoor dining restrictions may be more common in urban areas where people, businesses, and institutions are closer together, so relaxing restrictions may be more common in more urban states.

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<sup>235</sup> “Political Values: Government Regulation, Environment, Immigration, Race, Views of Islam.” U.S. Politics & Policy. Pew Research Center, December 8, 2016.  
<https://www.pewresearch.org/politics/2016/12/08/3-political-values-government-regulation-environment-immigration-race-views-of-islam/>.

Figure 7. Selection criteria

	State Leadership <sup>236</sup>	Census Region <sup>237</sup>	Percent Urban 2010 <sup>238</sup>	Total Area Sq. Mi. <sup>239</sup>	Population 2019 (millions) <sup>240</sup>
Arizona	R	W	89.8	113,990	7.3
Colorado	D	W	86.2	104,094	5.8
Connecticut	D	NE	88.0	5,543	3.6
Illinois	D	MW	88.5	57,914	12.7
Minnesota	D-gov	MW	73.3	86,936	5.6
Mississippi	R	S	49.4	48,432	3.0
New Hampshire	R	NE	60.3	9,349	1.4
Ohio	R	MW	77.9	44,826	11.7
Oregon	D	W	81.0	98,379	4.2
Virginia	D-gov <sup>241</sup>	S	75.5	42,775	8.6
<b>Key</b> <b>State leadership</b> <b>Democratic governor and both chambers majority Democratic - 4 states</b> <b>R: Republican governor and both chambers majority Republican - 4 states</b> <b>D-gov Democratic governor and one or both chambers majority Republican - 2 states</b>					
<b>Census Region</b> <b>Midwest – 3 states</b> <b>South – 2 states</b> <b>Northeast – 2 states</b> <b>West – 3 states</b>	<b>Percent Urban</b> Ranges from 49.4 (M.S.) to 89.8 (AZ)	<b>Total area</b> Ranges from 5,018 square miles (C.T.) to 114,000 square miles (AZ)	<b>Population</b> Ranges from 1.4 million (N.H.) to 12.5 million (I.L.)		

Source: NASBO; Multistate

## Economic and Regulatory Characteristics

### Business Formations

Businesses go through a permitting process as part of their initial formation. Adaptations to the permitting process could have encouraged formations, especially in states where permitting is a relatively small part of the cost of starting a business. All ten states selected for detailed study (and the nation as a whole) saw increased business formations during the pandemic. The biggest jumps

<sup>236</sup> MultiState. “2022 Governors and Legislatures.” MultiState, November 2022.

<https://www.multistate.us/resources/2022-governors-and-legislatures>.

<sup>237</sup> “Census Regions and Divisions of the United States.” United States Census Bureau.

[https://www2.census.gov/geo/pdfs/maps-data/maps/reference/us\\_regdiv.pdf](https://www2.census.gov/geo/pdfs/maps-data/maps/reference/us_regdiv.pdf).

<sup>238</sup> “Urban Percentage of the Population for States, Historical.” Iowa Community Indicators Program. Iowa State University. <https://www.icip.iastate.edu/tables/population/urban-pct-states>.

<sup>239</sup> “State Area Measurements and Internal Point Coordinates.” United States Census Bureau, 2010. <https://www.census.gov/geographies/reference-files/2010/geo/state-area.html>.

<sup>240</sup> “Annual Estimates of the Total Population for States.” Iowa Community Indicators Program. Iowa State University. <https://www.icip.iastate.edu/tables/population/states-estimates>.

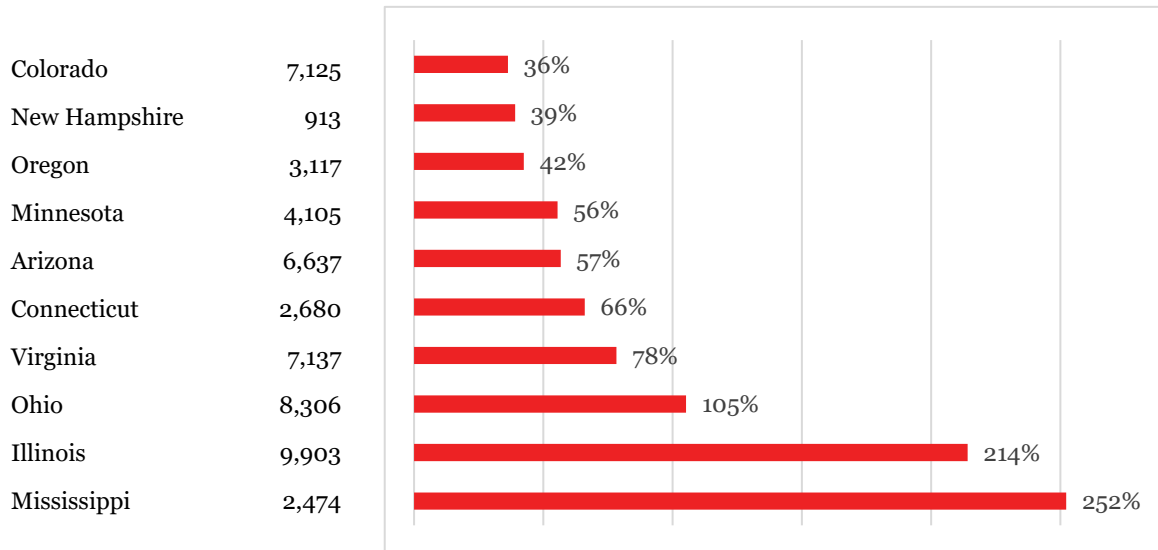
<sup>241</sup> Virginia held an election on November 5, 2021. The newly-elected governor is a Republican. As of January 2022, the Democratic party controls the state senate, and the Republican party controls the state house of delegates. “Party Control of Virginia State Government.” Ballotpedia. [https://ballotpedia.org/Party\\_control\\_of\\_Virginia\\_state\\_government](https://ballotpedia.org/Party_control_of_Virginia_state_government).



were in Illinois and Mississippi, both seeing the numbers more than triple in the first five months. Five of the states peaked in July 2020. The other states peaked in 2021 or 2022.

In all states, most business establishments are “nonemployer,” i.e., single proprietors. In 2019, nonemployer establishments as a percentage of all business establishments ranged from 72.1 percent (Oregon) to 79.4 percent (Mississippi).<sup>242</sup> Nationwide, about half of all business enterprises are home-based.<sup>243</sup> See Figures 8 and 9.

*Figure 8: Number of business formations in February 2020 and peak percentage increase through August 2022.*

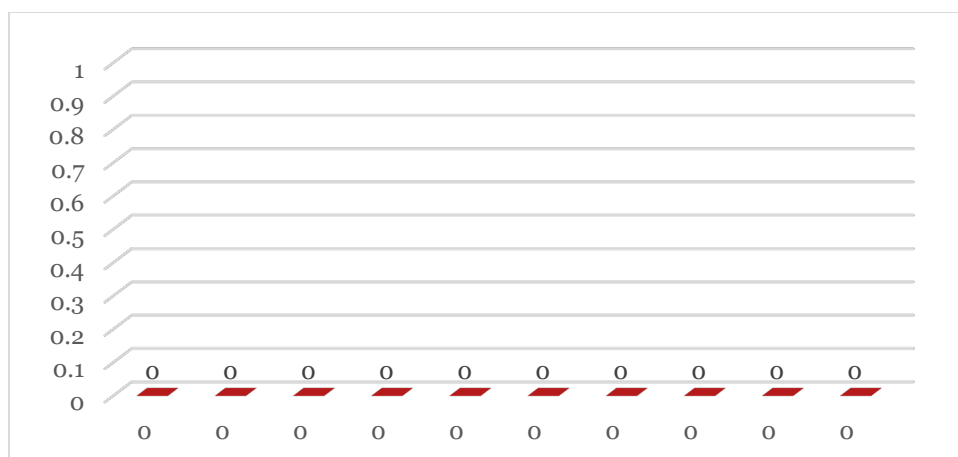


*Source: Census.Gov*

<sup>242</sup> “2019 CBP and NES Combined Report.” United States Census Bureau, July 14, 2022. <https://www.census.gov/data/tables/2019/econ/nonemployer-statistics/2019-combined-report.html>.

<sup>243</sup> “U.S. Small Business Administration Frequently Asked Questions.” U.S. Small Business Administration Office of Advocacy, October 2020. <https://cdn.advocacy.sba.gov/wp-content/uploads/2020/11/05122043/Small-Business-FAQ-2020.pdf>.

Figure 9: Nonemployer establishments as a percentage of all establishments by state, 2019



Source: Census.Gov

## Alcohol sales and Tax Revenues

Permission for outdoor dining and eased alcohol sales restrictions allowed restaurants to resume some operations while stay-at-home orders and capacity limits were in place. Changing rules for alcohol sales may have been more of an operational decision in “control” states—where the state controls the sale and distribution of at least one category of alcohol—and more of a regulatory decision where the state licenses the sale and distribution to the private sector. Figure 10 lists alcohol tax and net sales revenues by state in 2020. The four states earning the greatest revenue per resident of legal drinking age are control states.<sup>244</sup>

Figure 10: State and local alcohol tax and net sales revenue total (in \$millions) and per population age 21 or older, 2020



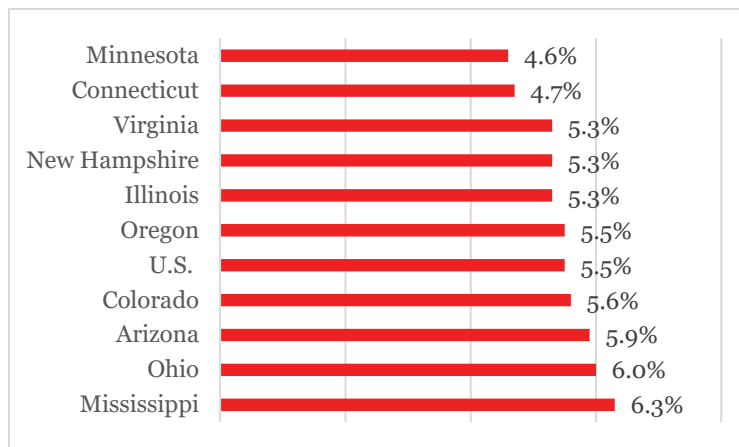
<sup>244</sup> State and Local Alcohol Tax Revenue, 2022, and State and Local Own-Source General Revenue, 2022.

Source: Tax Policy Center

## Restaurant Jobs

In 2020, almost 6 percent of all jobs in the United States were in the “food services and drinking places” industry. Jobs in this industry range from 4.6 percent (Minnesota) to 6.3 percent (Mississippi) in each of the selected states.<sup>245</sup> Many jobs in this subsector were temporarily or permanently eliminated during the pandemic. The Bureau of Labor Statistics estimated that the mean annual wage for wait staff (approximately 17 percent of all food services and drinking places jobs) is \$29,010.<sup>246</sup> See Figure 11.

Figure 11. Positions in food services and drinking places as a percentage of all jobs by state, 2020



Source: U.S. Bureau of Labor Statistics

## Meals Taxes

According to the Tax Policy Center, three states and the District of Columbia collect a meals tax. Another 17 states authorize local-option meals taxes.<sup>247</sup> Among the ten states studied, only New Hampshire generates revenue from the sale of meals.

- Illinois has authorized a single taxing district to collect a 1 percent meals tax.
- New Hampshire collects a statewide 8.5 percent meals tax; the rate was lowered from 9 percent in 2021.<sup>248</sup> In 2020, the meals tax generated \$245 million in revenue, amounting to 5 percent of the state’s own-source revenue.

<sup>245</sup> “CAEMP25N Total Full-Time and Part-Time Employment by NAICS Industry” Bureau of Economic Analysis, 2020.

<sup>246</sup> “Occupational Employment and Wages, May 2021 35-3031 Waiters and Waitresses.” U.S. Bureau of Labor Statistics, May 2021. <https://www.bls.gov/oes/current/oes353031.htm>.

<sup>247</sup> Walczak, Jared. “Punching the Meal Ticket: Local Option Meals Taxes in the States.” Tax Foundation, June 16, 2020. <https://taxfoundation.org/punching-meal-ticket-local-option-meals-taxes-states/>.

<sup>248</sup> “Meals and Rooms (Rentals) Tax.” New Hampshire Department of Revenue Administration, October 1, 2021. <https://www.revenue.nh.gov/meals-rooms/>.

- Voters in Oregon and Virginia localities must approve a meals tax by referendum. Some municipalities in Virginia can adopt a meals tax by ordinance. Virginia municipalities are limited to 4 percent, while Oregon localities and Virginia counties are not limited.

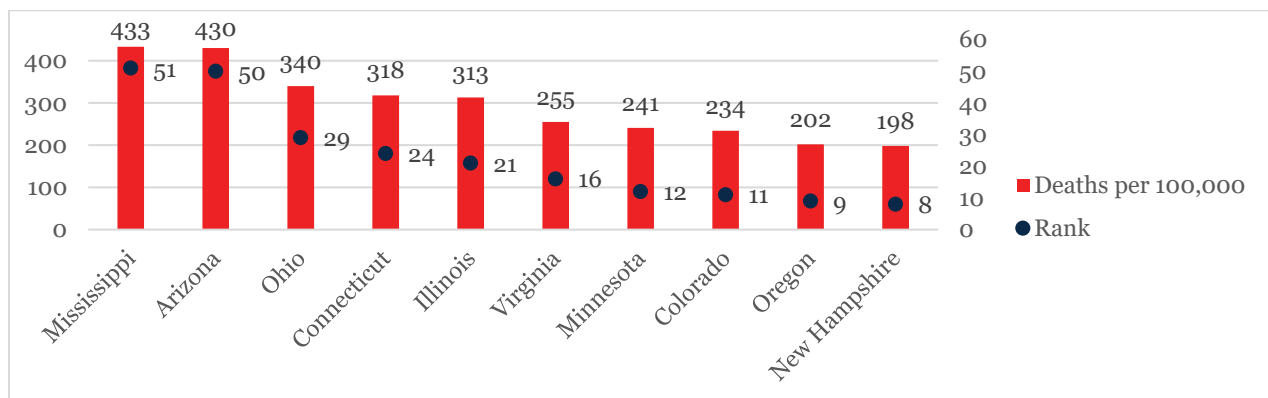
## Health Characteristics

States had a range of experiences with the pandemic. Although these conditions likely influenced state decision making writ large, there is no reason to believe that any specific statistic influenced decision making related to regulatory compliance processes. Conversely, state decision making may have contributed to these outcomes.

### Deaths

Deaths due to COVID-19 in the United States totaled 1,055,422 as of October 2022, amounting to 318 deaths per 100,000 population. Three states (Mississippi, Arizona, and Ohio) exceeded the national rate. Mississippi had the highest death rates among all 50 states and the District of Columbia. Vermont's death rate was the lowest at 115 per 100,000 population. Figure 12 displays total deaths per 100,000 due to COVID-19 since February 2020 on the left axis and the state's ranking (out of 51) on the right axis.

Figure 12: Deaths due to COVID-19 per 100,000 population and rank as of September 2022.



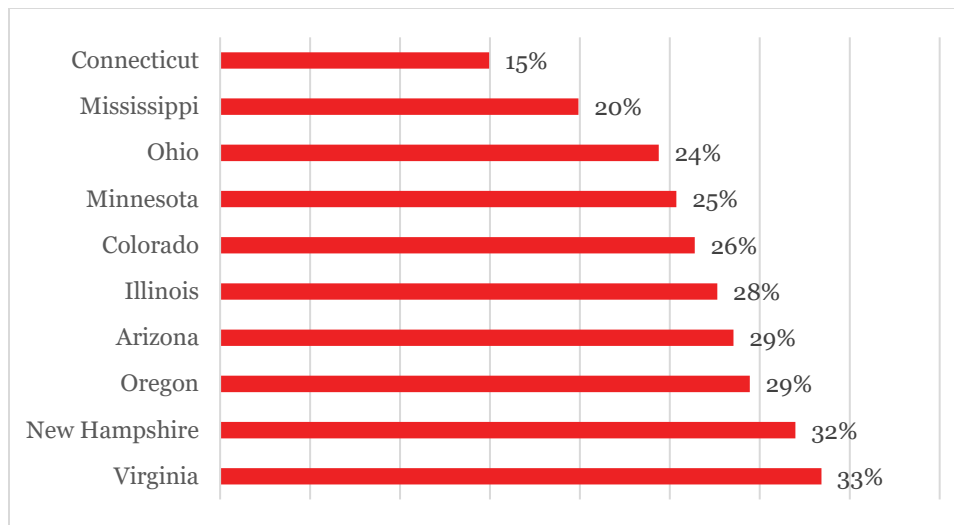
Source: *Coronavirus in the U.S.: Latest Map and Case Count.* The New York Times, March 3, 2020. <https://www.nytimes.com/interactive/2021/us/covid-cases.html>.

### Medicaid Enrollment

Nationwide, 38 states and the District of Columbia opted into Medicaid expansion, authorized as part of the Affordable Care Act (2014). Mississippi was the only state studied that did not adopt Medicaid expansion. Nationwide, enrollment increased by 17.4 million (an increase of 27 percent) from February 2020 to May 2022.<sup>249</sup> See Figure 13.

<sup>249</sup> Corallo and Moreno, 2022.

*Figure 13: Increases in Medicaid enrollment during the pandemic*

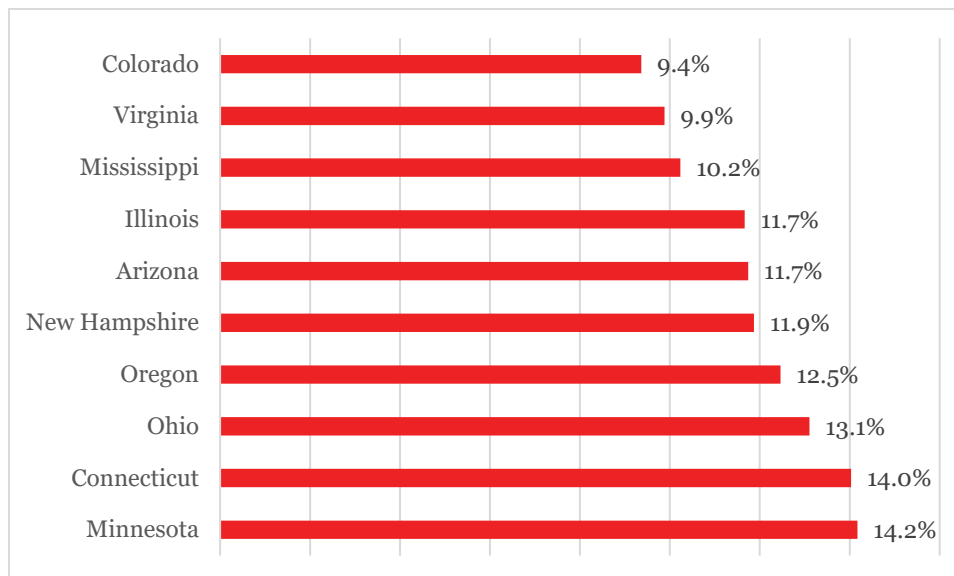


*Source: Kaiser Family Foundation*

### **Jobs in Healthcare**

Nationwide, almost one in eight jobs (11.8 percent) is in “health care and social assistance.” It is the second largest industry in terms of employment, behind government (12.6 percent). In all ten states, healthcare and social assistance is the largest or second-largest employer, ranging from 9.4 percent in Colorado to 14.2 percent in Minnesota. The size of this industry suggests it may have been well-positioned to work with governors and state legislatures to make needed adaptations during the pandemic. See Figure 14.

*Figure 14: Positions in healthcare and social work as a percentage of all jobs by state, 2020.*



*Source: U.S. Bureau of Labor Statistics*

## ***States of Emergency***

*Figure 15. Emergency Declaration Expirations in Chronological Order*

2021	New Hampshire	June 11
	Ohio	June 18
	Minnesota	July 1
	Mississippi	November 20
2022	Virginia	March 22
	Arizona	March 30
	Oregon	April 1
	Illinois	December 10
	Colorado	December 11
	Connecticut	December 28, 2022

*Source: “States’ COVID-19 Public Health Emergency Declarations and Mask Requirements,” National Academy for State Health Policy, November 23, 2022, <https://www.nashp.org/governors-prioritize-health-for-all/>*

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