



## Insight

# Quick Repeals of Obama Regulations Could Save \$40 Billion in Costs

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The new Congress will be busy in 2017 using the Congressional Review Act (CRA) to repeal the last vestiges of Obama Administration regulations. According to the American Action Forum (AAF), examining ten notable regulations could yield roughly \$40 billion in regulatory savings and more than 3.7 million paperwork burden hours. With votes this week in the [U.S. House](#), repeals could save more than \$5.2 billion in regulatory costs and 2.6 million paperwork burden hours.

The Obama Administration was busy during its “midnight” period for regulation, breaking records for December regulatory output, and publishing [\\$157 billion](#) in regulations. Congress has already started to take notice, passing a suite of regulatory modernization bills, but soon the House and Senate will focus on specific regulations to examine from the outgoing administration.

Below is a list of candidates for CRA resolutions of disapproval that Congress could scrutinize in the coming weeks. They are organized by total cost.

<u>Regulation</u>	<u>Cost (in millions)</u>	<u>Paperwork Hours</u>
<a href="#">GHG Standards for Heavy-Duty Trucks II</a>	\$29,300	61,800
<a href="#">Natural Gas on Federal Lands</a>	\$1,800	82,170
<a href="#">Drilling in the Outer Continental Shelf</a>	\$2,050	3,930
<a href="#">Renewable Fuels Standard</a>	\$1,550	
<a href="#">Payments from Resource Extraction</a>	\$1,290	217,408
<a href="#">Stream Protection Rule</a>	\$1,205	218,457
<a href="#">Contractor Blacklisting</a>	\$872	2,171,320
<a href="#">Liquidity Risk Management</a>	\$855	292,453

Investment Company Swing Pricing	\$286	8,663
Corporate Inversions	\$280	735,000
NICS Firearms Data	N/A	N/A
<b><u>Totals</u></b>	<b><u>\$40 billion</u></b>	<b><u>3.7 million hours</u></b>

Note, House Majority Leader Kevin McCarthy has [already unveiled](#) a list of five regulations the chamber will examine this week under the CRA: natural gas on federal lands, resource extraction, stream protection, contractor blacklisting, and a firearms measure from the Social Security Administration. Combined, repeal of these five measures could save \$5.2 billion and 2.6 million hours. In one week, the House could save every American taxpayer \$42 and the equivalent of 1,344 work-years of time. The Senate is expected to disapprove of these five regulations as well.

The largest rule on the list, greenhouse gas (GHG) standards for trucks, hasn't received significant attention, but at \$29.3 billion in costs, and one EPA estimate of more than [\\$97 billion](#) in total burdens, it could be an attractive rulemaking to target for Congress and President Trump. Since the rule ostensibly regulates GHG standards, and EPA already finalized an [\\$8.1 billion](#) earlier version of the same rule in 2011, it could the climb the ladder of CRA candidates soon.

Most of the other rules are all courtesy of EPA and DOI. President Obama's decision to protect vast swaths of land and water from drilling during the midnight period has drawn some scrutiny, as did the \$2 billion DOI rule regulating drilling in the Outer Continental Shelf, which was finalized last summer. The rulemaking drew [1,300 comments](#), generally a sign of some interest from industry and public interest groups. The other major environmental rule on the list is the Renewable Fuels Standard (RFS) for 2017 and 2018. This issue divides both Democratic and Republican caucuses; however, the \$1.5 billion in costs and dubious environmental value of the RFS places the future of the rule in jeopardy. Former Secretary of Agriculture Tom Vilsack said he's [worried](#) about the future of the renewables mandate and the CRA offers the easiest path to eliminate the standard.

Finally, President Donald Trump and Secretary Steven Mnuchin have both vowed to "[strip back](#)" Dodd-Frank financial reform. This is doable, but it will take years to accomplish. Consider, regulators are still implementing parts of the seven-year-old law today. Given that the rulemaking process will be slow, it might make sense to use the CRA to address financial services rules. The House and Senate have already identified one immediate option: the resource extraction rule from Dodd-Frank. An earlier version was already struck down [by the courts](#); the current version costs \$1.2 billion and it does nothing to protect the integrity of the U.S. financial system. It is perhaps the perfect candidate to begin the unwinding of Dodd-Frank.

The other financial services rules on the list represent somewhat expensive and controversial rules implemented within the CRA window. There are no obvious candidates in the financial services field, but the so-called corporate inversions rule that the administration once claimed it had no power to enforce, yet finalized in 2016, is perhaps the best bet. At \$280 million in costs, the rule, designed to prevent foreign corporate mergers, has broad implications.

## President Trump

The unknown in the CRA calculus is how aggressive or tame President Trump wants to be repealing rules that, "may not be reissued in substantially the same form." His administration might detest the recent inversions rule,

but his public actions reveal that he may want to limit this practice in some form in the future. A CRA resolution would make that nearly impossible. Congress wants to cut regulations “24/7” and we know President Trump wants to repeal [two rules for every new regulation](#), so the CRA offers a quick approach to remove past rules and take credit as he moves forward with his regulatory vision.

If President Trump and Congress are aggressive, the list above might represent only half of the possible regulatory rescissions. A full week in the House and Senate devoted to CRA resolutions could produce up to 20 fewer Obama-era regulations. For perspective, the twenty largest eligible rules under the CRA could generate more than \$85 billion in total costs, or roughly \$11.8 billion in annual burdens. Amending those measures through the CRA could allow more leeway to implement President Trump’s regulatory budget and fulfill his promise to roll-back President Obama’s regulatory agenda.

## Conclusion

Currently, we don’t know the full extent of the CRA’s possibility in 2017. First, the House and Senate need to agree on a universe of CRA rules and a package for floor time. The final slate must also unify, with no more than two defections, the Republican caucus in the Senate. It’s unlikely more than one or two Democrats vote for any CRA resolution. There must also be some coordination with the incoming administration, that President Trump will sign all resolutions that pass the House and Senate. We at least know the 2001 [ergonomics rule](#) will soon have company in the world of voided regulations. We also know if the Senate approves the Houses votes this week, the nation will save \$5.2 billion in costs.