

2008 Innovations Awards Program APPLICATION

CSG reserves the right to use or publish in other CSG products and services the information provided in this Innovations Awards Program Application. If your agency objects to this policy, please advise us in a separate attachment to your program's application.

ID # (assigned by CSG): 08-E-35RI

Please provide the following information, adding space as necessary:

State: Rhode Island

Assign Program Category (applicant): **Infrastructure and Economic Development – Business/Commerce** (Use list at end of application)

1. Program Name
Certificate of Compliance Product Label Renewal
2. Administering Agency
Rhode Island Department of Business Regulation, Division of Commercial Licensing, Racing & Athletics
3. Contact Person (Name and Title)
**William Deluca
Chief Licensing Examiner**
4. Address
**233 Richmond Street
Providence, RI 02903**
5. Telephone Number
(401) 222-6541
6. FAX Number
(401) 222-6131
7. E-mail Address
[**wdeluca@dbr.state.ri.us**](mailto:wdeluca@dbr.state.ri.us)
8. Web site Address
[**https://www.ri.gov/DBR/liquor/login.php**](https://www.ri.gov/DBR/liquor/login.php)
9. Please provide a two-sentence description of the program.
The Certificate of Compliance Product Label Renewal services allows alcohol spirits manufacturers, breweries and wineries nationwide to renew, delete and register new product labels being transported into the state of Rhode Island. The online system processes payments electronically and allows the manufacturer to print a Certificate of Compliance, required for transport into the state.

10. How long has this program been operational (month and year)? Note: the program must be between 9 months and 5 years old on March 1, 2008 to be considered.

The Certificate of Compliance Product Label Renewal online system was launched on October 23, 2006.

11. Why was the program created? What problem[s] or issue[s] was it designed to address?

Every October, RI Department of Business Regulation (DBR) mails more than 1,000 paper application renewal forms for 8,000 brands. These renewal forms include a complete listing of every item that is currently on file with the RI DBR. The manufacturer is instructed to cross off any items they do not wish to renew and handwrite or type any new products they wish to add to the certificate.

The application is mailed to RI DBR with payment of \$40 for each product label renewed or added. In addition, each new products added must be accompanied by a copy of the approved U.S. Department of Treasury Alcohol and Tobacco Tax Trade Bureau (TTB), Certificate of Label Approval (COLA) filing, including label image. All paper applications received are then hand entered into the agency database. The application is then signed by the agency and returned to the manufacturer and used as the Certificate of Compliance. Payments are made by check and the agency tends to the task of depositing and reconciling and tracking all payments received.

The online solution provides a way for manufacturers to complete this process easily and quickly. Authorized manufacturers log into the online system with a client ID number to confirm their identity. They are able to review a list of their current inventory, delete any brands they no longer wish to renew and be allowed to add any new brands to their shipment. New label additions require the input of a TTB ID number. The TTB ID number will be matched and linked to the Public COLA Registry. All fees are accurately and automatically calculated. Once payment is submitted either by credit card or by subscription account, the user is instructed to download a completed Certificate of Compliance in html format.

The agency utilizes a comprehensive Web-based administrative interface to manage all aspects of the online service with numerous search and reporting capabilities. They have the ability to view those manufactures that have renewed through the online service, all labels that have been added and download the COLA filing, if needed, with the click of a button. All funds collected through the online service can be easily queried and reconciled.

The online label registration renewal has reduced the time period for Rhode Island's processing and approval of Certificate of Compliance applications from thirty days to an immediate response.

"This online service excels in the areas of e-commerce, advancement, communications, transparency, and regulatory reform," said Lynne Omlie, General Council of the Distilled Spirits Council of the United States. "The Rhode Island Certificate of Compliance Service reflects a "blue sky" concept warranting a "blue-ribbon" for its accomplishments – a futuristic approach to State/industry requirements decades old."

12. Describe the specific activities and operations of the program in chronological order.

Spirit manufacturers, breweries, and wineries are required nationwide to register their brands in those states they transport alcoholic beverages. The registration process is a manual and time-consuming process on both the part of the manufacturer and the agency.

The Rhode Island Certificate of Compliance service allows alcohol beverage manufacturers to easily and conveniently renew all label registrations, add new products, and delete products no longer being distributed. Manufacturers are no longer required to mail in proof of approval of new brand registrations. The online service interfaces with the U.S. Department of Treasury's Alcohol and Tobacco Tax and Trade Bureau database to verify the existence of spirit, malt, and vinous labels worldwide. Payment may be made by Visa or MasterCard through a secure payment server or billed monthly through a RI.gov subscription account.

Extensive user testing was conducted to ensure the application's ease of use and to confirm that the electronic process met the needs of both the agency and the industry. E.J. Gallo winery and Diageo, the world's largest spirits manufacturer, were eager to assist the state of Rhode Island in rolling-out the online service. Each tester was required to use the online service to renew their hundreds of currently registered labels, delete products no longer being shipped and add new products to be introduced into the state. After completing the process both testers provided valuable feedback that was used to fine-tune the application

The electronic system not only creates a quicker turnaround time for annual renewals, it also allows for instant new label additions. Shipments need not wait for a manual approval process, sometimes taking weeks, before transporting into a state. Additionally, the online solution drastically cuts down on the backlog of new registrations and renewals allowing the DBR to reassign employees to other tasks.

The deployment of this electronic label registration service increases speed, accuracy, and convenience for both the state and manufacturer and provides a higher level of service that customers have come to expect.

“The RI Certificate of Compliance online service has provided, from a registration standpoint, an extremely quick turnaround in getting items approved,” said Heather Brass, Compliance Section, Diageo North America. “The online service is very easy to access and easy to get around. All in all Diageo loves the electronic process and has found it a wonderful tool in the registration of items.”

The Rhode Island Certificate of Compliance service adheres to RI.gov interface design methodologies keep RI.gov focused on its primary goal of safely and securely connecting businesses, citizens and government.

13. Why is the program a new and creative approach or method?

When the U.S. Department of Treasury Alcohol and Tobacco Tax Trade Bureau (TTB) was developing the electronic Certificate of Label Approval (COLAs Online) as the agency's first Web-based electronic filing system, they worked closed with industry member stakeholders. One of the Bureau's top desires was to create an online system that would communicate with U.S. Customs and as many state regulatory agencies as possible to facilitate importation and distribution of their alcohol beverage products. Unfortunately, during their requirements gathering process it was concluded that none of the states possessed the technical infrastructure to accommodate an interface into the COLA electronic system.

Times have changed. Rhode Island is the first state in the nation to tap into this resource and create a completely paperless process. Through collaboration with the project development team at RI.gov, a private sector company with a zero dollar contract with the State, RI DBR was able to create a ~~web~~-**Web** based system to provide this heavily regulated liquor industry with an innovative online solution that achieves economic efficiencies to benefit all involved.

All spirit, malt and vinous manufacturers are required to submit a copy of an approved COLA filing to the state of Rhode Island prior to transporting shipments into the state. This document contains the registered TTB number, product type, brand name, net content, alcohol content, manufacturer information and an image of the product label. The online service allows for a manufacturer to add new product labels by inputting just a few pieces of information. All that is required for the online system is the COLA TTB number, the product name and the names of the wholesalers who will be receiving the product(s). The electronic system searches two tables in the COLAs Online database and links the TTB number to the image of the COLA filing. RI DBR need only view the Label tab of the Web-based administrative site and click on the TTB number. The online system returns an html version of the COLA filing image. No more paper to mail or file!

“We were ecstatic to learn that Rhode Island was developing an online service for the Rhode Island Certificate of Compliance and that they were interested in utilizing the TTB Public COLA Registry to view TTB approved labels as part of their process,” said Susan Stewart, Executive Liaison for Industry Matters, Alcohol and Tobacco Tax and Trade Bureau. “We are thrilled to have our database of approved labels be used this way and we feel it is an outstanding example of intergovernmental collaboration and innovation. We applaud Rhode Island for your creativity and modernization!”

14. What were the program’s start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)

Development of the Certificate of Compliance Product Label Renewal service was funded by RI.gov, Rhode Island’s self-funded eGovernment portal. No General Fund Appropriations were used in the creation of this service.

15. What are the program’s annual operational costs?

There are no ongoing costs associated with the Certificate of Compliance service.

16. How is the program funded?

RI.gov receives \$1.00 to \$2.00 per product label renewal or addition. RI.gov is a self-funded state portal that derives revenue from a wide variety of eGovernment services and provided development of the Certificate of Compliance at no upfront cost.

17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number. **No**

18. What equipment, technology and software are used to operate and administer this program?

The Certificate of Compliance application is run on an Apache server using PHP and MYSQL. Transactions are batched in Perl nightly, and delivered to the agency's Informix server.

19. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator's name, present address, telephone number and e-mail address. **No**

20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?

Yes, other states offer an online product label renewal service but none interface with the U.S. Department of Treasury Alcohol and Tobacco Tax Trade Bureau electronic Certificate of Label Approval system offering a completely paperless process.

21. Has the program been fully implemented? If NO, what actions remain to be taken?

Yes

22. Briefly evaluate (pro and con) the program's effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

Adoption of the online service during its first year was sluggish, with only 7% of all product label renewals processed through the system. This was largely due in part to a late launch of the program in the 2007 renewal season. The agency evaluated what steps it needed to take to ensure a successful 2008 season. The RI DBR took a proactive approach to 'push' manufacturers to use the online service by making the paper renewal option more difficult. A notice was mailed instead of the preprinted two to three page application. The notice instructed renewals to be completed through the online service. The manufacturer's ID along with the service url were provided for convenience. In addition, the online service's features and benefits were clearly conveyed. If a manufacturer required a paper application, they needed to the agency.

120 manufacturers used the online service to renew 967 labels for the 2007 season. 817 new labels were added electronically eliminating the time and costs of manual input into the database. Over \$68,000 was processed through the online service negating the need for manual deposits, tracking and applying payments and chasing bounced checks.

While the program was slow to start at first, in it's second year the program has surpassed expectations. In the 2008 renewal season, over 7,800 labels were renewed through the service and an additional 960 new product labels were added. Over \$347,000 was processed through the online service, a 410% increase from the previous year!

The Rhode Island Certificate of Compliance service has exceeded agency and industry expectations in more ways than one. "We're very pleased to offer this heavily regulated industry a more efficient means to renew alcohol label registrations," said A. Michael Marques, Director of the Department of Business Regulation. "These electronic efficiencies mean less time dealing with paperwork and more time enforcing the regulations that exist to protect consumers – which we see as our primary responsibility."

23. How has the program grown and/or changed since its inception?

Due to the aggressive timeline in which to develop and launch the application, utilization of the program was gradual. The program launched in less than two months prior to the renewal deadline and received a 7% adoption from industry members. However, those that did use the service were extremely forthcoming with suggestions on how to improve the online service.

Enhancements to the user interface included making information, such billing options, more clear and upfront in the online process. Users now have the option of printing any and all Certificates of Compliance they have processed and have the ability to select these individually by date processed. This is especially useful to those manufacturers who add new products frequently.

Features to the agency's administrative site were also rolled-out prior to the 2008 renewal season. RI DBR has the ability to view not only those manufacturers who have renewed labels in their system, but also view a list of manufacturers who have not renewed. Manufacturers are listed alphabetically including physical location and how many labels are associated with their account. These enhancements allow the agency to easily keep tabs on those manufacturers who may not be in compliance with Rhode Island's alcohol beverage transport statute.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?^β

Lack of technical infrastructure and/or development resource availability could provide limitations or obstacles in pursuing the implementation of a program such as this. Through Rhode Island's self-funded partnership with the state's Portal provider, Rhode Island Interactive, they were able to successfully execute this program without tying up state IT resources or budgeting additional revenue for development. The U.S. Department of Treasury Alcohol and Tobacco Tax Trade Bureau is more than happy to provide any state with the necessary information needed to connect to its COLAS online database and the alcohol beverage industry is more than willing to assist in the roll-out of electronic filings.