



The Daily Dish

The Regulatory Cleanup Begins

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On Wednesday Vice President-elect Mike Pence is scheduled to meet with House Republicans to discuss Obamacare repeal and replacement plans. Republicans are expected to delay repealing parts of Obamacare to allow for more time to design a replacement health care plan. President Obama is expected to meet with Congressional Democrats on Wednesday as well to discuss plans for defending Obamacare from repeal.

Last week the Department of Justice (DOJ) announced that they had reached final agreements with Swiss banks on the Swiss Bank Program. The program aims to help financial institutions avoid criminal liabilities due to U.S. tax crimes by granting banks non-prosecution eligibility if they meet certain requirements. The Swiss Bank program was initially announced in 2013.

Eakinomics: The Regulatory Cleanup Begins

The tally has been mounting for years — over 3,000 costly regulations totaling nearly \$875 billion in finalized burden costs. As the economy became increasingly festooned with rule making and regulatory drag, conservatives have promised to bring the regulatory state to sanity given the first opportunity. That moment has presumably arrived. Congress returns from the holidays with plans to get started.

Specifically, I expect that the House will begin cleaning up the midnight regulatory onslaught by the Obama administration. Historically, this would have required a regulation-by-regulation use of the Congressional Review Act (CRA). Instead, the House will consider a bill (HR 5982 in the last Congress), which would permit Congress to disapprove multiple midnight rules *en banc* — in a single resolution.

That takes care of the last-gasp efforts of the outgoing president. But what guarantees better performance in the future? The House will next turn to the Regulations from the Executive in Need of Scrutiny (REINS) Act. With the REINS Act, Congress would have 70 legislative days to approve a major rule with economic impact over \$100 million. Only then would it be sent to the president for signature. Without a positive vote, the regulation would not take effect. If enacted, REINS could save more than \$27 billion in annual regulatory costs and 11.5 million paperwork burden hours according to AAF research by Sam Batkins.

Passage of the REINS Act (or other, similar, legislation) would insert Congress more firmly into the regulatory process, a significant change that is not done lightly. However, the lesson of the past eight years is that even without executive overreach the regulatory process does not correctly balance benefits and costs; a recalibration of the underlying process is overdue.