



The Daily Dish

Closing the Regulatory Books on 2021

DOUGLAS HOLTZ-EAKIN | JANUARY 4, 2022

From the outset, I was expecting the Biden Administration to impose the greatest regulatory burden since AAF began tracking regulatory costs. Why? First, the president has proclaimed that climate change is the number one policy issue. Since there appeared to be no chance of climate legislation getting through Congress, I expected a fully regulatory, sector-by-sector strategy that would keep the Energy (efficiency regulations), Interior (extraction/emissions regulations), Environmental Protection (electricity and light vehicles), and Transportation (fuel efficiency regulations) agencies plenty busy. In addition, the president issued an executive order on “[modernizing](#)” the regulatory system that appeared slanted toward allowing more, and more costly, regulations.

As the year progressed, I somehow got the impression that the tsunami had not materialized or, perhaps, was deferred. I may have had that wrong. In his [review](#) of regulatory activity in 2021, AAF’s Dan Bosch points out that “Federal agencies collectively finalized \$201.5 billion in net regulatory costs in 2021, making it the second costliest year since the American Action Forum began tracking regulatory costs.”

There are two further nuggets that help reconcile my impression of the numbers. First, Bosch notes that “the Biden Administration spent much of its time developing rules that reverse or significantly change several Trump Administration rules.” This, as it turns out, is also pretty costly: “Among the 10 costliest proposed rules, six directly affect Trump Administration rules.” So, the costs arose even though the administration has not yet turned to its agenda.

Second, the biggest costs were related to the initial Biden climate rule. “The Environmental Protection Agency’s (EPA) Revised 2023 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions Standards reversed a Trump Administration rule scaling back the annual increases in standards for greenhouse gas emissions from cars and light-duty trucks. Since the Trump-era rule resulted in estimated total savings of nearly \$200 billion, it makes sense that a rule reversing it would have a massive economic impact. Indeed, at \$180 billion in total costs, the new EPA rule is the most expensive final rule ever tracked in AAF’s [RegRodeo](#) database.”

Get ready for more of the same with fuel efficiency standards in the Department of Transportation and electric power generation in EPA, among others. Thus, it is likely that EPA will continue to lead the league in regulatory costs (as it did in 2021), but it will be a real reversal for Transportation, which saved \$1 billion in costs during 2021.

There is a lot more detail and analysis in Bosch’s piece, but the bottom line seems simple: 2021 was really expensive, despite the fact that the regulation tsunami has yet to arrive.