



March 30, 2016

Dear Members of Congress,

AMERICAN COMMITMENT

AMERICANS  
*for* TAX REFORM

Campaign  
*for* Liberty

CFIF  
CENTER FOR INDIVIDUAL FREEDOM



CITIZENS  
AGAINST  
GOVERNMENT  
WASTE

FreedomWorks



On behalf of the undersigned organizations and our members, we call on Congress to implement a regulatory budget to address the cost of federal regulations, which frequently have an effect similar to tax increases. Like federal spending, regulations and their costs should be capped, tracked and disclosed annually.

The need for reform is urgent. The government's cost burden imposed on American families and businesses extends well beyond taxes, deficits, and borrowing. The country spends hundreds of billions of dollars each year on red tape. That's a big drain on the economy, entrepreneurship and job creation. And, it is more than simply regulated businesses who pay the price. Just as firms pass on tax costs, firms also pass on regulatory compliance costs. This burden has not gone unnoticed, as the most recent edition of [Gallup's annual Governance survey](#) found, 49 percent of Americans say the government regulates business too much, while 21 percent say it regulates too little, a near-low percentage.

The current rulemaking process is broken. The executive branch can and does go around Congress and the states on matters such as healthcare, retirement, labor and education policy—not solely by issuing normal regulations. The Obama administration, in particular, has escalated the use of agency guidance documents, memoranda, bulletins, manuals, circulars and other proclamations to circumvent our elected officials.

The current reporting and accountability by federal agencies is abysmal. Agencies impose costs and proclaim benefits with little meaningful constraint. Cost-benefit analysis at the agency level amounts to mere self-reporting and accompanies only a fraction of rules. This means lawmakers do not know much about the size and scope of the problem.

Congress should act now to require better reporting, more accountability and cost reductions. Specifically, Congress should pass a budget that includes the regulatory budget put forward by House Budget Committee Chairman Tom Price (R-Ga.) in the new [House Budget Resolution for Fiscal Year 2017](#). The chairman's budget is remarkable for including a section on "Policy on Federal Regulatory Budgeting and Reform."

The resolution calls for critical reforms:

- Promote economic growth, job creation, higher wages and increased investment by eliminating unnecessary red tape and streamlining, simplifying and lowering the costs of Federal



- regulations; the adoption of least-cost regulatory alternatives to meet the objectives of Federal regulatory statutes;
- Protect the poor and lower-income households from the regressive effects of excessive regulation; and workers against the unnecessary elimination of jobs and loss or reduction of wages;
  - Require an annual, congressional regulatory budget that establishes annual costs of regulations and allocates these costs amongst Federal regulatory agencies;
  - Secure Congressional approval of all new major regulations before the regulations can become effective, ensuring that Congress can better prevent the imposition of unsound costly new regulations;
  - Analyze all new major regulations on at least a decennial basis, to ensure that regulations operate as intended and impose no more costs than necessary;
  - Mandate transparency and opportunities for hearings on disputed issues in high-cost, major rulemaking;
  - Eliminate the abuse of guidance to evade legal requirements applicable to the development and promulgation of new regulations.

Note that the idea of a regulatory budget is not new. Former Sen. Lloyd Bentsen (D-Tex.) proposed legislation in 1979 to cap compliance costs and establish an annual regulatory budget. More recently, Sen. Mike Lee (R-Utah) put forward a “[Regulatory Cost Assessment Act](#)” and Sen. Marco Rubio (R-Fla.) a “[National Regulatory Budget](#).”

With the recognition of the regulatory hidden tax alongside the budgetary one, we urge Congress to seize this unique opportunity to assert control over the regulatory state and enact significant reforms.

Sincerely,

Competitive Enterprise Institute  
 American Commitment  
 Americans for Tax Reform  
 Campaign for Liberty  
 Center for Individual Freedom  
 Center for Regulatory Effectiveness  
 Citizens Against Government Waste  
 FreedomWorks  
 Frontiers of Freedom  
 Log Cabin Republicans  
 Main Street Growth Project  
 National Taxpayers Union  
 R Street Institute  
 Small Business & Entrepreneurship Council  
 Taxpayers Protection Alliance