



Deregulate Louisiana

**TO DRIVE OPPORTUNITY AND
ECONOMIC GROWTH**



Louisianans face multiple legal and regulatory barriers to starting and running a business and pursuing the American dream. The state's excessive occupational licensing regulations block and restrict entry to a wide variety of professions. State agencies make costly, confusing rules that deter investment and job creation. The result: anemic or declining economic growth with real world consequences for Louisianans' quality of life.

Fortunately, there are tested policy solutions that inject accountability into the rulemaking process, help eliminate outdated or overly burdensome regulations, and restore individual liberty and property interests to Louisianans.

The COVID-19 pandemic and subsequent shutdowns hit Louisiana hard: the state suffered a 6.6 percent decline in gross domestic product in the first quarter of 2020—the largest decline in the South and fifth steepest decline in the nation.¹ But even as growth resumed, the Louisiana economy only grew at 2.4 percent in 2021, which was less than half of the 5.7 percent growth for the nation.² This lack of economic activity has real-world consequences, as Louisianans found opportunity elsewhere. The state had the fifth largest population decline in the nation in 2021.³

Unfortunately, five years since the start of the pandemic, Louisiana's economic picture has not improved. The Pelican Institute's Winter 2025 Quarterly Economic Report shows that Louisiana's growth continues to lag its southern neighbors.⁴ A recent U.S. Census Bureau estimate showed that some parishes in the state are among the fastest-shrinking large counties in the country, with two-thirds of Louisiana parishes losing population.⁵

One source of frustration for entrepreneurial Louisianans is the state's excessive occupational licensing regulations. Over time, Louisiana lawmakers and governors have created over 500 boards and commissions that enact arcane rules to govern countless occupations.⁶ For example, barber shops in the state are required to purchase superfluous items to practice their trade, including "sufficient hooks or racks for customers' hats and coats."⁷ Even more difficult than complying with all of these requirements is entering these professions in the first place, as boards and commissions enforce unneeded licensing requirements. For example, until 2024, Louisiana was the only state in the union that required someone to have a license to arrange and sell flowers.⁸ It is among the minority of states that require licenses for interior designers, natural hair braiders, auctioneers, locksmiths, and security alarm technicians. Accordingly, the Institute for Justice ranked Louisiana's occupational licensing laws as the sixth worst in the country.⁹

Louisiana also enforces administrative rules and regulations for businesses that are often difficult to locate, confusing to follow, changing regularly, and weighted toward the interest of state agencies, boards, commissions, and other government entities. This contributes to the hostile environment for businesses, job creators, and entrepreneurs. A Mercatus Center study found that as of 2023, Louisianans were subjected to a combined 1.3 million regulatory restrictions from the Louisiana Administrative Code and the U.S. Code of Federal Regulations, making it the tenth most regulated state in the U.S., and the second most regulated state in the South¹⁰. Regulations are associated with higher prices, job loss, and an increase in the number of people who live in poverty.

Louisiana has 34 agencies that are empowered to make rules to issue fines, deny licenses, and even recommend criminal penalties. Furthermore, Louisiana requires an occupational license for seventy-five percent of lower-income professions. Unlike state laws, which are passed by democratically elected lawmakers, most regulations are written by state employees in executive branch agencies. Voters who are dissatisfied with their lawmakers have a remedy at the ballot box; however, there is little to no political accountability for these appointed bureaucrats aside from petitioning Governor's Office staff and cabinet members and urging lawmakers to exercise their oversight authority.

Louisianans who choose to challenge these regulations face an unfair fight in court. The agencies investigate violations of their rules and adjudicate violations of those rules with a judge employed by the Division of Administrative Law. Louisiana courts adhere to a doctrine called Auer deference, which means the courts defer to an agency's interpretation of its own regulations; in other words, it's a thumb on the scale in favor of the state. *Auer v. Robbins* was not affected by the 2024 U.S. Supreme Court ruling in the *Loper Bright* and *Relentless* cases, which overturned *Chevron v. EPA*. Judicial deference incentivizes agencies to promulgate vague rules and regulations and is incompatible with the idea of separation of powers because the same body that drafts the laws also says what the law is. This system burdens the liberty and property interests of Louisiana citizens to an extent not experienced by citizens of other states as the tenth most regulated state in the U.S.

Policy Solutions

REINS Act (Regulations from the Executive in Need of Scrutiny)

Modeled after federal legislation, REINS-style state laws require legislative oversight of administrative agency rulemaking by providing the legislature an opportunity to review or approve regulations with certain financial or economic impacts on the state and on regulated individuals and entities. Louisiana lawmakers can reduce job-killing regulations by actively reviewing and approving costly rules before they go into effect as opposed to allowing them to become effective unless the legislature intervenes to halt them. This makes regulators think twice about the need for proposed regulations, causes them to keep costs low as possible, and ensures proposals can withstand scrutiny regarding need, appropriateness per the law, and cost. Agencies maintain the ability to promulgate gap-filling regulations, particularly those having a low fiscal and economic impact.

To date, Kansas, Indiana, Wisconsin, Florida, and Utah have enacted a version of the REINS Act. Other states, including Colorado, Maine and Arkansas have adopted some form of affirmative legislative approval for regulatory actions.

Florida's REINS Act has been in effect for fifteen years. In that time, the state has identified and repealed thousands of outdated and burdensome regulations, and the number of new regulations proposed each year has fallen dramatically.¹¹ Legislative oversight in Florida is triggered by regulatory actions that are estimated to cost \$1 million or more over five years. Louisiana can similarly eliminate outdated, costly, or burdensome regulations by amending its Administrative Procedure Act to include REINS language that requires legislative review of regulations estimated to cost \$200,000 per year or \$1 million over five years. Furthermore, Louisiana's REINS Act should account for rulemaking during emergencies as well. Agencies should have enough flexibility to respond to emergencies like pandemics or natural disasters on an expedited timeline; however, the governor should have to explain the necessity of bypassing the usual legislative process.

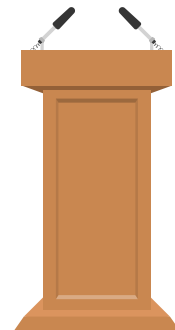
Policy Solutions

One In, Two (or Three...or More) Out

While in office, Arizona Governor Doug Ducey annually signed an executive order containing a rulemaking moratorium. State agencies were required to identify three rules for elimination or improvement for every new rule proposed. The order also contained a list of ten justifications for rulemaking, at least one of which each new proposed rule must address. Furthermore, agencies were required to seek prior written approval of the Governor before conducting rulemaking.¹² In 2022, the state was on track to eliminate or improve eleven rules per new rule proposed, beyond the three the executive order required.¹³

Idaho earned the distinction of being the least regulated state in the U.S. through its Zero-Based Regulation Initiative. Since 2019, Idaho eliminated or simplified ninety-five percent of its regulations and made sure that the remaining regulations are simplified and easy to understand. The state annually reviews twenty percent of its rules and eliminates an average of three hundred pages of regulations each year.¹⁴

Perhaps these bold state-level actions motivated President Trump in his March 2025 State of the Union speech to announce that whenever an agency promulgates a new rule, regulation, or guidance, it must identify at least 10 existing rules, regulations, or guidance documents to repeal. He also directed the Office of Management and Budget to ensure standardized measurement and estimation of regulatory costs.¹⁵



Requirements for periodic or annual review of regulations or eliminating two (or more) regulations for each new regulation should curb agencies' temptation to play a numbers game to avoid meaningful reforms. How the counting is done makes all the difference in ensuring that the effect is substantially less regulation. Arizona's experience under Gov. Ducey shows that with appropriate oversight and a culture of maximizing individual freedom and economic opportunity through liberty, agencies went beyond the order to identify and improve their existing rules and to think critically about whether a new rule is worth the cost.

Policy Solutions

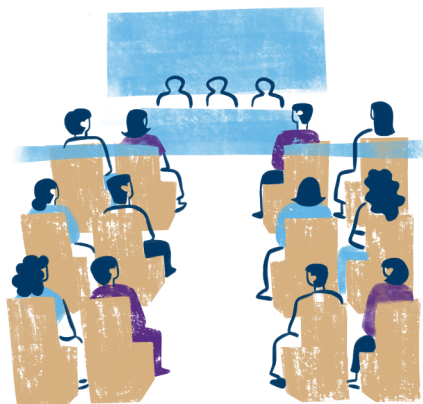
Boards and Commissions Reforms

While there have been legislatively-directed review processes in the past, Louisiana lacks an effective system for regularly reviewing state boards and commissions to determine if they are adhering to their established purpose and are still needed.

In the 2024 Regular Session, Senator Thomas Pressly introduced SB 456, which would have created the Louisiana Regulatory and Advisory Board Review Commission. The board would be required to conduct a sunset review of each state board and commission at least once every four years and determine, for each state board and commission issuing an occupational license, whether it fulfils a legitimate health, safety, welfare, or fiduciary objective. Legislative committees of subject matter jurisdiction would have been involved in the reviews. The bill was ultimately shelved in response to some concerns about the work and time involved, but this challenge will continue to grow proportionate to the Legislature's creation of new entities given the power to regulate, receive funds, and spend.

The Louisiana Legislative Auditor's latest (September 11, 2024) report to the Legislature regarding state boards and commissions revealed that 13 boards had been non-responsive to its requests for information, 18 reported being inactive, and 34 reported being active but had not met since 2020. The state spends approximately \$6.7 million per year on board member per diem, salaries, and travel.¹⁶

Given the breadth of Louisiana's occupational licensure regime, this task could be made less daunting by limiting the review to a certain number of boards per year and establishing criteria to determine which boards are most in need of review. Factors to consider could include budget, number of licenses issued, nationwide popularity of the license (e.g., interior designer, arborist), alignment with state workforce and economic development priorities, or frequency of consumer complaints.



A “Democratic Accountability in Board Appointments” bill, as referred to by Pacific Legal Foundation, is another potential option. This model policy would give governors greater autonomy in selecting licensing board members, rather than limiting him or her to a list of names submitted by the licensing board. This solution could allow for more consumer participation on licensing boards and reduce conflicts of interest.

Policy Solutions

Judicial Deference

Louisianans who challenge rules made by the state’s administrative agencies in courts face a thumb on the scale in favor of the state. A two-sentence adjustment to the state’s judicial review of adjudication statute could bring greater accountability and fairness to this process. Rather than deferring to the agency’s interpretation of a statute or rule, courts could be required to interpret the meaning of the statute or rule de novo, or anew. Furthermore, this adjustment could call ties for the runner—it would eliminate deference to the agency’s interpretation of its rule in favor of an interpretation that limits agency power and maximizes individual freedom.

Thirteen states, including Arkansas, Mississippi, Tennessee, and Florida, prohibit their courts from deferring to state agencies. Legislatures in Idaho, Nebraska, and Indiana ended judicial deference in their states in 2024.¹⁷

Conclusion

Eliminating red tape, restoring accountability, and putting citizens on equal footing with the state in court challenges are fitting follow-ups to the successes of Louisiana’s 2024 legislative sessions that reduced the tax burden, improved occupational licensure rules, and established an educational freedom program for families. If these model reforms have proven beneficial in states that have long attracted population and business, they are surely necessary in one of the most regulated states in the U.S. that has for too long pushed them out.



End Notes

- [1] <https://pelicanpolicy.org/opportunity-policy/louisiana-economy-suffers-one-of-worst-declines-in-the-nation/>
- [2] https://www.nola.com/news/business/is-louisianas-economy-keeping-up-with-other-states-heres-the-data/article_f3c69f44-b10d-11ec-b85e-ef1c3c5d173a.html
- [3] <https://www.lpb.org/programs/louisiana-spotlight/spotlight-episodes/leavingla#:~:text=Louisiana%20had%20the%20fifth%20highest,stagnating%20job%20market%20in%20Louisiana.>
- [4] <https://pelicanpolicy.org/tax-budget/louisianas-economy-needs-bold-reforms-to-reverse-slow-growth-and-out-migration/>
- [5] https://www.nola.com/news/business/census-new-orleans-other-parishes-lost-population-in-2024/article_bf2ae7ac-003f-11f0-82df-437e777a421b.html?taid=67d41a5783ed1e0001bfa579
- [6] <https://gov.louisiana.gov/page/boards-commissions>
- [7] Louisiana Administrative Code, Title 46, Part VII, Barbers.
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