



AMERICANS *for* PROSPERITY

A ROADMAP FOR REGULATORY REFORM

Proven Tools, Emerging Trends, and Model Policies to Cut Red Tape and Restore Accountability in State Governments

Across the United States, millions of regulations and restrictions are holding back innovation, entrepreneurship, and prosperity. [Americans for Prosperity](#) believes peeling back these regulations is an essential step toward reigniting the American Dream. Thankfully, states can pursue various options to reduce regulatory burdens and provide much-needed accountability and transparency to the regulatory process.

The policies are split into three tiers based on their track record and potential impact on regulatory reform.

Tier 1: High-Impact Reforms

- **[REINS Act](#)**: Nine states have adopted laws requiring legislative approval for major regulations, ensuring costly rules receive democratic oversight.
- **[Ending Judicial Deference](#)**: Eighteen states have eliminated or limited judicial deference to agency interpretations of law, thereby restoring judicial independence and fairness in regulatory disputes.
- **[Regulatory Sunset Laws](#)**: Six states require periodic review and automatic expiration of regulations, reducing outdated or redundant rules. Texas' program has eliminated 42 agencies and saved over \$1 billion since 1977. Sixteen states have a limited regulatory sunset, typically related to the reauthorization of various boards and commissions.

Tier 2: Targeted Reforms

- **[Regulatory Budgeting](#)**: Four states have implemented or experimented with caps or offset requirements on regulatory burdens (e.g., requiring the elimination of three regulations for every new one). These systems limit cumulative red tape by requiring cost offsets for new rules.
- **[Red Tape Reduction Programs](#)**: Seven states have implemented goal-oriented efforts — often through executive orders — to reduce discretionary rules by a set percentage, usually around 25%.

Tier 3: Emerging Opportunities

- **[Regulatory Sandboxes](#)**: Sixteen states have experimented with universal or industry-specific sandboxes to foster innovation by temporarily waiving regulatory requirements.
- **[Transparency for State and Federal Guidance Documents](#)**: Currently, only Alaska and Virginia publicly disclose guidance documents that shape agency policy. AFP

recommends a [model policy](#) requiring state agencies to publish these directives in an indexed, centralized portal online.

- **[Bureaucrats Pay Attorney's Fees for Rights Violations](#)**: States should require agencies to pay attorney's fees when a citizen successfully challenges an agency action, especially in cases where the agency acted outside its legal authority or in bad faith.
- **[Explicit Legislative Authorization for Rule Promulgation](#)**: Agencies should not be permitted to issue binding rules based on broad or vague statutory purposes; they must have specific rulemaking authority granted by the legislature.
- **[State Regulations Not Exceeding Federal Standards](#)**: States should prohibit state agencies from adopting regulations that are more stringent than federal standards, unless they meet a strict set of conditions.
- **[Robust Standing Committee Oversight](#)**: State legislatures should create strong standing committees to oversee, review, and approve agency rulemaking.

This report provides model legislation, success stories, and additional resources to equip reform-minded policymakers. While many tools require executive or legislative action to be effective, sustained use and refinement based on data and experience are critical to long-term success. Scan the code below to read the full report:



[Kevin Schmidt](#), Director of Investigations (KSchmidt@afphq.org)

[Thomas Kimbrell](#), Policy Analyst (TKimbrell@afphq.org)

August 2025