



Insight

2013 Regulatory Pile On Continues

SAM BATKINS | FEBRUARY 8, 2013

\$12 Billion in New Regulations in January, \$15.8 Billion Potentially on Tap for February

Good news: the most recent “Midnight” regulations period (the final rules issued after Election Day and before Inauguration Day) was relatively quiet. Bad news: in January the administration added \$12 billion in costs and more than 11.9 million paperwork burden hours. The administration even admitted that two major January [regulations](#) would impose “a significant economic impact on a substantial number of small entities.”



February Surge

A busy January for proposed and final rules dovetailed into an active February with several significant rules scheduled for publication. Combined, a handful of early February regulations will add \$2.6 billion in costs and 2.1 million paperwork burden hours.

1) [Transparency Report Final Rules](#) under the Affordable Care Act would add \$1.9 billion in costs for physicians and U.S. manufacturers.

- 2) [Revised School Lunch Standards](#) could cost local governments \$113.3 million and more than 926,000 hours.
- 3) [New Mortgage Servicing Rules](#) from the legally-suspect Consumer Financial Protection Bureau (CFPB) add 1.1 million hours and at least \$7 million in costs for banks and credit unions.
- 4) A final CFPB rule on [Loan Origination](#) adds more than 114,000 paperwork hours on banks and credit unions and does not estimate costs.
- 5) New EPA [Regional Haze Requirements](#) could cost one power plant \$648 million.

A Small Business Concern

According to a recent [Gallup Poll](#) of 601 small-business owners, 55 percent were worried about new government regulations. The report concluded, “[T]he fact that so many owners say worries about such things as potential healthcare costs and potential new government regulations are holding back hiring is troublesome for the job market outlook.”

That is the small business psyche today, and it is virtually unchanged from a similar poll in 2012, when regulators added [\\$215 billion](#) in new costs. Last September, a [Gallup Poll](#) found 47 percent of Americans believed there was “too much” government regulation, compared to 26 percent who thought there was “too little.” A revealing aspect of the data: “In fact, over the 15 times since 1993 that Gallup has asked this question, never have more than a third of Americans said there is too little regulation of business and industry.

With [\\$123 billion](#) in regulations scheduled for 2013, and a significant new regulation published every three days in 2012, small businesses are right to be concerned with the nation’s mounting [red tape](#) burden.

Major Rules Looming

There are several significant pending rules at the White House that the administration could release at any moment.

The most notable proposal is EPA's "Tier 3" emission and fuel standards. The regulation aims to reduce the sulfur content of gasoline, and perhaps even trim the carbon intensity of refined fuel. As a proposal, there is no cost estimate yet, but refiners peg costs around \$8 billion.

Energy efficiency standards also appear to be a top priority for 2013. Currently, there are five conservation standards rules pending from the Department of Energy. The most likely new rule adjusts standards for "Distribution Transformers." The proposed version of this rulemaking estimates costs at \$5.2 billion, and would affect "at least 31 small distribution transformer manufacturers."

Conclusion

These looming regulations could add \$15.8 billion in cost burdens during the next month. After \$12 billion in costs last month, there appears to be no slow down in the pace of expensive rulemakings. If the current trend continues, the federal government will add more than \$138 billion in regulations in 2013. It is no surprise then, that businesses view new rules as a major obstacle to economic growth and job creation.