



Research

2022: The Year in Regulation

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EXECUTIVE SUMMARY

- Federal agencies collectively finalized \$117.1 billion in net regulatory costs in 2022, making it the fifth-most expensive year since 2005.
- Federal agencies collectively finalized 86.2 million new annual hours of paperwork burden.
- The number and expected cost of the year's proposed rules were even higher than the finalized costs, suggesting that expensive rulemaking will continue for the foreseeable future.

INTRODUCTION

The Biden Administration followed up an extraordinarily expensive 2021 with another costly year. Across the federal government, agencies finalized more than 260 rules with estimated economic impacts totaling \$117.1 billion. If that was not costly enough, the administration also proposed 311 rules that, if finalized as is, would add another \$191.2 billion. Those rules will likely be finalized during the remainder of the Biden Administration's current term, suggesting that expensive regulations will continue for the foreseeable future.

SNAPSHOT OF FINAL RULES WITH ESTIMATED ECONOMIC IMPACTS



Other Notable Points

- Final Annualized Costs: \$9 billion
- Total Final Costs per Person: \$350.43
- Proposed Rules with Estimated Economic Impacts: 311
- Total Proposed Costs: \$191.2 billion
- Proposed Paperwork Hours: 108 million
- Federal Register Pages: 80,687
- Total Final Rules: 3,187
- Total Proposed Rules: 2,037

COSTLIEST RULES

The Financial Crimes Enforcement Network, an agency within the Department of the Treasury, published the costliest final rule of 2022. Its “Beneficial Ownership Information

Reporting Requirements” rule creates a vast program for businesses to report certain principal beneficiaries of a business’s ownership structure. The rule, which stems from a 2021 law, is aimed at bad actors that “frequently use corporate structures such as shell and front companies to obfuscate their identities and launder their ill-gotten gains through the U.S. financial system.” The total costs of the rule are estimated at \$84.1 billion, mostly from an astounding 53 million hours of new annual paperwork burden, making it the fourth-most expensive final rule ever tracked in AAF’s [RegRodeo](#) database. Others among the most expensive rules published in 2022 include the Department of Transportation’s fuel economy standards and the Department of Homeland Security’s “Deferred Action for Childhood Arrivals.”

Top 10 Costliest Final Rules

Regulation	Total Cost (\$ Millions)
Beneficial Ownership Information Reporting Requirements	84,100.0
Corporate Average Fuel Economy Standards for Model Years 2024-2026 Passenger Cars and Light Trucks	15,600.0
Deferred Action for Childhood Arrivals	9,363.9
Requirements for Additional Traceability Records for Certain Foods	6,000.0
Energy Conservation Program: Definitions for General Service Lamps	2,700.0
Energy Conservation Program: Energy Conservation Standards for General Service Lamps	2,400.0
Energy Conservation Program: Energy Conservation Standards for Manufactured Housing	2,400.0
Tailored Shareholder Reports for Mutual Funds and Exchange-Traded Funds	1,419.2
Managing Emissions From Oil and Natural Gas Sources on Within the Uintah and Ouray Indian Reservation in Utah	560.0
National Standards for Traffic Control Devices	296.0

Among proposed rules, the Department of Health and Human Services (HHS) had the most expensive with a rule to streamline the application process for the Children’s Health Insurance Program within Medicaid. HHS estimates 2.81 million additional enrollees by

2027 as a result of the changes, costing states nearly \$40 billion, but would trim an estimated 6.9 million hours of annual paperwork burden.

Proposed rules offered the most notable regulatory trend of the year. Aside from the large possible cumulative impact – agencies published a total of \$191.2 billion worth of costs collectively – there were 23 individual proposed rules with at least \$1 billion in expected costs. Of the 23, seven were environmental or energy rules and six would affect the financial services industry. The last two years of the Biden Administration’s current term will likely be expensive for industries in those sectors.

Top 10 Costliest Proposed Rules

Regulation	Total Cost (\$ Millions)
Streamlining the Medicaid, Children’s Health Insurance Program, and Basic Health Program	38,825.1
Renewable Fuel Standard (RFS) Program: Standards for 2023-2025 and Other Changes	28,492.0
The Enhancement and Standardization of Climate-Related Disclosures for Investors	19,134.2
Control of Air Pollution From New Motor Vehicles: Heavy-Duty Engine and Vehicle Standards	19,000.0
FIP Addressing Regional Ozone Transport for the 2015 Ozone National Ambient Air Quality Standard	14,000.0
Oil and Natural Gas Sector Climate Review	12,000.0
Outsourcing by Investment Advisers	9,998.5
Private Fund Advisers; Documentation of Registered Investment Adviser Compliance Reviews	9,809.0
Medicare Program; Contract Year 2024 Policy and Technical Changes to the Medicare Advantage Program, etc.	5,836.5
Tobacco Product Standard for Menthol in Cigarettes	4,113.2

NOTABLE AGENCIES

By publishing the year’s most expensive final rule (by a factor of more than five), the Treasury Department had little competition in the race for 2022’s costliest agency when it

comes to regulation. Aside from the massive beneficial ownership rule, however, the agency’s seven other rules barely managed to add up to \$14 million. As is common, the most expensive agencies tend to be those that issue one or two very large rules, as opposed to many middling ones. The table below lists the six agencies that broke the \$1 billion barrier in net costs. For its part, the Department of Agriculture was the only agency to finish the year with net *savings* of more than \$1 billion, as it saved \$4.5 billion.

Agencies With More Than \$1 Billion in Final Rule Costs

Agencies	Total Cost (\$ Millions)
Treasury	84,114.1
Transportation	15,460.0
Energy	7,203.0
Homeland Security	6,451.2
Food and Drug Administration	5,380.4
Securities and Exchange Commission	1,636.3

PAPERWORK

As the costs associated with the beneficial ownership rule were mostly from paperwork, it was also the runaway winner of the final rule with the greatest new paperwork burden. Medicare rules, a mainstay of this annual list, had three entries with more than 1 million hours of annual paperwork, along with some other recordkeeping-heavy requirements from the Food and Drug Administration, Department of Transportation, and the Securities and Exchange Commission.

Final Rules With at Least 1 Million Annual Hours of Paperwork Burden

Regulation	Annual Hours
Beneficial Ownership Information Reporting Requirements	53,309,290.0
Requirements for Additional Traceability Records for Certain Foods	13,318,412.7
Medicare Program: End-Stage Renal Disease Prospective Payment System, etc.	5,085,800.0

Medicare Program: Calendar Year 2023 Home Health Prospective Payment System Rate, etc.	3,364,285.0
Record of Violations	1,960,000.0
Tailored Shareholder Reports for Mutual Funds and Exchange-Traded Funds	1,486,669.0
Public Charge Ground of Inadmissibility	1,369,188.0
Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals, etc.	1,243,190.0
Annual Information Return/Reports	1,044,298.0

CONCLUSION

While 2022 did not rise to the costly heights of 2021, it was nonetheless another year full of expensive regulation. Given the regulation-centered approach promised by the Biden Administration when it came into office, the results are not shocking. As the sheer number of expensive proposed rules issued in 2022 shows, along with their potential cumulative cost, regulatory watchers should expect the trend to continue for the remainder of the administration's current term.