

# Extensive federal regulations

5/16/2015 HONOLULU STAR-ADVE

By Clyde Wayne Crews Jr. and Ryan Young

Last year, Americans paid nearly \$1.4 trillion in federal individual income taxes — plus sales taxes, fuel taxes, property taxes, excise taxes, you name it.

Yet, there's another tax that doesn't show up on any receipt: the cost of federal regulation.

Just as businesses pass on costs from taxes to consumers, they also pass along their regulatory compliance costs. That means the American public pays for regulation with higher prices at the supermarket, less money in our paychecks, and overall lower economic growth and prosperity.

Complying with federal regulations and interventions cost the economy some \$1.88 trillion in 2014,

according to the Competitive Enterprise Institute's new "Ten Thousand Commandments" report. That cost amounts to more than half of the \$3.5 trillion federal budget.

If federal regulations were their own country, it would be the world's 10th largest economy, ranking behind India and ahead of Russia.

Unfortunately, this enormous cost of federal regulations is likely underestimated. The problem is, even when using the best available private and government data, information about the costs and benefits of regulations is only provided for a fraction of these rules. For example, out of more than 3,500 final regulations last year, the Office of Management and Budget conducted full cost-benefit analyses for only seven of them — less than

two-tenths of 1 percent.

And although members of Congress like to blame agencies for these costs, lawmakers share part of the blame. Despite the Constitution granting "all legislative powers" to members of Congress, they routinely delegate an enormous amount of lawmaking to executive branch agencies.

While Congress passed 224 laws last year, agencies issued 16 times more new regulations — 3,554 new rules in total. This huge disparity between laws passed and regulations issued by unelected agency officials can be described as an "unconstitutionality index," which averaged 26 regulations issued for every law passed over the last decade.

America's regulatory state continues to grow, and it's time for Congress to roll back

# Impose significant cost on U.S.

our nation's "hidden tax" of regulation. One solution would be for Congress to vote, in an expedited manner, to approve every major agency rule — those with an estimated annual cost of \$100 million or more — before they become binding for the rest of us.

The Regulations from the Executive In Need of Scrutiny Act is a bill that already exists and would do just that. The act has passed the House in each of the last two Congresses but still needs to be passed by the Senate.

Another solution would be to add automatic sunsets for new regulations after a period time, for example, five years. Just like a carton of milk, regulations tend to go bad after a while, especially due to rapid and constant technological advancements. Automatic expiration

provides a painless way to get rid of obsolete or ineffective rules, and still allow Congress to easily renew successful regulations with a vote.

Of course, sunsets would only address new regulations. The existing stock of old rules also needs housecleaning. The Regulatory Improvement Act would establish an independent Regulatory Improvement Commission to comb through the Code of Federal Regulations, which compiles all federal rules and is now 175,268 pages long.

The commission would then send Congress a package of harmful, redundant or outdated regulations to repeal with a timely up-or-down vote, without amendment. The commission's first go-around could focus on a specific policy area, like technology policy. It could

then reconvene each year to address other areas, like agriculture or transportation.

Overzealous federal regulation not only makes the federal government bloated. It also carries opportunity costs in lost inventions, innovations and jobs. Reining in the hidden tax of regulation might not lower Americans' income tax bills, but it would provide an economy-boosting tax cut that could spark needed growth and wealth creation that benefits everyone.

Clyde Wayne Crews Jr. is vice president for policy at the Competitive Enterprise Institute. Ryan Young is a fellow there.

**ON VACATION:** Columnist Thomas Sowell is off this week.