Regulatory Reform in Louisiana: An Opportunity for Greater Economic Growth



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EXECUTIVE SUMMARY

LOUISIANA CURRENTLY RANKS AS THE 10TH MOST REGULATED STATE IN THE COUNTRY, with about 180,000 regulatory restrictions—terms in regulatory text such as "shall," "must," and "may not" that impose binding obligations or prohibitions.[1] That total makes Louisiana roughly six times more regulated than Idaho, the least regulated state, and second only to Texas in the region. Between 2020 and 2024, Louisiana's regulatory stock grew another 9.2 percent, four times higher than the national average. Now, the length of Louisiana's regulatory code is roughly equivalent to six King James Bibles.

This accumulation of rules carries meaningful economic costs. A larger and more complex regulatory code suppresses investment, productivity growth, and start-up formation while raising consumer prices and slowing wage growth. These effects fall disproportionately on small businesses and lower-income households and can also undermine regulatory compliance by overwhelming firms and workers with excessive complexity. At the same time, Louisiana's large regulatory footprint presents a clear opportunity.

This report examines two proven reform strategies—targeted red-tape reduction and regulatory budgeting—that have reduced regulatory burdens and improved economic performance in other jurisdictions without expanding government. Recent reforms in states such as Virginia show that meaningful reductions can be achieved with modest administrative resources. To estimate the potential gains from reform, the report models four scenarios in which Louisiana reduces regulatory restrictions by 10, 20, 30, or 40 percent over a three-year period. In every case, annual GDP growth rises by an estimated 0.16 to 1.56 percentage points, depending on the scale of reform.

Over time, these gains compound. By 2037, even limited reform would leave Louisiana's economy about $4 billion larger than under the status quo, while more ambitious reductions could add over $42 billion in economic output—roughly the equivalent of creating six oil and gas extraction industries from scratch.[2] In short, Louisiana's regulatory burden is not merely a constraint on growth but a lever for reform. Even modest reductions would yield substantial economic benefits, while deeper reforms could significantly strengthen the state's competitiveness, innovation, and long-term prosperity.



INTRODUCTION

THE TRUMP ADMINISTRATION IS FOCUSED ON SHRINKING THE SIZE OF THE ADMINISTRATIVE STATE, but the regulations issued by federal bureaucracies are not the only rules that need resizing. In most states, regulations have been piling up for decades in parallel with federal regulations, often without a systematic process for reviewing or removing outdated, duplicative, or unnecessarily burdensome rules.

In Louisiana, the buildup of rules has been particularly pronounced. As a result, it has amassed 180,858 regulatory restrictions, making it the 10th most regulated state in the country as of 2024. These restrictions are words and phrases such as "shall," "must," and "may not" that appear in the text of regulations and typically create prohibitions or obligations. On their own, those commands could fill a serious novel before accounting for the context, definitions, exceptions, and guidance that surround them. The presence of so many restrictions has imposed a significant cost in terms of time and resources on businesses and households alike, especially small- and medium-sized enterprises and lower-income households.

However, Louisiana's outsized regulatory code also represents an opportunity for policymakers. Because so much regulatory accumulation has occurred, even targeted reforms have the potential to meaningfully boost the state's economy. If Louisiana were to reduce its regulatory burden by 25 percent over the next three years, it could unlock significant economic potential. Experiences in other jurisdictions—including Idaho, Virginia, and the Canadian province of British Columbia—demonstrate that it is possible to reduce regulatory burdens systematically while maintaining core protections and improving economic performance.

This report explores how Louisiana could realize such regulatory reform and estimates the potential gains it could experience from a targeted reduction of 10, 20, 30, or 40 percent in regulatory red tape. Using data from State RegData and evidence from prior reform efforts, the analysis models how different reform scenarios would affect the state's long-run economic growth.

Across all scenarios examined, economic growth increases substantially. The estimated boost to growth ranges from 0.16 percentage points (pp) under a 10 percent reduction to 1.56 pp under a 40 percent reduction. Over time, these gains compound, translating into an increase in the size of Louisiana's economy ranging from $4.1 billion to $42.1 billion by 2037.

Louisiana's Regulatory Burden Compared to Other States

To understand the significance of Louisiana's regulatory accumulation, it is useful to compare the state's experience to that of other states. State RegData has annual data for nearly all 50 states from 2020 to 2024, with data for some of the states for 2025. The research project involves collecting all the regulations in effect in each state at a specific point in time and using AI to quantify specific dimensions of those regulations. Primary among the metrics that State RegData produces is the popular *regulatory restrictions* metric. Regulatory restrictions are used in all the RegData datasets to serve as a proxy for the prohibitions (e.g., "you may not do this") and obligations (e.g., "you must do that") contained in regulatory text.[3]

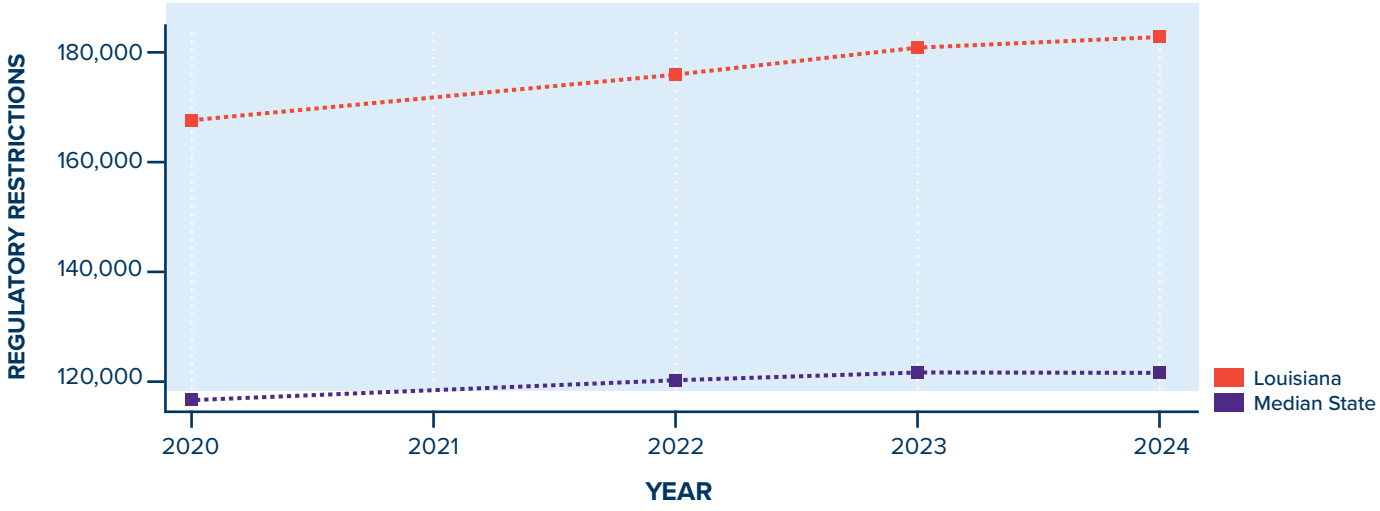
To understand Louisiana's regulatory burden, it is useful to begin with a measurable indicator of the state's stock of regulation. State RegData uses text analysis to quantify the number of restrictions in state administrative codes. Restrictions are instances of binding terms such as "shall," "must," "may not," "prohibited," and "required." While this measure does not capture every feature of regulatory policy, it provides a transparent, replicable benchmark for comparing the scale of regulation across states and over time.[4] The advent of the Federal and State RegData projects has led to the publication of hundreds of peer-reviewed studies on the causes and effects of regulatory accumulation.[5]

In 2024, Louisiana's administrative code contained approximately 180,858 restrictions. That level of regulation makes Louisiana the 10th most regulated state in the dataset for that year. Louisiana's regulatory stock is roughly 6.5 times larger than that of Idaho, the least regulated state in 2024 (27,800 restrictions).

Louisiana's regulatory burden has also increased in recent years, as shown in figure 1. Between 2020 and 2024, Louisiana's restrictions rose from about 167,555 to 180,858—an increase of 13,303 restrictions (7.4 percent). Meanwhile, the median state's regulations have increased 4.4 percent over the same time period—which means that not only is Louisiana's code larger than the vast majority of the states, but that it has grown nearly twice as quickly as the median state between 2020 and 2024.

Louisiana's regulatory code is also large in plain-text terms. In 2024, the code contained roughly 4.6 million words. At a typical reading speed of 250 words per minute, reading the entire code once would require nearly 40 eight-hour workdays—in other words, doing so would be a two-month-long full-time job. That scale underscores why Louisiana's regulatory process must include mechanisms for periodic review and simplification: no legislature, agency head, or small business

FIGURE 1 | REGULATORY RESTRICTIONS IN LOUISIANA COMPARED TO THE MEDIAN STATE, 2020–2024



owner can realistically "keep up" with a regulatory code of this magnitude without institutional support.

Because regulatory competition is often regional, it is also useful to compare Louisiana with neighboring and peer states. Table 1 reports the number of restrictions in 2024 for a "Louisiana region" (Louisiana plus selected neighboring and peer states), along with restrictions per 1,000 residents. Louisiana ranks as the second most regulated state in the region, trailing only the much more populous state of Texas. On a per capita basis, Louisiana is also the second most regulated state in the region.

Moreover, while some might reasonably object that Louisiana's regulations are in place for a good reason, a careful examination of its regulatory code tells a different story. Many regulations are outdated, duplicative, or questionable in terms of whether they even accomplish a desirable purpose. According to an analysis produced by the AI company Vulcan Technologies' regulatory AI platform, Justinian, 41 active regulations still implement the Job Training Partnership Act, a federal program repealed in 1998—nearly three decades ago.[6] At least 129 active regulations still mandate fax-based procedures, 21 require typewritten documents, and 11 reference telegrams. Applications for Louisiana water pollution permits must still be "filed in triplicate," while solid waste operator filings require "an original and 12 copies" written in ink. Multiple licensing boards require mandatory in-person appearances before the board as a precondition to even considering an application, including podiatry. With over 180,000 regulatory restrictions on the books, simply reexamining existing rules for efficacy, redundancy, or obsolescence alone should surface several likely targets for reform. It is hard to imagine why Louisiana needs 50 percent more regulations than the median state, or 600 percent more than Idaho.

TABLE 1 | RANKING OF REGULATORY RESTRICTIONS BY STATE, LOUISIANA REGION (2024)

STATE	RESTRICTIONS (2024)	RESTRICTIONS PER 1,000 RESIDENTS	RANK (RESTRICTIONS)	RANK (PER 1,000)
TEXAS	274,469	8.9	1	6
LOUISIANA	**180,858**	**39.3**	**2**	**2**
OKLAHOMA	142,313	34.9	3	3
MISSISSIPPI	125,604	42.4	4	1
TENNESSEE	121,620	16.9	5	5
ALABAMA	117,041	22.6	6	4

NOTE: RESTRICTION COUNTS ARE FROM THE 2024 RELEASE OF STATE REGDATA (THE MOST RECENT YEAR FOR WHICH STATE REGDATA PROVIDES NEARLY FULL COVERAGE). RESTRICTIONS PER 1,000 RESIDENTS USES 2024 RESIDENT POPULATION FROM THE US CENSUS BUREAU. ARKANSAS, A NEIGHBORING STATE, IS NOT INCLUDED IN THIS TABLE BECAUSE IT IS MISSING FROM STATE REGDATA FOR 2024.

ECONOMIC AND SOCIAL CONSEQUENCES OF REGULATORY ACCUMULATION

REGULATORY ACCUMULATION REFERS TO THE STEADY AND PERHAPS UNINTENTIONAL GROWTH OF REGULATIONS OVER TIME. Without a systematic approach to reviewing and removing outdated or redundant regulations, regulatory accumulation—the steady buildup of government interventions by regulatory agencies—eventually shows up in economic outcomes ranging from business activities (such as investment decisions, start-up rates, and productivity growth) to household outcomes (such as household income and consumer expenditure).

Business Effects

The downsides of regulatory accumulation are well documented. A landmark study published in 2020 showed that regulatory accumulation slows economic growth by nearly 1 pp annually.[7] Specifically, the study found that the buildup of more and more federal regulations over time distorted business investment decisions, which, in the long run, are the drivers of innovation and productivity growth. It also found that the accumulation of federal regulations created a considerable drag on the economy, amounting to an average reduction of 0.8 pp in the annual growth rate of US GDP. This seemingly small annual reduction has large implications. The slower economic growth associated with regulatory accumulation resulted in an economy that was $4 trillion smaller in 2012 than it could have been without such regulatory accumulation. That amount equaled about a quarter of the US economy in 2012, and if it were a nation's GDP, it would have been the fourth largest in the world at that time.[8] This translates to a loss in real income of approximately $45,000 (in current dollars) per household.[9]

A similar study estimated the effect to be even larger, finding that regulatory accumulation slowed US economic growth by as much as 2 pp annually.[10] These findings show that the total cost of regulations is greater than the sum of the projected compliance costs when each regulation is analyzed on its own. Forgone innovation, and the opportunity cost it implies, eventually makes compliance costs seem relatively trivial in comparison.

A more recent state-level analysis corroborates these findings. In a study published in late 2024, researchers examined regulatory accumulation between 2020 and 2023 across all the US states and how additional red tape affected state GDP growth, finding that a 10 percent increase in the quantity of regulatory restrictions causes GDP growth to slow by 0.37 pp.[11] Not coincidentally, research shows that regulatory accumulation disproportionately burdens small businesses—including the start-ups that are often the fountainheads of innovation—and that this burden grows at an increasing rate as regulation accumulates (i.e., the negative effect of each new regulation grows larger as the stock of regulation grows larger).[12]

Household Effects

While regulation significantly affects business-related economic outcomes, regulation also has a direct impact on American households, especially those with lower incomes. By creating barriers or hurdles that limit the ability of new individuals or companies to enter a market, regulatory accumulation can raise prices (through reduced competition), slow wage growth, and diminish economic opportunities for low-income workers.

Regulation typically increases the production costs of goods, which are passed on to the consumer in the form of higher prices. A study published in 2017 combined data from the Bureau of Labor Statistics, the Bureau of Economic Analysis (BEA), and RegData database to study the relationship between prices and consumer choices.[13] The authors found that a 10 percent increase in total regulation leads to a nearly 1 percent increase in consumer prices. Furthermore, they found that the effects of these price increases are regressive: the poorest income groups experience the highest proportional increases in the prices they pay. This is consistent with spending patterns broken down by income level. Low-income households tend to spend a greater portion of their incomes on necessities, such as utilities, food, and healthcare; unfortunately, these goods also tend to be more regulated than other consumer and household goods. It is perhaps not surprising, then, that regulatory accumulation also has

a positive statistical relationship with poverty rates—as regulation grows, poverty rates also tend to rise.[14] Regulatory accumulation can also contribute to income inequality, as wage growth shifts from low-income workers to compliance-related workers, such as managers, lawyers, and accountants.[15]

Regulatory Complexity, Compliance, and Safety

There are other reasons why business leaders should be concerned about regulatory accumulation. Research from the fields of psychology, economics, and organizational science suggests that people are more likely to make mistakes and are less motivated and able to comply when they are required to follow too many rules simultaneously.[16] For example, one study found that the growth in regulation in the nuclear power industry actually reduced safety.[17] New regulations only distracted workers from their most important duties. In such circumstances, it became harder for workers to focus on averting the greatest risks, as an increasing share of their attention was diverted to recalling all the rules they were supposed to follow.

Numerous other studies on safety regulations have reinforced these findings. Some 95 percent of Dutch railroad workers reported that they could not do their jobs if they followed all the rules. Similarly, British railroad workers admitted that more than half of all rule breaches were intentional because they could not accomplish their jobs otherwise.[18] Moreover, workers in the Australian mining industry became less concerned with evaluating situations of actual safety and more concerned with avoiding sanctions.

The bottom line on regulations and workplace safety is that when too many regulations occupy their focus, workers can lose a sense of ownership of safety procedures, which has serious repercussions. Although their local knowledge allows workers to identify problems more easily than regulators, they become less motivated to find solutions. At best, workers focus on simply following the rules, even if they do not improve safety. At worst, they focus on how to break the rules without getting caught. Reducing the complexity of the regulatory system is a powerful way to improve compliance and generate better outcomes from regulations that serve a justified purpose.

Proven Strategies to Reverse Regulatory Accumulation

The good news is that there are proven ways to reverse the problem in Louisiana. Considering evidence on the harms of regulatory accumulation, several states have implemented regulatory reform initiatives designed to identify and weed out red tape that had accumulated over the years. The movement was arguably inspired by the Canadian province British Columbia, which, in 2001, recognized a need to cut some of the regulatory red tape that had built up over years.[19] British Columbia's groundbreaking red-tape reduction initiative succeeded in reducing the quantity of regulations on its books by about 40 percent within three years.[20] Coffey and McLaughlin found that the red-tape reduction caused the province's economic growth rate to increase by over 1 pp, converting British Columbia from economic laggard to leader in just a few years.[21] The new, higher growth rate was maintained for several years thereafter.

States that have enacted successful regulatory reforms have primarily adopted two similar approaches: targeted red-tape reductions and regulatory budgets. The former typically involves developing a quantitative measurement of accumulated regulation and then setting an explicit target for reduction, such as 25 or 30 percent relative to the initial baseline. The latter comes in a variety of forms, but it also typically requires first developing a quantitative metric of total regulatory burden and then tracking changes as new regulations are made or old regulations are modified or eliminated. To be clear, these are only two approaches to reducing red tape, and many other approaches remain to be explored.

Nonetheless, these approaches have proven effective. Idaho and Virginia offer instructive examples of successful regulatory reform in the United States. In 2016, Idaho was not the least regulated state in the nation. Achieving that status required deliberate reform of the regulatory process, which has been a hallmark of Idaho Governor Brad Little's time in office. Over the past several years, the state has implemented a bold regulatory reform agenda, resulting in a reduction of its regulatory restriction count by more than 50 percent. With one of his first executive orders, Governor Little implemented a one-in, two-out regulatory policy,

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requiring that two regulatory restrictions be eliminated for every new regulatory restriction introduced.

This approach eventually evolved into a form of regulatory sunsetting called “zero-based regulation,” modeled after zero-based budgeting. Under zero-based budgeting, all state agencies must review all their regulations once every five years. If an agency wants to keep a rule on the books, it must show that the regulation is necessary and the least restrictive alternative has been chosen.[22] The results helped Idaho reduce its regulatory complexity and foster a more dynamic business environment, especially for small- and medium-sized enterprises. Moreover, not coincidentally, Idaho’s economic growth outpaced the national average, making the state a magnet for investment and entrepreneurship.

More recently, the state of Virginia pioneered a slightly different approach to cutting red tape.[23] Soon after taking office in 2022, Governor Glenn Youngkin directed state agencies to pursue a sweeping reduction in regulatory burdens, setting a goal of eliminating one-quarter of existing requirements by the end of his term. That benchmark has now been met and exceeded. State officials estimate that the total reduction was around 35 percent of all regulatory requirements by the end of the four-year term, alongside a 50 percent cut in the length of guidance documents.[24] These results are not the product of accounting tricks or symbolic gestures. Virginia undertook a rigorous, ground-up inventory of its regulatory system, capturing not only formal rules but also incorporated third-party standards and agency guidance that carry regulatory force. Each modification has been carefully documented and publicly disclosed through the state’s regulatory town hall portal.[25]

The payoff from this effort has been substantial, with the reforms estimated to save Virginians around $1.4 billion annually. Those savings stem from a wide range of actions, including scaling back excessive licensing requirements—such as mandated training hours for cosmetologists—and simplifying rules that govern housing construction. In the housing context alone, regulatory streamlining is projected to have reduced the cost of building a new home by about $24,000 while also accelerating project timelines for builders and contractors.

Perhaps most striking is how modest the administrative footprint has been in Virginia. The Office of Regulatory Management, created to coordinate and enforce these reforms, operates with just four full-time staff members: a director, a deputy director, and two policy analysts. Looking ahead, advances in AI are likely to further lower the cost of identifying, tracking, and evaluating regulatory requirements, making this kind of reform even more accessible to other states. Indeed, early returns on the use of AI in regulatory reform efforts are very positive. Virginia ran a pilot program with Vulcan Technologies to test whether AI could help identify opportunities for regulatory streamlining. Vulcan Technologies developed methods for determining what portions of the regulatory code are statutorily mandated and what portions are discretionary, which allowed regulators to better determine where streamlining was even an option. It also developed an AI-powered cost-savings analysis engine, which could inform policymakers about where the greatest gains from streamlining would likely occur.

Those tools are now being deployed in other states, including Texas, Georgia, Idaho, and West Virginia. Across the states that have begun using AI to

help regulatory reform efforts, a recurring theme has developed: there is always a lot of red tape that can be cut. One of the tools that Vulcan Technologies has developed is called an "Authorities Analysis," which connects regulations to their underlying statutory authority. The goal is to separate regulations into two categories: regulations required by statutory mandate and regulations that are not required by mandate and are therefore discretionary. The latter set of regulations offers an upper bound for the total volume of regulations that could be trimmed without modifying the underlying statutory authorities. This is not to say that the upper bound would actually be trimmed—careful analysis leads to the identification of a subset of those rules to modify or eliminate so as to trim costs while retaining any benefits that regulations do create. But it does offer insight into the extent to which statutory mandates may constrain a state's regulatory reform effort.

Table 2 summarizes Vulcan Technologies' Authority Analysis for Louisiana and some peer states. As the table shows, one-quarter of Louisiana's regulations are estimated to be discretionary, which means that an agency could eliminate them without any modification to the authorizing statute(s). The table also shows five comparison states' mandatory and discretionary regulations, alongside the overall average. While Alabama and Mississippi represent the highest and lowest shares of discretionary regulations, respectively, the overall discretionary average, at 29.7 percent, is just a few pp higher than Louisiana's 25.0 percent.

TABLE 2 | LOUISIANA'S MANDATED VS. DISCRETIONARY REGULATIONS

STATE	% MANDATORY	% DISCRETIONARY
LOUISIANA	**75.0%**	**25.0%**
TENNESSEE	79.1%	20.9%
ALABAMA	34.4%	65.6%
MISSISSIPPI	89.7%	10.3%
OKLAHOMA	79.6%	20.4%
TEXAS	63.9%	36.1%
AVERAGE	**70.3%**	**29.7%**

ECONOMIC GAINS FROM CUTTING RED TAPE

Evidence from Prior Research

A SYSTEMATIC REDUCTION OF REGULATORY BURDENS IN LOUISIANA BY 25 PERCENT COULD RESULT IN SIGNIFICANT ECONOMIC GAINS. In a study of British Columbia's regulatory reform, Coffey and McLaughlin found that cutting red tape by 36 percent can boost GDP growth by 1.0 to 1.4 pp annually.[26] Such an increase in Louisiana's growth rate would add billions to the economy each year. The effects would ripple throughout the economy, increasing household incomes, stimulating investment, and creating new jobs.

However, the benefits would not be limited to increased GDP growth. Reducing regulatory complexity also encourages innovation by freeing up resources that businesses can reinvest in new technologies, research, and development. Moreover, reducing regulatory burdens could foster more competition, allowing smaller firms to enter the market, compete effectively, and contribute to job creation. In the ongoing competition between states to create the best business environment, Louisiana can become more appealing to businesses looking to escape the inhibitive tax and regulatory environments in other states.

Simulations of Louisiana's Growth Trajectory with Regulatory Reform

To better understand the potential impact of regulatory reform in Louisiana, I model four scenarios where Louisiana reduces its regulatory restriction count: 10, 20, 30, and 40 percent reductions, all accomplished over the next three years. Each scenario incorporates different rates of additional annual growth owing to the reduction in regulatory red tape. The additional growth gained from each scenario is shown in Table 2 and described below.

The various scenarios are a combination of the estimated effects of red-tape reduction and the outcomes of any regulatory reform—which is to say, the percentage of regulations that are cut under a hypothetical regulatory reform in Louisiana. The effects of the reduction are based on the most prominent studies of regulatory accumulation and growth, and more recent studies have corroborated these estimates.[27] Coffey and McLaughlin estimated the effect of British Columbia's red-tape reduction.[28] Their preferred estimate is 1.0 pp gained from a 36 percent reduction in regulations, and their high estimate is a 1.4 pp gain from a 36 percent

TABLE 3 | GROWTH SCENARIOS FOR LOUISIANA FOLLOWING RED-TAPE REDUCTION

SCENARIO	RED-TAPE REDUCTION EFFECT	SOURCE	10% REDUCTION	20% REDUCTION	30% REDUCTION	40% REDUCTION
BASELINE	N/A	BEA	0.80%	0.80%	0.80%	0.80%
LOW EFFECT	1.0 PP FOR 36% RED-TAPE REDUCTION	COFFEY AND MCLAUGHLIN (2021)	0.96%	1.12%	1.28%	1.44%
CENTRAL EFFECT	0.8 PP FOR 50% RED-TAPE REDUCTION	COFFEY ET AL. (2020)	1.08%	1.36%	1.63%	1.91%

NOTE: BASELINE GROWTH IS LOUISIANA'S AVERAGE COMPOUND ANNUAL REAL GDP GROWTH RATE FROM 2015 TO 2024, BASED ON BEA DATA.

reduction. Coffey et al. simulated the effect on the national economy if regulations were held constant at the level observed in 1980 instead of growing to the level observed in 2012.[29] The difference is about a 50 percent reduction in regulations, which corresponds in their simulation to a 0.8 pp increase in growth.

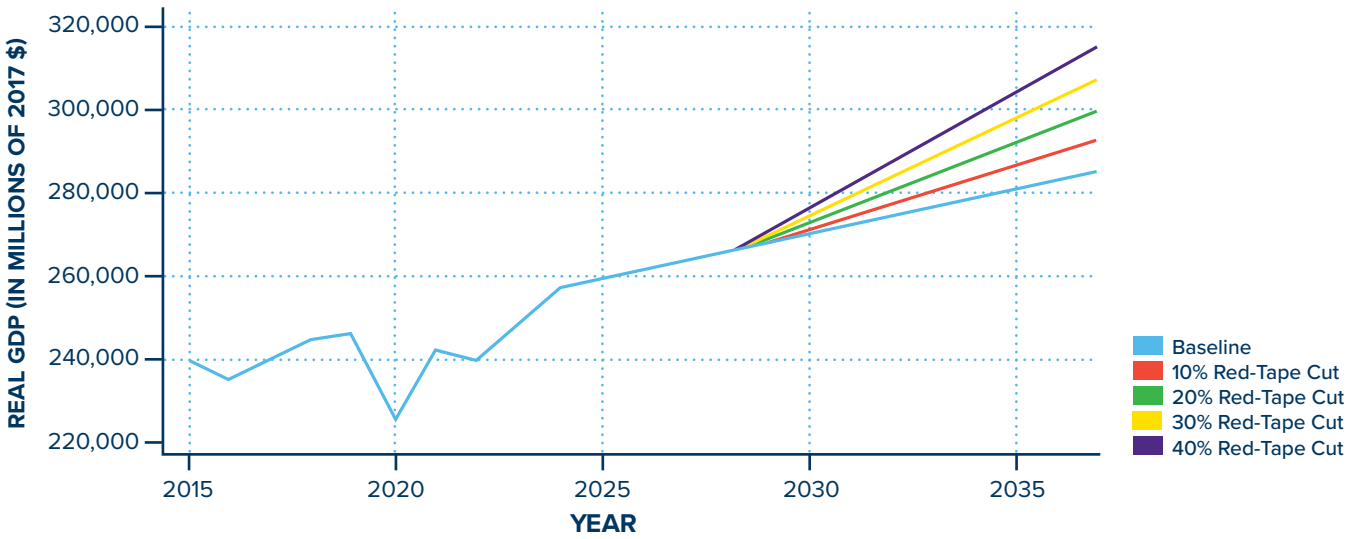
I use these estimates—0.8, 1.0, and 1.4 pp—to create projections of Louisiana's economy in future years under different regulatory reduction outcomes. As a starting point, I collect economic growth rate data from the BEA.[30] Based on the average growth observed in Louisiana's economy over the past decade (2015 to 2024), I assume a 0.8 percent compound annual growth rate in real GDP. This rate reflects the average historical growth rate observed over the past 10 years for the most recent data available. All projections for future years' real GDP are therefore expressed in real 2017 dollars, adjusted for inflation, to ensure consistency and comparability across time.

The regulatory reform outcomes I entertain are the following: no change to the regulatory process (baseline), a 10 percent reduction in total regulatory restrictions achieved at the end of three years, a 20 percent reduction after three years, a 30 percent reduction after three years, and a 40 percent reduction after three years. To calculate the effect of each of these reduction outcomes, I calculate the fraction of red-tape reduction achieved in the outcome being entertained relative to the reduction achieved in the relevant study and then multiply that fraction and the red-tape reduction boost for each scenario. For example, for the 30 percent reduction outcome, the 1.4 pp boost associated with the high estimate, which is based on a 36 percent red-tape reduction, is multiplied by (30/36), or 0.833, yielding a 1.4 × 0.833 = 1.167 pp increase in the growth rate. This is added to the baseline growth rate of 1.64 percent, yielding 1.97 percent growth in that scenario and red-tape reduction outcome.

Projected Growth Effects Under Alternative Reform Scenarios

Any of these scenarios would clearly increase the average growth rate in Louisiana. The boost to growth ranges from 0.16 pp (low effect, 10 percent reduction) to 1.56 pp (high effect, 40 percent reduction). But even for the low end of this range, the difference between the size of Louisiana's economy after 10 years under a reform scenario versus the baseline scenario is significant. This is best shown in Figure 2, which presents simulations of Louisiana GDP through 2037. These simulations assume that any red-tape reduction requires three years to be accomplished, after which

FIGURE 2 | SIMULATED LOUISIANA REAL GDP UNDER BASELINE AND REFORM SCENARIOS (2024–2037)



the increase in the growth rate is realized and added to baseline GDP growth.

Again, the baseline scenario assumes a 0.8 percent growth rate. By 2037, at 0.8 percent growth, Louisiana GDP would equal $285 billion (in real 2017 dollars). Using the central effect of a 1 pp increase for a 36 percent red-tape reduction, a modest 20 percent red-tape cut would make the economy $14 billion larger by 2037. A 40 percent reduction would yield an economy that is over $29.5 billion larger by 2037. Table 4 shows the full range of estimates of the difference between the baseline estimate of the economy's size in 2037 and the alternative economy that would result from the regulatory reform outcome. As the table shows, the high effect scenario with a 40 percent reduction would add over $42 billion to the state's economy by the year 2037.

As discussed above, several states and provinces have shown how policymakers can achieve these reductions. British Columbia cut regulations by nearly 40 percent, Idaho by over 50 percent, and more recently Virginia by about 35 percent. The three jurisdictions used different methods, but all of them achieved real results. These methods included the following:

- **Targeted red-tape reduction:** Announce a goal of reducing regulations by a predetermined target (e.g., 25 percent), establish a quantitative baseline, and track progress toward that goal with regular oversight of each agency.
- **Regulatory sunsetting:** All regulations expire on a rolling basis, and agencies must actively justify renewing expiring regulations by showing that they are both necessary to address an ongoing problem and have been at least partially successful in achieving their goals.
- **One-in, X-out:** For each new regulation created, X (e.g., two) old regulations must be modified or eliminated to at least offset the burden created by the new regulation.

Additionally, as the various analyses that Vulcan Technologies contributed to this report show, AI is changing how policymakers address accumulated regulations. AI-powered regulatory reform can now accomplish in a short period and on a smaller budget what used to require years of work.

TABLE 4 | DIFFERENCES IN LOUISIANA ECONOMY SIZE BY 2037 RELATIVE TO BASELINE ($ BILLIONS, REAL 2017 DOLLARS)

	10% REDUCTION	20% REDUCTION	30% REDUCTION	40% REDUCTION
LOW	$4.10	$8.25	$12.45	$16.71
CENTRAL	$7.15	$14.46	$21.93	$29.56
HIGH	$10.05	$20.42	$31.11	$42.13

CONCLUSION

Louisiana faces a critical opportunity to harness its economic potential by reducing regulatory burdens. As shown by the experiences of British Columbia, systematic regulatory reform not only increases GDP growth but also fosters innovation, creates jobs, and enhances competitiveness. By adopting a regulatory reduction target over the next three years, Louisiana can unlock billions of dollars in additional economic output and position itself as a leader in business innovation and economic dynamism. The simulations presented here show that even modest cuts, such as a 10 percent reduction in red tape, could yield substantial benefits, while deeper reforms could transform Louisiana into a Gulf Coast hub for innovation, investment, and entrepreneurship.



ENDNOTES

1. State RegData, available at https://quantgov.org.
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4. State RegData datasets are freely available for download at https://www.quantgov.org/.
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