



The Small Business Regulatory Freedom Act (H.3021): A Blueprint for Smarter Regulation in South Carolina

South Carolina's regulatory code is vast and complex. As of 2019, the South Carolina Code of State Regulations (SCCSR) contained 78,676 restrictions and 4.7 million words, requiring 263 hours — or six and a half weeks — to read in full. This burden is compounded by 1.09 million additional restrictions in the federal code, creating a maze of compliance challenges for individuals and businesses.

Now is the time to modernize South Carolina's regulatory framework and adopt proven reforms that restore accountability, reduce red tape, and promote economic growth. The [Small Business Regulatory Freedom Act](#) stands as the most ambitious state-level regulatory reform bill in the nation, combining the strongest elements of REINS oversight, judicial accountability, sunset reviews, regulatory budgeting, and red tape reduction into a single legislative package. The bill's major provisions include:

1. Legislative Review of Major Regulations (REINS Act)

H.3021 includes a provision requiring a joint resolution approving regulations which have a cost estimate that is equal to or exceeds \$1,000,000 over five years. These provisions, generally referred to as Regulations from the Executive in Need of Scrutiny Act (REINS Act), ensure legislative oversight of major regulations and prevent costly rules from being enacted without democratic consent.

- Nine states have a full REINS legislative review of major regulations, and three others have REINS-like processes.
- North Carolina enacted a REINS Act in July 2025, joining states like Florida, Kentucky, Wisconsin, and Kansas.

AFP research estimates that six of 77 final regulations (excluding emergency regulations) issued between 2018 and 2025 would have met the threshold to trigger REINS review under the Small Business Regulatory Freedom Act.

2. Ending Judicial Deference to State Agencies

H.3021 ends judicial deference to state agencies. Judicial deference allows courts to favor agency interpretations of law, disadvantaging private parties. Seventeen states and the U.S. Supreme Court have ended or limited this practice, thereby restoring judicial independence and fairness in regulatory disputes.

- In the past two years, seven states enacted legislation ending judicial deference.
- South Carolina should follow suit to ensure courts interpret laws independently and protect citizens from agency overreach.

3. Regulatory Sunset Provisions

H.3021 introduces regulatory sunset provisions that require periodic review and automatic expiration of regulations. This mechanism helps eliminate outdated or redundant rules, promoting transparency, efficiency, and fiscal responsibility in South Carolina's regulatory framework.

- [Texas' sunset program](#) has abolished 42 agencies and saved over \$1 billion since 1977.
- Six states have comprehensive sunset laws; sixteen have limited sunset provisions.

4. Regulatory Budgeting

H.3021 establishes a regulatory budgeting system that caps compliance costs and mandates offsets (two rules out for every one rule in) for new rules. This approach encourages agencies to prioritize impactful regulations and eliminate unnecessary burdens, fostering a more disciplined and cost-effective regulatory environment. Recently, states like Arizona and Iowa implemented "three-for-one" rules or zero-based regulation to reduce regulatory burden.

5. Red Tape Reduction

The bill directs the Small Business Regulatory Review Committee to reduce the number of regulatory requirements by 25%. Red tape reduction programs streamline government by eliminating outdated, duplicative, or overly burdensome regulations. While these programs are often initiated by governors, codifying red tape reduction frameworks into law would ensure long-term regulatory discipline and transparency across administrations.

Conclusion

H.3021 is a critical step toward restoring balance and accountability in the regulatory process. By incorporating REINS, judicial deference reform, sunset provisions, regulatory budgeting, and red tape reduction, the state can ensure that regulations serve the public interest — not bureaucratic inertia. These reforms will empower small businesses, protect individual rights, and promote a more transparent and responsive government.

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