

CO-SPONSORSHIP MEMORANDUM

DATE: 4/30/2025

TO: Legislative Colleagues

FROM: Reps. Nate Gustafson and Amanda Nedweski

Sen. Julian Bradley

RE: Co-Sponsorship of LRB-2514 & LRB-2508, relating to requirements for proposed administrative rules that impose any costs.

DEADLINE: Wednesday, May 14, 2025 at 5:00PM

Wisconsin is the **13th most regulated state in the nation**, with over 165,000 regulatory restrictions—a staggering 5.25 times more than Idaho, the least regulated state. While reform-minded states like Idaho and Ohio have aggressively reduced red tape, Wisconsin’s regulatory code grew by 2.3% between 2020 and 2023.

Unchecked regulatory growth stifles economic growth, drives up costs, and discourages entrepreneurship and innovation. A new study by the Wisconsin Institute for Law & Liberty found that reducing red tape by just 10% over three years could add \$6.6 billion to Wisconsin’s GDP by 2037. A 40% reduction could yield over \$68 billion in growth.

As part of the “**Red Tape Reset**” reform package, this bill introduces a net-zero regulatory budgeting framework, requiring agencies to offset the cost of any new regulation by eliminating or modifying existing rules. This ensures Wisconsin’s overall regulatory burden does not grow – while still allowing agencies to address emerging challenges.

Inspired by the REINS Act, which requires legislative approval for rules with significant economic, cost, or competitive impact, this bill aims to reduce the cumulative economic burden that state regulations impose on businesses, local governments, and individuals.

Key Provisions:

- **Balancing Regulatory Growth:** The bill requires agencies to offset new costs with corresponding savings, preventing unchecked regulatory expansion – ensuring no net increase in regulatory burden.
- **Incentivizing Efficiency:** Agencies must identify and eliminate outdated, burdensome regulations to make room for new rules, fostering a streamlined and efficient regulatory framework.
- **Legislative Oversight:** Rules imposing costs without offsetting savings must secure legislative approval – restoring democratic accountability to the rulemaking process.
- **Transparency and Public Engagement:** Requiring cost savings estimates as part of the economic impact analysis provides clearer insight into the trade-offs of proposed regulations, enabling more informed participation from the public and stakeholders.

Over time, agencies continuously add regulations, leading to escalating costs for Wisconsin's businesses, local governments, and individuals. Research suggests that even modest regulatory increases can significantly drive-up consumer costs. [A 2016 study by the Mercatus Center](#) found that a 10% increase in regulations correlated with a 0.687% rise in consumer prices. While focused on federal regulations, the principle applies to state regulatory environments, where unchecked rulemaking compounds economic burdens.

By adopting a net-zero regulatory budgeting approach, this bill ensures that Wisconsin's regulatory framework remains cost-neutral while allowing agencies to address new challenges effectively.

If you would like to co-sponsor this legislation, please contact Rep. Gustafson's office (237-9155) or Sen. Bradley's office (266-5400) by 5:00pm on Wednesday, May 14th. Co-sponsors will be added to both the Assembly and Senate bills unless otherwise requested.

Analysis by the Legislative Reference Bureau

Under current law, if a proposed administrative rule is reasonably expected to pass along \$10,000,000 or more in implementation and compliance costs to businesses, local governmental units, and individuals over any two-year period, the agency proposing the rule must stop working on the proposed rule until 1) the agency modifies the proposed rule to reduce the expected costs or 2) a bill is enacted that allows the agency to promulgate the proposed rule. These requirements do not apply to emergency rules or to certain rules proposed by the Department of Natural Resources that relate to air quality and that are required under federal law.

This bill changes those requirements so that the requirements apply when a proposed rule is reasonably expected to pass along any amount of implementation and compliance costs to businesses, local governmental units, and individuals over any two-year period. Under the bill, the agency proposing such a rule must stop working on the proposed rule until 1) the agency modifies the proposed rule to eliminate the expected costs; 2) a bill is enacted that allows the agency to promulgate the proposed rule; or 3) the agency promulgates or has promulgated a

different rule, in the same calendar year as proposing the rule at issue, that is reasonably expected to reduce implementation and compliance costs to businesses, local governmental units, and individuals over any two-year period, in an amount that will offset the amount of costs resulting from the proposed rule at issue.

The bill also requires an agency, in the economic impact analysis of a proposed rule that the agency is required to prepare, to include an estimate of the total implementation and compliance cost savings that are reasonably expected to be realized by businesses, local governmental units, and individuals as a result of the proposed rule, expressed as a single dollar figure.