

Chairman Johnson Opening Statement
“The Administrative State: An Examination Of Federal Rulemaking”

Wednesday, April 20, 2016

As submitted for the record:

Good morning. Thank you for joining us today.

In recent years, the size and scope of government has increased through federal regulations. As we have learned from small businesses and stakeholders around the country, overregulation is the silent killer of economic growth and opportunity. The purpose of this hearing is to understand the toll that excessive rulemaking has on our economy. We will look at three key issues:

First, we will examine the Obama administration’s use of the regulatory process. According to one study, since 2009, the Obama administration has finalized 588 major regulations—392 of which have an annual effect on the economy of \$100 million or more. Federal agencies have finalized an average of 10 regulations per day during this administration.

Second, we will consider the burden of regulations on the economy. According to some estimates, it costs Americans roughly \$2 trillion to comply with federal regulations each year. That is approximately 10 percent of the United States gross domestic product.

Third, we will look at the Obama administration’s approach to the regulatory process, considering three case studies where the committee has done oversight: the Federal Communications Commission’s net neutrality rule, the Labor Department’s fiduciary rule, and the Environmental Protection Agency’s “Waters of the United States” rule.

Last year, the White House pressured the FCC to reclassify broadband as a common-carrier—subjecting competitive internet services to the same restrictions as the non-competitive, monopolist phone companies of the 1930s or railroad companies of the 1800s. Private businesses now face significant uncertainty and compliance costs.

We will also examine the Labor Department’s fiduciary rule, which rewrites the compliance regime for retirement investment advisers. The rule will likely increase compliance costs for advisers, driving up the price of their services and decreasing access to advice for low- and middle-income investors. In drafting this rule, the Labor Department ignored concerns from Securities and Exchange Commission and Treasury Department staff.

Finally, we will examine the EPA’s “Waters of the United States” rule, which expands federal authority over small bodies of water that were previously not subject to federal regulation. Under the rule, 92 percent of the land in Wisconsin could fall under EPA’s jurisdiction. The rule threatens to harm Wisconsin farmers and businesses with increased permitting costs and litigation risks, including fines reportedly up to \$37,500 per violation per day. The Government

Accountability Office found that EPA engaged in “covert propaganda” in generating public support during the rulemaking process.

This hearing will further highlight the problem of unfair and unnecessary regulations and the cost to the American people. I look forward to your testimony.