



Crushing Costs of Regulations: The Staggering Price Tag of Washington's Bureaucratic Overreach

American families and small businesses are footing the bill for the federal bureaucracy's costly regulatory state

THE STAGGERING COSTS OF OVERREGULATION

Federal regulators have built up a regime of rules and mandates that impose stifling costs on American families, businesses, and our economy.

Despite the widespread impact on our economy, regulators and the politicians that empower them often undervalue the true costs of sweeping federal rules. However, an independent study published in 2023 found that, when accounting for compliance costs and the economic impact, federal regulations cost more than \$1.9 trillion annually.

To put this figure in perspective, it represents around 7% of the United States' Gross Domestic Product (GDP) and is larger than the GDPs of South Korea, Mexico, and Australia. Further, it is nearly five times the value of corporate taxes collected by the federal government in 2023 (\$409 billion).

These staggering costs come as the result of years of overreach by federal bureaucrats. Since 2009, more than 5,300 regulations have been finalized that are expected to cost \$2.6 trillion in present and future costs. The Obama administration played a significant role in imposing this onslaught of regulations, finalizing rules between 2009 and 2016 with projected costs of more than \$870 billion. President Joe Biden has continued and accelerated this trend, unleashing an unprecedented wave of federal regulations far costlier than any recent presidential administration.

BIDEN'S UNPRECEDENTED WEB OF RED TAPE

Since taking office in 2021, President Biden has finalized at least 923 federal rules, which are projected to ultimately cost more than \$1.6 trillion. Even more concerning, the majority of these costs come from rules finalized by President Biden in this year alone. From January to early May 2024, President Biden finalized regulations projected to cost around \$1.2 trillion.

These sweeping regulations will impose new costs on nearly every facet of our economy, from manufacturing to healthcare to small businesses and utilities. The Biden administration's costliest regulations to date have been the new emissions standards for light- and medium-duty vehicles finalized earlier this year by the Environmental Protection Agency (EPA). These new standards are projected to cost some \$870 billion and will raise prices for families already dealing with the impact of inflation.

Other costly rules imposed by the Biden Administration include new beneficial ownership reporting requirements for businesses (\$84 billion), PFAS drinking water regulations (\$63.4 billion), staffing and transparency requirements for Medicare and Medicaid (\$43.1 billion), and emissions standards for heavy-duty vehicles and engines (\$39 billion).

In total, Biden's wave of new regulations has been far costlier than even Obama's regime of rules and mandates. Across a similar timeframe, the Obama-Biden administration finalized regulations projected to cost \$309 billion, while the Trump-Pence administration finalized regulations projected to actually reduce costs by \$159.4 billion.

Similarly, a report authored by Professor Casey Mulligan of the University of Chicago for the Committee to Unleash Prosperity examined the impact that President Biden's regulations will have on families. The report found that the new rules imposed in just the first two years of the Biden administration will lead to almost \$10,000 in added present and future costs for the average household. Further, the report estimates that should regulatory costs rise at the same rate under Biden as they did under Obama, the costs imposed across an eight-year Biden term would reach \$60,000 per household.

FAMILIES STRUGGLING WITH THE COSTS OF OVERREGULATION

Though the regulatory process may seem abstract or go unnoticed by many, the rules imposed by the regulatory state have a very real and costly impact on all Americans. The sweeping mandates imposed by federal bureaucrats cause price hikes on everyday goods and services every American household relies on.

Multiple estimates show that overregulation by Washington is inflicting devastating new costs on American families. A [report](#) by the Competitive Enterprise Institute in 2023 found that the average household pays more than \$14,500 annually in a hidden regulatory tax. These costs exceed the price of nearly every household budget item aside from housing, including health care, food, transportation, clothing, and more.

COSTLY MANDATES ARE RAISING CAR PRICES

Automobile regulations have hit American families and workers particularly hard, largely as a result of the left's crusade to implement radical climate policies.

A 2021 study published by Cambridge University [found](#) that auto regulations have added around \$6,000 to \$7,000 in costs per vehicle over the long term. Similarly, a Heritage Foundation report from 2016 [found](#) that President Obama's fuel economy standards would raise prices for consumers by at least \$3,800 per vehicle.

In line with his climate agenda, auto regulations have been a costly focus of the Biden administration. According to a [report](#) by the Committee to Unleash Prosperity, the largest source of new costs imposed on households by Biden's regulations has been new auto emissions standards.

Costly mandates from Washington not only lead to higher prices for consumers looking to buy a car, they also lead to fewer available choices. According to an [analysis](#) by S&P, higher fuel economy standards have led manufacturers to phase out certain models. In all, there were 16 fewer affordable car models available to consumers in 2023 compared to 2017.

President Biden is also undertaking an [effort](#) to phase out gas powered cars and force everyone into adopting electric vehicles, despite the fact that these cars are much more expensive and consumers have made clear they are [not interested](#).

CLIMATE CRUSADERS FOR YOUR APPLIANCES

The Biden administration has unveiled a series of new regulations aimed at household appliances. So far, President Biden has imposed new rules and mandates on air conditioners, furnaces, ceiling fans, washing machines, dish washers, water heaters, light bulbs, gas stoves, and more.

The price tag for these new regulations will have a devastating impact on families' budgets. An analysis by the Alliance for Consumers estimated that Biden's new standards for washing machines will increase per-unit prices by \$200 and new gas furnace efficiency standards will cost consumers \$494 on average. Biden's ban on certain refrigerants will increase the cost of refilling air conditioner units by \$1,000 or more.

Some regulations being advocated for would force certain products out of the market altogether. For example, liberal politicians have actively pushed for a ban on gas stoves, which would force consumers to install new electric outlets and adopt newer electric models, imposing additional up-front costs on families.

THE WAR ON AMERICAN INDUSTRIES

Empowered by misguided legal doctrine, regulators have spent decades piling up costly rules and regulations on American industries, hamstringing economic growth and job creation. As a result, businesses must wade through an overwhelming maze of red tape that diverts resources towards compliance rather than growth and innovation.

For example, federal regulations cost American manufacturers approximately \$350 billion in 2022, a 26% increase compared to 2012. A study released by the National Association of Manufacturers estimated that the average manufacturing company in the U.S. pays over \$29,000 per employee to comply with federal regulations. Even more worrisome, the burden of regulations is hardest on smaller manufacturers. Manufacturers with fewer than 50 employees pay an astounding \$50,100 per employee each year to comply with federal regulations. These costs hold back our manufacturing industry at a time when the country should be focused on reshoring jobs and manufacturing.

The costs of overregulation are especially harmful to small businesses that are already struggling to get by. According to JCN's SBIQ national poll of small businesses, 54 percent of respondents say complying with regulations is time consuming.

The impact on small businesses is clearly demonstrated in the Loper Bright v. Raimondo case currently before the Supreme Court. In that case, a group of family-run fishing businesses are challenging a costly federal rule that required them to pay for third-party monitors that cost up to \$700 per day per ship, amounting to up to 20% of a ship's take-home pay. Fortunately, the Loper Bright case presents an opportunity for the Supreme Court to rein in this kind of unconstitutional overreach by the regulatory state.

CONCLUSION

Recent reporting confirms what was already clear from the regulatory tsunami unleashed by the Biden administration: The president is weaponizing agencies' regulatory authority to cement his legacy. Bypassing the legislative process in favor of heavy-handed rulemaking has become the hallmark of this administration, despite the fact that Americans are being crushed by the steep costs of this regulatory agenda.

The good news is that Loper Bright case presents the opportunity for the Supreme Court to restore the separation of powers, rein in the federal bureaucracy, and give Americans a voice by returning the power to Congress to approve major or costly regulatory changes. A favorable ruling in Loper is an important step to giving for American families, consumers, and business owners a financial reprieve from the costly regulatory state.