STATE OF OREGON

REGULATORY IMPACT ANALYSIS

Prepared by the StratACUMEN team for the Oregon Business & Industry Research and Education Foundation

2025

Strat ACUMEN GROUP

OREGON BUSINESS & INDUSTRY | OBI
Research & Education Foundation

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Executive Summary

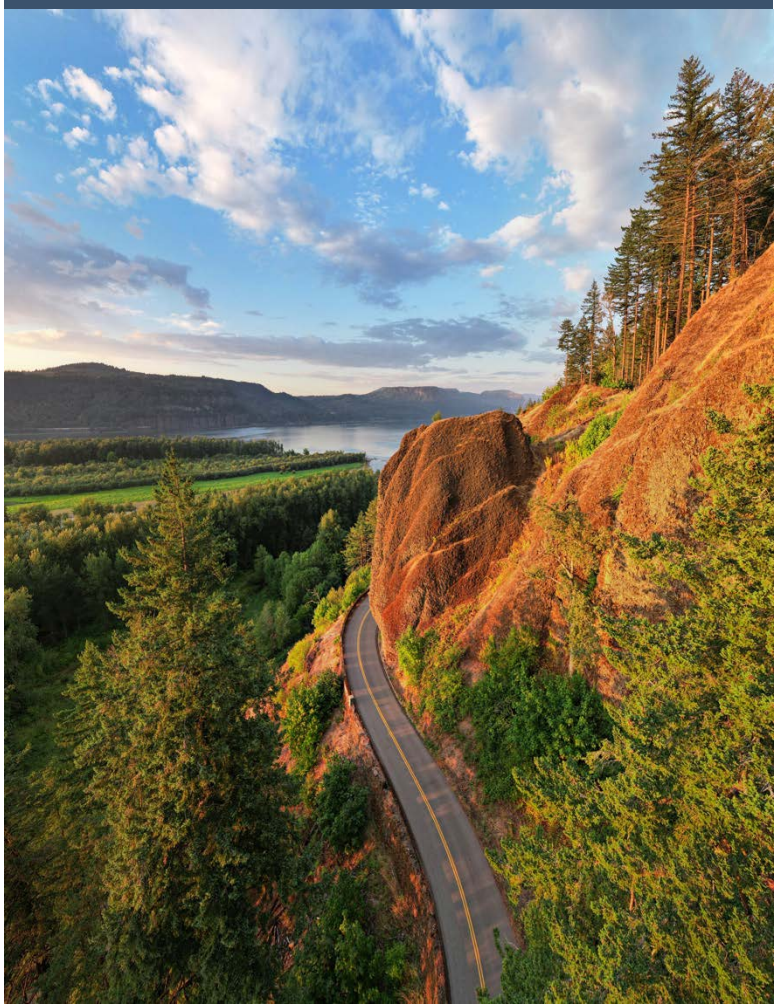
The Regulatory Impact Analysis Report, prepared by the StratACUMEN team for Oregon Business & Industry (OBI), provides an examination of the effects of increasing regulatory burdens on the state's economy, businesses, and workforce. As Oregon navigates a complex regulatory landscape, this report highlights critical findings regarding the economic consequences of heightened regulations, particularly for small and medium-sized businesses.

This report underscores the multifaceted impacts of regulations, including rising consumer prices and disproportionate effects on low-income households. ***For instance, for every 10% increase in business regulations, each small and medium-sized business in Oregon loses up to 2.58 jobs***.

The financial strain of regulatory compliance also contributes to *lost sales*. Small and medium-sized businesses experience a loss of another 3.4 jobs annually due to sales lost after a 10% increase in business regulations.

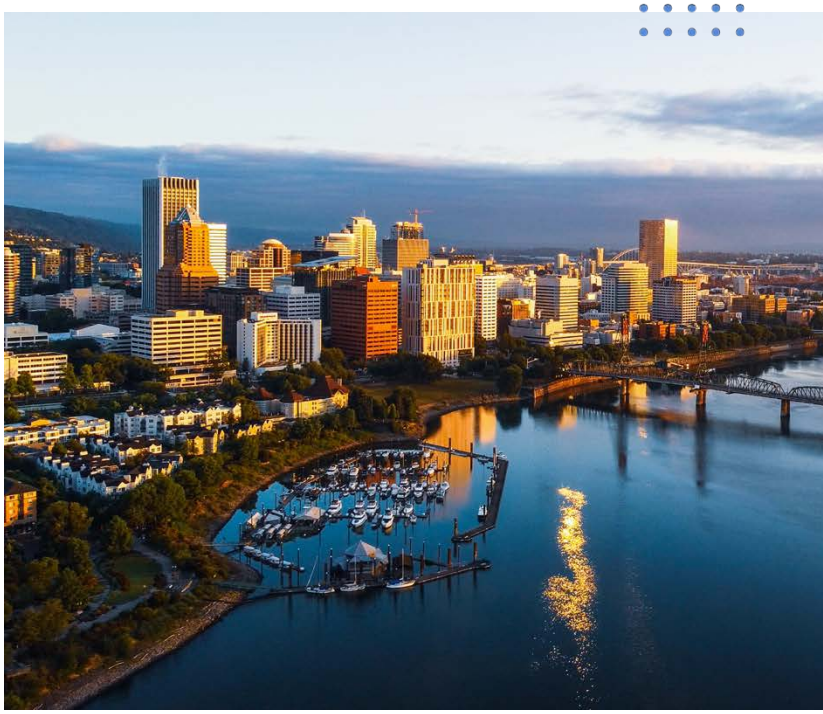
The large number and complexity of business regulations can further exacerbate *job losses*. These job losses could add another 1.7 jobs lost per small and medium-sized business annually. These consequences often arise from regulations that do not achieve their intended goals, ultimately hindering the growth and sustainability of small and medium-sized businesses. The findings further suggest that regulations contribute to greater *income inequality*.

The analysis reveals that a ***10% increase*** in regulations correlates with notable ***declines in business startups and employment rates***, indicating a significant challenge for economic growth.



Additionally, this report presents an overview of Oregon's regulatory environment, including a comparative analysis of state-specific regulations versus federal standards. It highlights the necessity of reforming excessive regulations which impede economic activity and hinder the potential for job creation. By evaluating successful regulatory reforms from other regions, this report offers actionable recommendations for fostering a more conducive business environment in Oregon.

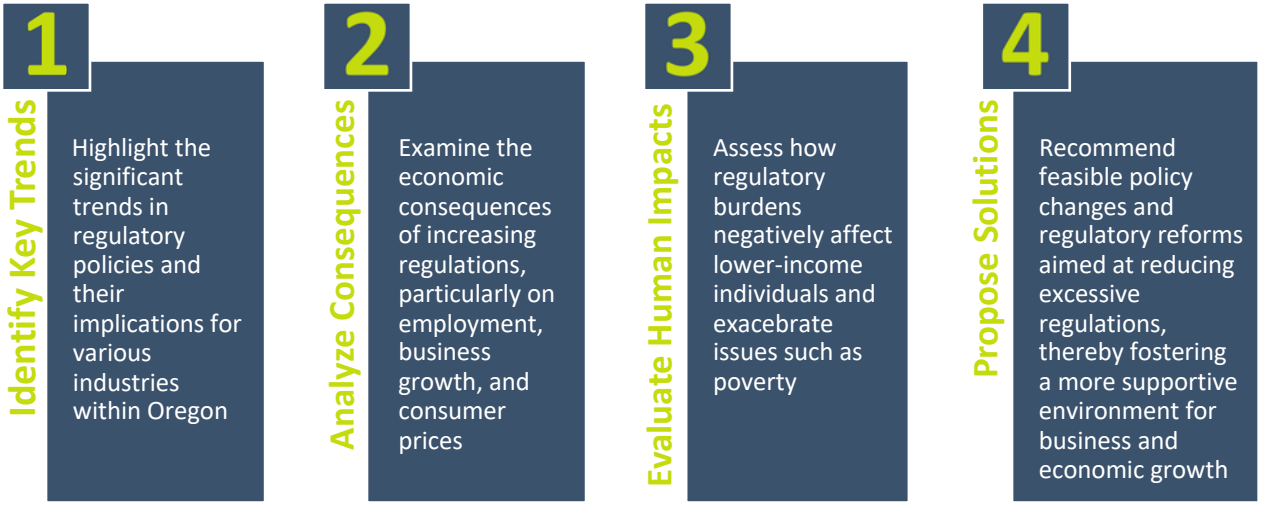
In summary, the cumulative effects of business regulations in Oregon are evident, with significant potential job losses associated with compliance costs, lost sales, and unintended consequences. Addressing these regulatory challenges is crucial for fostering a more supportive environment for the statewide business community.



Purpose of the Report

The StratACUMEN team designed this Regulatory Impact Analysis Report to examine the regulatory environment businesses in Oregon face, including unintended consequences. The primary purpose of this report is to assess the impact of the regulatory environment on Oregon's business landscape and economic health. The report focuses on these impacts on Oregon businesses, their employees, the state's economy, and Oregon taxpayers.

The StratACUMEN team aims to inform stakeholders, including policymakers, business leaders, and the general public about the challenges and opportunities presented by the current regulatory framework.



Through this analysis, the StratACUMEN Team aspires to contribute to ongoing discussions about regulatory reform in Oregon, advocating for balanced approaches that prioritize both economic vitality and social responsibility. Most regulations are initially proposed with very good intentions, usually to protect the vulnerable and to improve the health, well-being, and quality of life of the state's residents. It is not uncommon for such proposed and passed regulations to result in unintended negative consequences. In this report, solutions for mitigating such unintended consequences are presented and discussed.

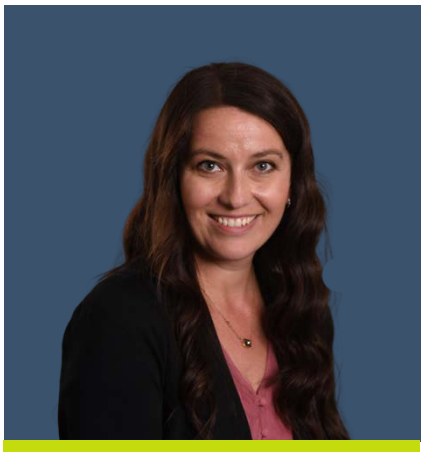
StratACUMEN Team

The StratACUMEN team is a dedicated group of professionals with extensive experience in business and economic research, regulatory analysis, and strategic business consulting. Committed to providing actionable insights, the team combines academic rigor with practical expertise to assess the complex landscape of regulations impacting businesses in Oregon. With a diverse skill set encompassing economics, public policy, and business strategy, the StratACUMEN team employs a comprehensive methodology to evaluate the implications of regulatory practices. Their approach integrates quantitative data analysis and thorough literature reviews, ensuring a well-rounded understanding of how regulations affect various industries and the overall economic environment.

The team's commitment to delivering high-quality research is reflected in their thorough examination of the regulatory environment in Oregon. By analyzing data trends and reviewing existing literature, the StratACUMEN team aims to equip policymakers, business leaders, and the public with the knowledge necessary to make informed decisions regarding regulatory reforms. Through this report, the StratACUMEN team seeks to highlight the pressing issues faced by businesses in Oregon, advocating for a regulatory framework that balances economic growth with social responsibility. Their expertise not only enriches the analysis presented in this report but also positions them as a reliable partner for organizations looking to navigate the complexities of regulatory compliance and strategic planning.

MEMO DIRIKER, PhD

Dr. Diriker is a faculty member in Salisbury University's Franklin P. Perdue School of Business and the founder and former director of the University's BEACON network, which conducts applied business and economic research. After leading BEACON for 32 years, he transitioned back to teaching and launched the StratACUMEN Group in 2023. Dr. Diriker serves as the Board Chair of TidalHealth, a major regional health system, and holds positions on several boards, including Peninsula Ventures, United Way of the Lower Eastern Shore, Shore Hatchery, and Epoch Dream Center. He has also served in leadership roles on various boards and organizations, including Leadership Maryland, the Maryland Chamber of Commerce, and the Maryland Chamber of Commerce Foundation (Board Chair). A recipient of numerous awards, including the Influential Marylander and Maryland Icon awards, Dr. Diriker has led over 500 research projects with more than $20 million in external funding. He has authored/co-authored multiple articles and a book, is a sought-after speaker, and is fluent in three languages.



IRINA PIATSELCHYTS, MBA

Irina Piatselchyts is a senior partner at StratACUMEN, a seasoned business and marketing strategist with over a decade of industry experience, and a marketing faculty member in the Franklin P. Perdue School of Business at Salisbury University. Her expertise spans business research, strategy development, and the implementation of data-driven campaigns that help clients achieve measurable growth. Piatselchyts has an established track record of success working with diverse clients across sectors, including nonprofit organizations, where she has provided strategic direction that aligns with broader legislative and community goals. Her work includes coaching award-winning teams in the Marketing Award for eXcellence & Innovation (MAXI) and helping companies expand their reach through targeted, effective business development strategies. Her multicultural background, fluency in four languages, and extensive travel experience offer a unique global perspective. She excels in cross-cultural communication and developing strategies that resonate with diverse audiences.

COLIN O'REILLY, PhD

Dr. O'Reilly is a faculty member and the Director of the Menard Family Center for Economic Inquiry at Creighton University. He earned his PhD in Economics from Suffolk University in 2014. At Creighton, he specializes in the study of institutions that promote economic development, with a particular focus on those that facilitate recovery in post-conflict settings. His work explores how economic institutions evolve in the wake of conflict and how these changes can foster long-term stability and growth. In addition to his work on post-conflict recovery, Colin has published extensively on the impacts of regulation on the income distribution. His research delves into the ways that regulations shape economic behavior, dynamism and influence the distribution of wealth within societies. His articles have been featured in respected peer-reviewed journals, including Public Choice, Economica, and World Development. As the Director of the Menard Family Center for Economic Inquiry, Colin leads efforts to advance economic research and foster collaboration within the academic community. He mentors undergraduate students and junior faculty, helping to cultivate a research-driven environment at Creighton. His contributions extend beyond teaching and research, as he actively engages in policy discussions related to economic development, regulation, and institutional reform.

Unintended Consequences of Business Regulations

Most regulations are created for specific benefits for the state's residents and organizations. These include consumer protection, safety standards, environmental protection, resource management, fair competition, worker protection, economic stability, public health, food safety, anti-corruption, and long-term economic sustainability regulations.

Business regulations can sometimes have unintended negative consequences, such as hindering innovation, increasing costs for businesses, and even creating new problems or conflicts with other laws and regulations. These unintended outcomes can disproportionately impact small businesses and low-income individuals. A few of these unintended consequences are presented below.

Slower Innovation and Economic Growth

Regulations can create a high barrier for new businesses and can discourage innovation as companies become focused on compliance rather than research and development.

Excessive regulations can stifle competition, leading to higher prices and reduced consumer choice.

Increased Costs and Reduced Competition and Access

Business regulations can significantly increase compliance costs, disproportionately affecting small businesses, which may lack the resources to navigate complex regulations.

Regulations can lead to higher prices for consumers, as businesses pass on the costs of compliance.

Licensing and permit requirements can restrict the number of businesses in a market, reducing competition and potentially increasing prices.

Disproportionate Impact on Lower-Income Populations

Regulations can lead to wage stagnation for low-skilled workers and reduced employment opportunities, especially for those with limited education or experience.

Regulations can also have regressive effects, meaning that they disproportionately harm low-income households.

New or Exacerbated Problems

Some regulations can lead to new problems that were not anticipated, such as increased reliance on unsafe or outdated technology due to regulations that make newer, more efficient options less economically viable.

Some regulations can lead to businesses leaving the state to escape the regulatory burdens of that state.

Some regulations conflict with other laws and administrative rules, putting businesses in an untenable situation.

Increases in Compliance Staff

Bailey, Thomas, and Anderson (2019) suggest that the benefits of regulation to the regulated industry in the form of wages and job opportunities accrue mostly to managers and workers employed in compliance-relevant positions, such as accountants and lawyers [3]. They found some evidence that the costs associated with regulation lead to slower wage growth and that the burden is borne disproportionately by lower-wage workers.

Key Findings

Every 10% Increase in Business Regulations Leads to the Following *Unintended* Consequences:

Business Impact

More regulations can lead to a reduction in the number of firms, shrink small-business employment, and discourage new startups. Heavier regulatory burden dampens growth and makes markets less dynamic.

- 0.5%
Number of Firms

- 0.6%
Small Firm Employment

- 3 -7%
New Startups

Economic Growth Impact

Today's per-capita income could be about $18,000 higher had federal rules stayed at 1980 levels. That lost wealth stems from slower growth, weaker productivity, and fewer opportunities economy-wide.

- 1%
Productivity

- 1-2%
Annual Growth

+ 2.1-2.5%
Inflation

Consumer Impact

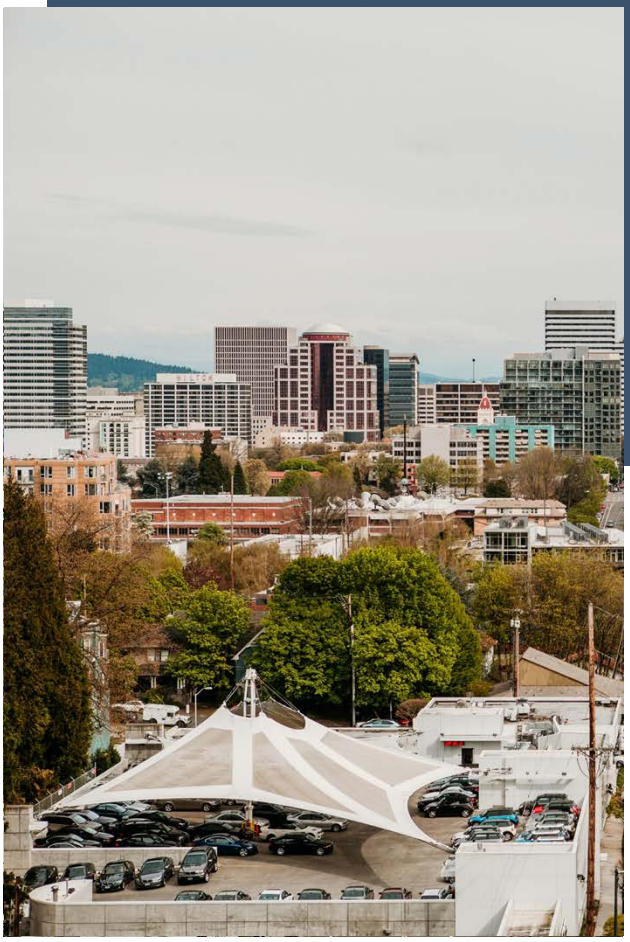
Each 10% increase in regulations lifts consumer prices about 1%. That added burden deepens inequality—poverty rates rise by around 2.5%, bringing tens of thousands more households below the line.

+ 2.5%
State Poverty

+ 1%
Consumer Prices

+ 0.5%
Income Inequality

Consequences of Increasing Regulations



Business Impact

Studies show that ***tighter regulation restrains small-business growth***: a 10% rise in sector-specific rules coincides with a 0.5% decline in the number of firms and a 0.6% drop in small-firm employment. Even one extra startup requirement can cut new-firm births by 3–7% [2], [14], [15], [16].

Price Increase

Firms typically pass compliance costs to consumers: a 10% rise in federal rules is linked to roughly a ***1% jump in prices***. Additional regulation from 2000–2012 led to inflation that averaged 2.46% for low-income households versus 2.08% for high earners, underscoring the regressive hit of regulations through lost sales, jobs, and income [18].

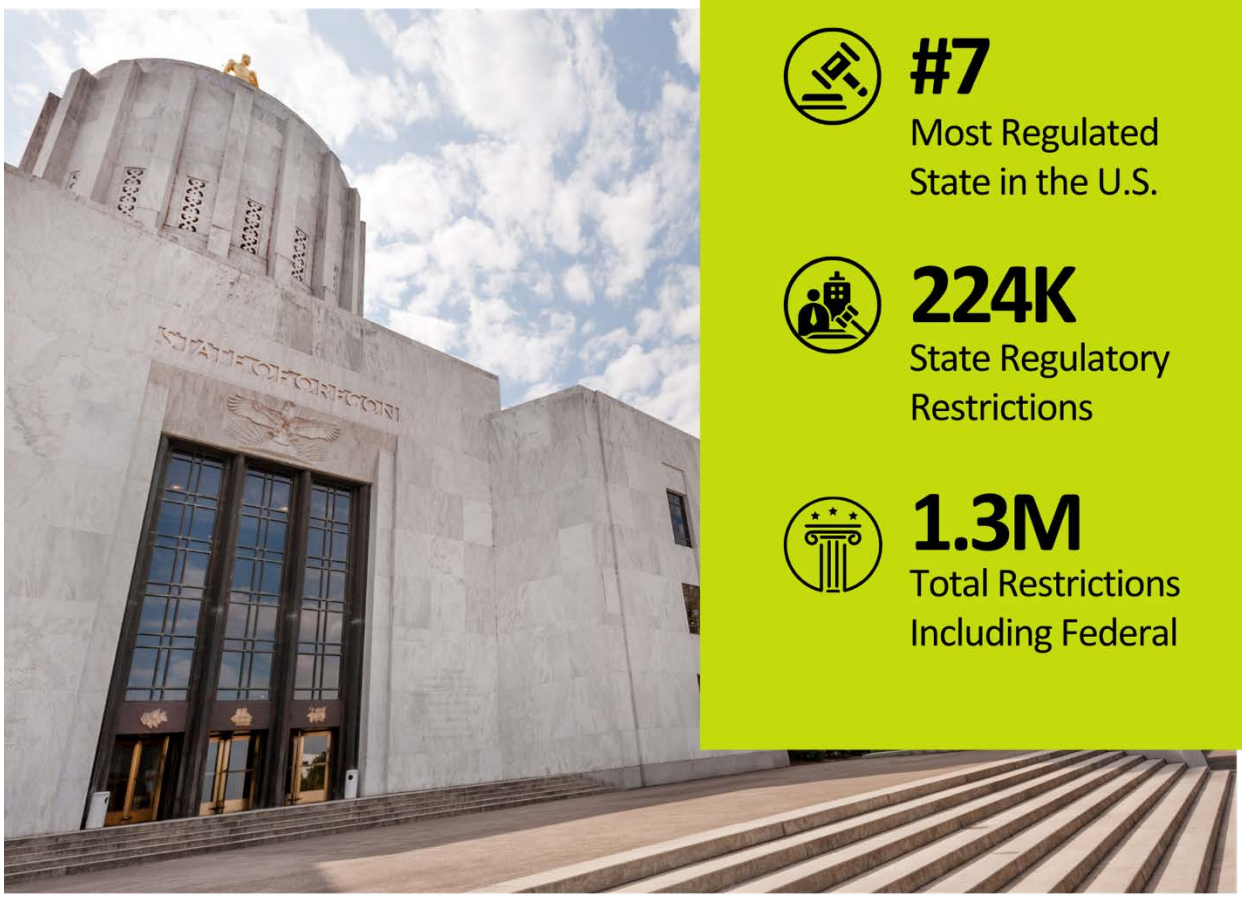
Decline in Economic Growth

Tougher rulebooks sap economic momentum. Shifting from light to heavy regulation is estimated to ***shave 1–2 percentage points off annual GDP growth and clip achievable productivity by about 1% each year***, stifling innovation and income gains. Because these hits compound, the long-run cost is steep: had U.S. federal rules stayed at 1980 levels, per-capita income might have been $18,000 higher by 2012 [7], [20], [21].

Human Impact

Evidence suggests that heavier regulation ***deepens poverty and widens inequality***. Every 10 % increase in federal regulations is linked to a 0.5 % uptick in the income-inequality index, underscoring how compliance burdens fall disproportionately on lower-income households [9], [13], [17], [19].

Oregon's Regulatory Landscape



#7
Most Regulated State in the U.S.

224K
State Regulatory Restrictions

1.3M
Total Restrictions Including Federal

AS OF 2023, OREGON IS THE 7TH MOST REGULATED STATE IN THE NATION IF MEASURED "TOP DOWN" (TOTAL RULES) ACCORDING TO THE MERCATUS CENTER.

When combined with federal regulations, total restrictions reach 1.3 million. In fact, based on StratACUMEN's own analysis, if regulatory growth trends continue, Oregon might be on its way to being the sixth most regulated state in the nation for businesses in terms of the number of total business restrictions. This negative trend is partially because a single state regulation can apply to multiple industries, leading to a significantly larger total when counting binding state rules at the industry level through a "bottom-up" approach.

The Mercatus Center at George Mason University monitors the number of regulatory restrictions in federal and state administrative codes. A regulatory restriction refers to a command,

prohibition, or obligation within regulatory statutes (such as “shall” or “must”) that mandates compliant behavior from the regulated party.

As of 2023, Oregon’s regulatory code contains over 223,000 distinct regulatory restrictions, ranking #7 among states in the U.S. When all federal restrictions found in the U.S. Code of Federal Regulations are added to these state level restrictions, Oregon businesses face an astounding total of 1.3 million regulatory restrictions. This does not yet factor in local or regional government restrictions [11].

Table 1. Regulatory Restrictions by State

RANK	STATE	2023 TOTAL REG RESTRICTIONS
1st	California	420,434
2nd	New York	300,095
3rd	New Jersey	296,926
4th	Illinois	282,040
5th	Texas	274,469
6th	Ohio	246,033
7th	Oregon	223,579
8th	Washington	201,634
9th	Massachusetts	182,758
10th	Louisiana	180,858

According to the Mercatus Center, Oregon has a notably higher number of business regulations compared to the average state [26]. For instance, by policy areas, the number of environmental rules in Oregon exceeds the average by **57%** (47,997 versus 30,553 rules). Oregon also has **205%** more regulations related to industry, commerce, and development (43,529 versus 21,261). A similar trend is observed at the industries targeted level. For example, Oregon has:

264% more regulations concerning animal production (12,689 versus 4,341 rules).

576% more regulations for fabricated metals manufacturing (3,400 versus 590 rules).

91% more regulations related to health services (8,909 versus 4,048 rules).

**Full data tables are available in Appendix 1*

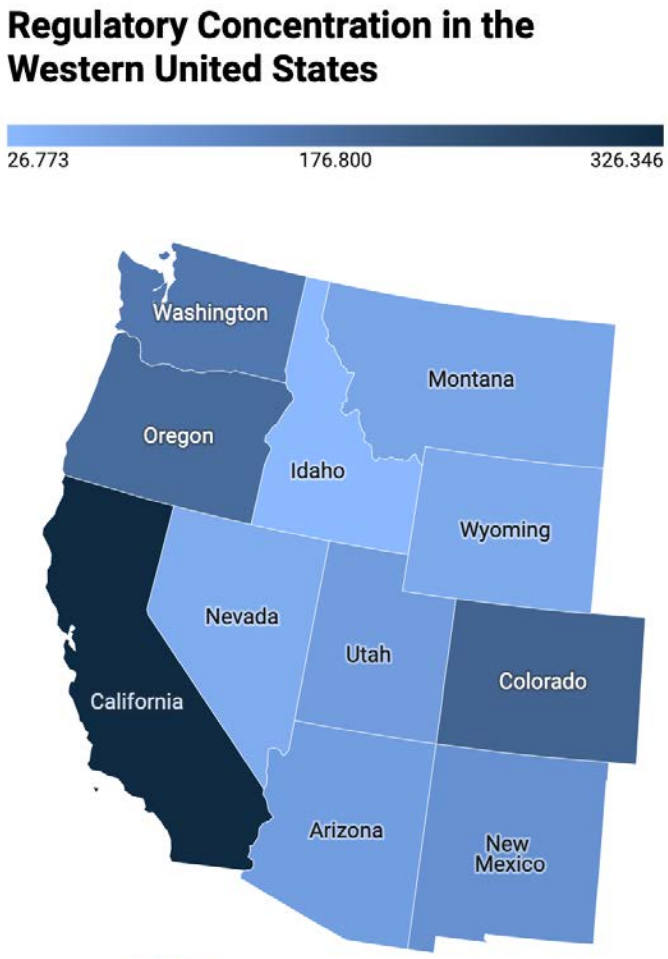
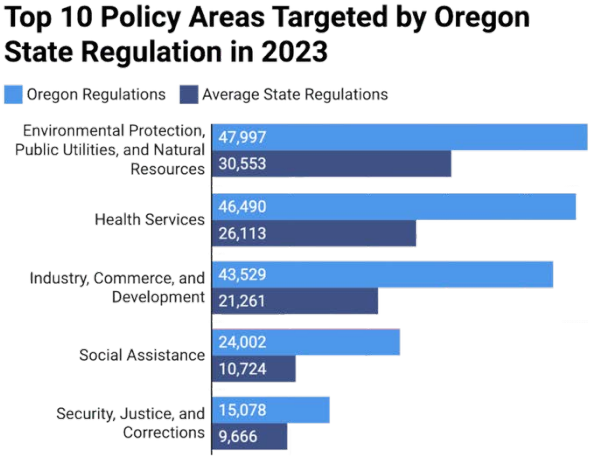


Figure 1: 2024 Snapshot of State Regulations, Source: [13]

From a competitive-strategy standpoint, Oregon's regulatory code now aligns more closely with California's than with the rest of the Western region – a position linked in StratACUMEN's modelling to slower start-up formation and a higher likelihood of business out-migration.

Regulatory streamlining—*understood not as deregulatory ideology but as an economic-development lever*—could move Oregon toward the regional median, reduce compliance drag on firms, and improve long-term employment and revenue trends, all while preserving essential health, safety, and environmental safeguards.



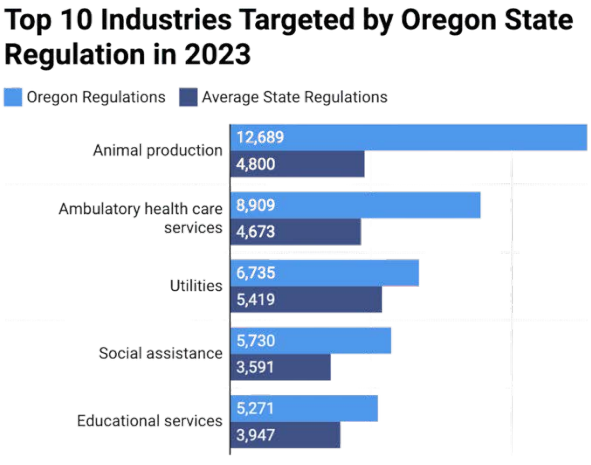


Figure 2. Oregon's Regulatory Landscape. Source: [13]
**Full data tables are available in Appendix 2*

Another way to view this growth is by comparing it to Federal regulations. As Oregon's state level regulations increased by 5.6% in the study period ending in 2023, Federal regulations increased only by 1.3%. At that pace, Oregon regulations will nearly double in **13 years**.

There has undoubtedly been an increase in overall state-level regulation in Oregon. The StratACUMEN team acknowledges that not all regulations are created equal. Some regulations can be more burdensome than others. Nevertheless, some industries have experienced significantly more regulation than others. From 2022 to 2023, the pipeline transportation and waste management industries have been particularly affected, facing over a 21% and 12% annual regulatory burden increases respectively.

If the current growth rate for regulations with business restrictions continues (based on data through the end of 2023), by 2036, Oregon will have doubled regulations.

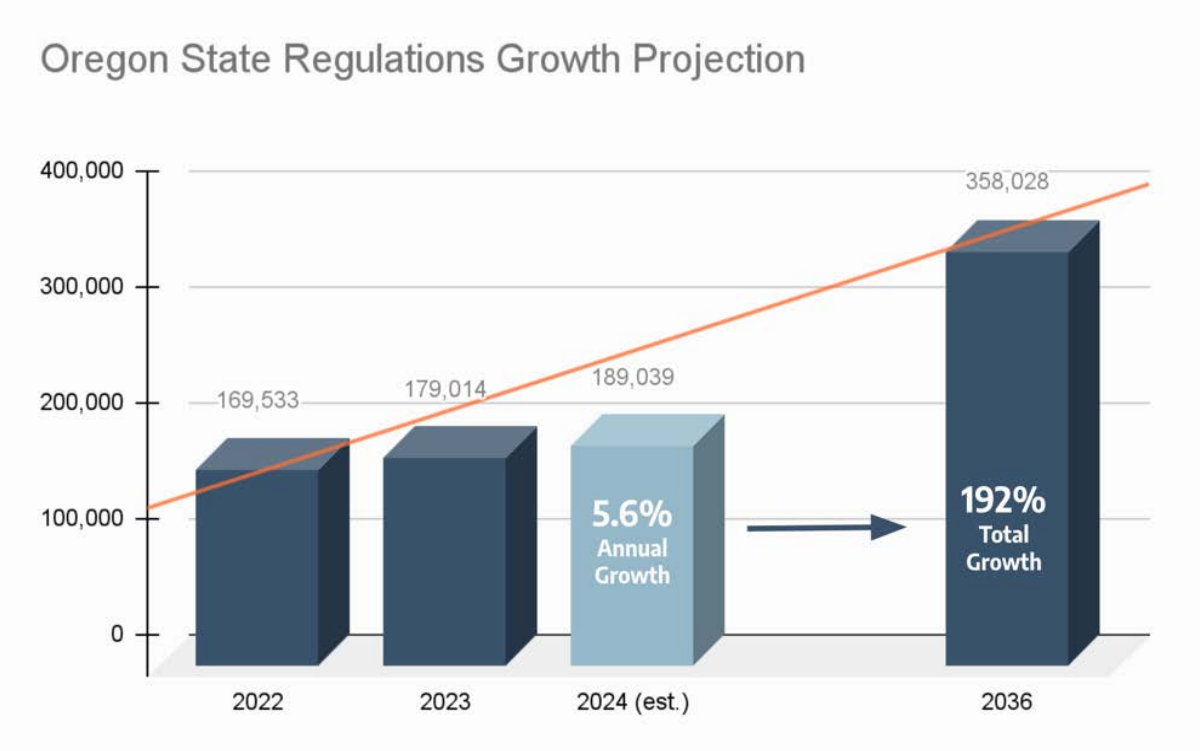


Figure 3. Oregon Regulations Growth Projection. Source: [20]

Industries with the Greatest Regulatory Disadvantage

Some industries in Oregon face disproportionately heavy regulations, hindering their ability to compete, innovate, and grow nationally and globally. Rigid labor regulations can limit business flexibility, putting companies in Oregon at a disadvantage compared to those in more business-friendly states.

Another way to look at this, is how regulated ***industries in Oregon are compared to the U.S. median*** for key industry regulations. Oregon imposes substantially heavier regulatory burdens than the typical U.S. state across all listed sectors—ranging from 3.3 × the national median in Food Services to 7.8 × in Metal Product Manufacturing, with mainstream sectors such as Non-store Retail, Utilities, and Hospitals also facing more than triple the median number of rules.

Oregon Regulations by Industry

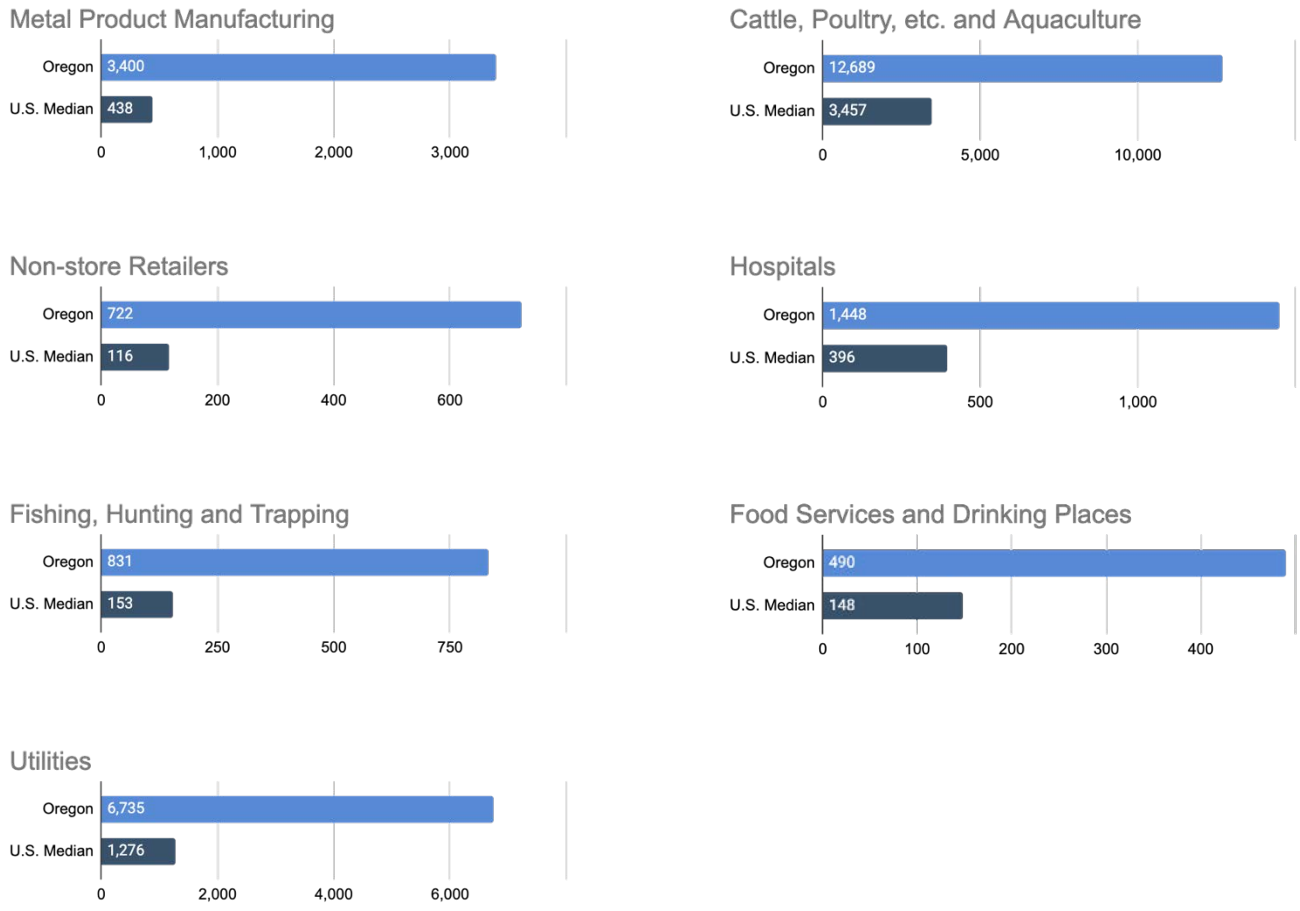
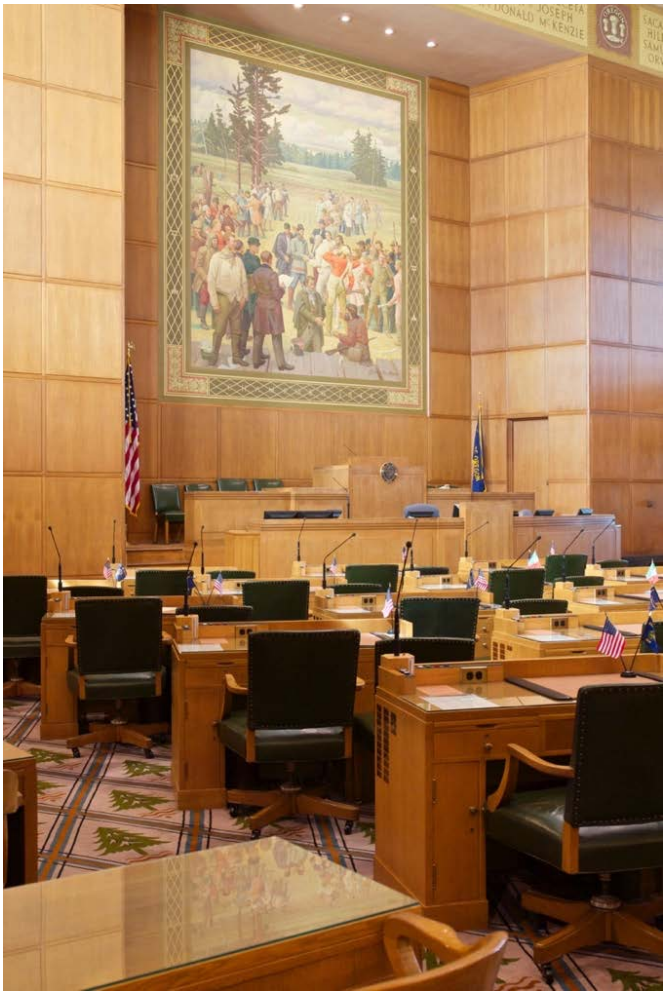


Figure 4. Oregon's Regulatory Landscape. Source: [13]

Oregon's Uncompetitive Regulatory Environment

Looking across all layers of regulation, Oregon's rulebook contains 179,014 individual regulations, within which lie more than 220,000 distinct regulatory restrictions that apply to businesses. When federal rules that also apply in Oregon are added, firms must comply with well over 1.3 million distinct regulatory requirements. The StratACUMEN team, using a word count and thematic analysis, estimates that ***over 40% of these regulations can be classified as being duplicative, redundant, or burdensome***. These unintended negative consequences tend to be needlessly complex and time-consuming, leading to frustration for individuals and businesses trying to comply with regulations or to access services.

OREGON TOTALS	
Regulations, 2023	179,014
Excessive Regulations	76,208
Excessive Regulations, %	43%



Excessive Regulations

The phrase "excessive regulations" refers to rules and mandates that go beyond what's necessary to achieve desired outcomes, imposing undue burdens on individuals and businesses. Excessive regulations can hinder economic growth, stifle innovation, and create unnecessary barriers to entry. Essentially, it's when regulations become micromanaging, overly intrusive or overly restrictive, potentially causing more harm than good [10].

Environmental Regulations Trends

Stricter environmental regulations in Oregon may impede economic growth by ***increasing operational difficulties and costs for businesses***, potentially resulting in ***job losses and decreased state investment***.

Balancing environmental protection and business growth is vital. Policymakers must assess new regulations' impacts and foster a regulatory environment promoting economic and environmental sustainability. Oregon has more environmental regulation than other similar states. This suggests that the state's regulatory environment is causing an unnecessary burden for businesses and industries (see Appendix 3).

As of 2024, Oregon's environmental regulations remained far above both the U.S. average and the levels in Washington state. The StratACUMEN team believes that there is room to trim regulations and still protect the environment in Oregon.

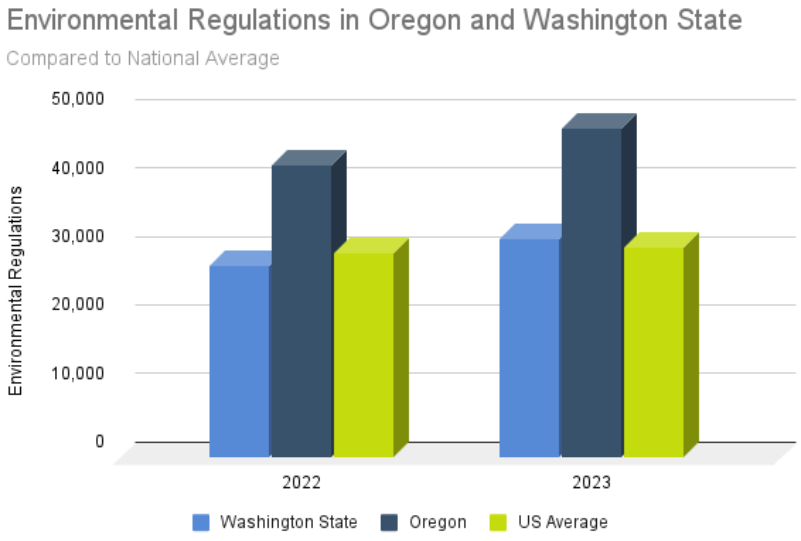


Figure 5. Oregon's Regulatory Landscape. Source: [13]

The Impacts of New Regulations

California's stringent environmental regulations, high taxes, and limited in-state energy production have driven its power prices sharply upward—a dynamic now echoed in Oregon, where a growing stack of California-style rules is eroding the state's traditional cost advantage and squeezing business competitiveness. As energy costs climb, both states risk broad economic repercussions: higher operating expenses for firms, increased household utility bills, and a rising overall cost of living. This shift is especially consequential for Oregon, whose abundant, affordable hydroelectric power has long underpinned its appeal to employers and residents alike.

Macroeconomic Effects

Using the Beacon Hill Institute's elasticities, the StratACUMEN team projects the following economic effects should Oregon's energy prices increase 141% to match California prices [24].

Table 2. The Impact of 141% Electricity Price Increase

Economic Variable	*Elasticity*	*Change, %*
Employment	-0.022	**-3.11%**
Investment	-0.018	**-2.54%**
Disposable Income	-0.022	**-3.11%**

Oregon’s Labor Market Freedom Trends

Labor market freedom, also known as labor market flexibility, refers to the extent to which employers and employees can freely negotiate terms of employment without government intervention. It generally involves fewer regulations restricting hiring, firing, wages, hours, and other aspects of the labor contract. Free labor markets are often associated with greater efficiency, higher employee compensation, and more job opportunities. Recent data shows Oregon's labor market freedom is ***below the national average***, unlike comparator states like Idaho and Nevada [29].

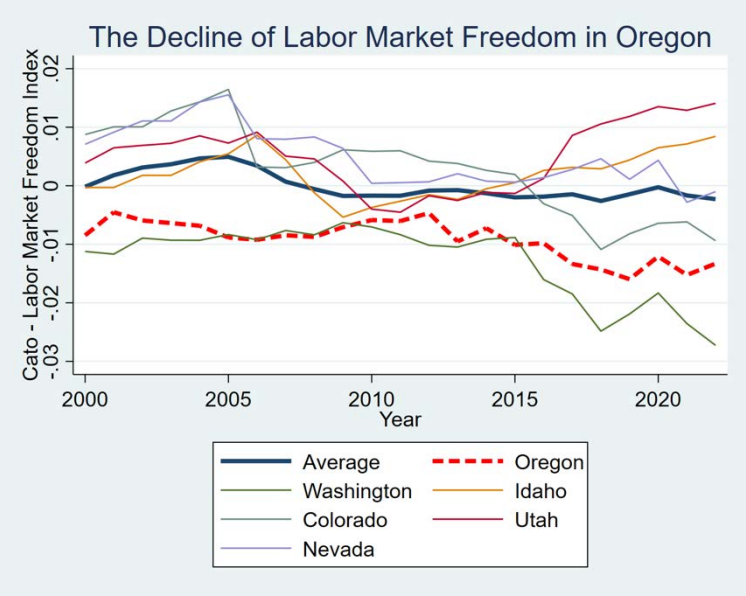


Figure 6. Freedom of the 50 States. Source: [12]

Labor Market Regulation Comparison

Among the seven Western states compared, only Oregon, Washington, and California maintain all three major labor-market regulations—prevailing-wage laws, a dedicated occupational-safety agency, and paid family leave—while Idaho has none; Colorado, Nevada, and Utah each adopt some but not all, illustrating a wide regulatory spectrum across the region.

Because Oregon enforces all three major labor-market regulations—prevailing-wage requirements, its own occupational-safety agency, and a state-run paid-family-leave program—it now sits firmly in the "high-regulation" tier alongside California and Washington rather than the more lightly regulated interior West.

Table 3. Major Labor-Market Regulations Comparison

States	*Prevailing Wage Law*	*State-Based OSHA Agency*	*Paid Family Leave*
Oregon	☑	☑	☑
California	☑	☑	☑
Washington	☑	☑	☑
Colorado	☑	☒	☑
Idaho	☒	☒	☒
Nevada	☑	☑	☒
Utah	☒	☑	☒

Paid Family and Medical Leave Insurance Program (PFMLI) Costs

Payout Cost	Administrative Costs	Estimated Annual Cost
+$600M	**$30-65M**	**~$700M**

Payroll Tax Increase		Employees		Employers
1%	**=**	**0.6%**	**+**	**0.4%**

Benefit claims under Oregon's new PFMLI reached $306 million during the program's first six months, placing projected annual payouts above $600 million. Administrative overhead—about 1% of contributions, or roughly $30-65 million a year—pushes total program costs to nearly $700 million annually [31].

The program is financed through a 1% payroll surcharge split between employees (0.6%) and employers (0.4%), effectively **raising labor costs** and functioning as a supplemental **income-tax increase** for workers.

When layered atop Oregon's other mandatory benefits and workplace rules, PFMLI further narrows employers' ability to offer higher wages or flexible schedules in lieu of in-kind benefits, reinforcing a regulatory environment that prescribes—not merely influences—the structure of compensation packages.

Effects of Other Major Labor Market Regulations

Figure 7 adapted from the American Psychological Association's 2021 Work and Well-Being Survey shows that when employees can choose only one extra perk, a full one-third pick ***higher pay or bonuses***. In short, more money tops the wish-list, even in an era that celebrates non-monetary perks [1], [29].

Oregon's phased farm-worker overtime law ostensibly grants that wish. Through 2024 agricultural employees earn time-and-a-half only after 55 hours in a week; on January 1, 2025 the trigger drops to 48 hours, and on January 1, 2027 it reaches the standard 40-hour (or 10-hour-per-day) limit that already governs manufacturing. The intent is straightforward: the same workweek should now yield bigger paychecks.

Yet decades of California and national research caution that overtime mandates seldom deliver durable income gains. When California cut the daily overtime threshold to eight hours, **the share of people working long days fell roughly 25%**. But many workers simply took **second jobs or extra shifts** elsewhere to claw back lost hours [22], [23], [35].

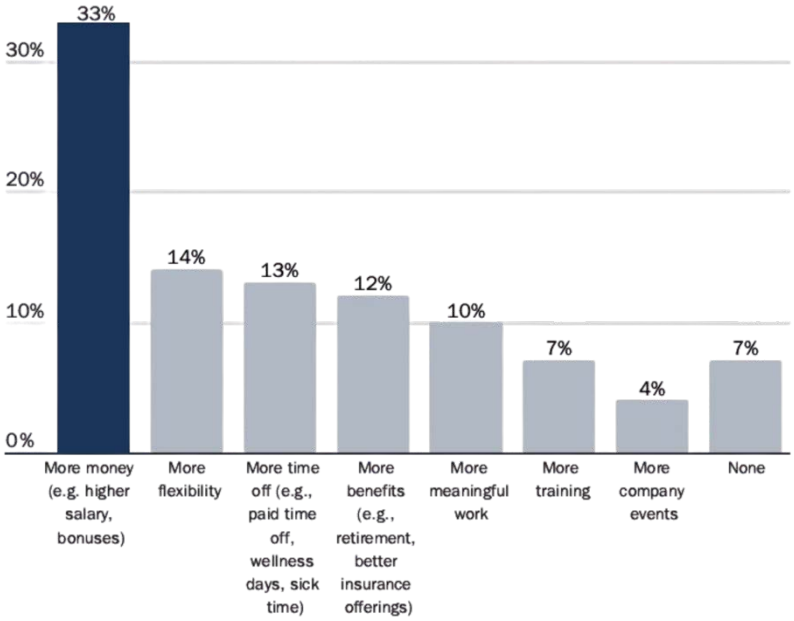
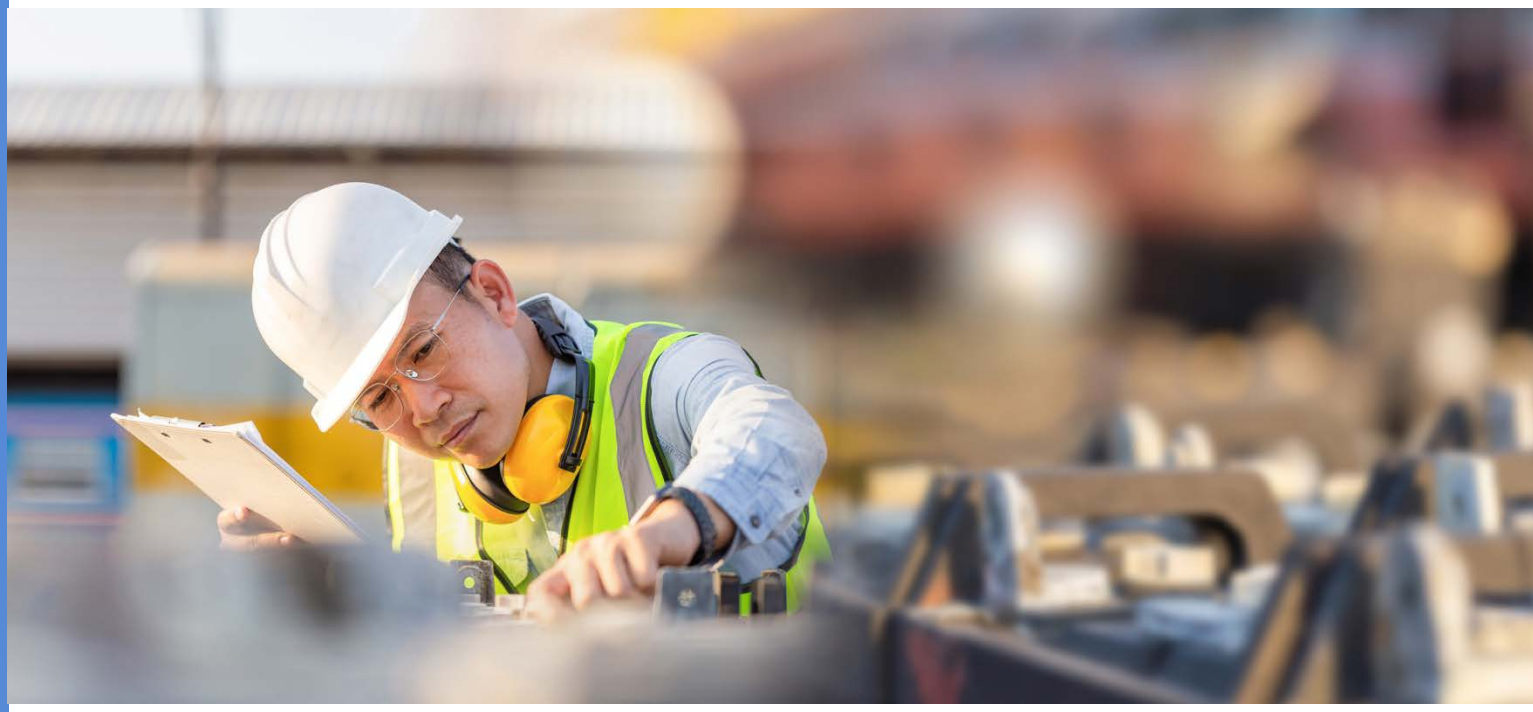


Figure 7. If Employees Could Have Only One Extra Perk, One-Third Want More Money. Source: [1]

Employers, facing higher overtime rates, often offset the cost by lowering straight-time wages—up to four-fifths of the statutory premium in some industries [4], [35]. More recent analyses show that

stricter rules can also push employees into work arrangements they would not otherwise choose, curbing the flexibility that ranks second on Figure 7's list of desired perks [6].

Taken together, the data suggest that while Oregon's policy targets workers' top stated priority—more money—it risks undercutting that goal in practice: hours may be capped, base pay trimmed, or schedules shuffled, leaving earnings little changed, and flexibility reduced. Policymakers and employers alike should therefore temper expectations and monitor outcomes closely, recognizing that well-intended overtime reforms often reshuffle hours and income rather than delivering the unequivocal financial upside employees hope for.



Cost of Compliance Modeling

Using scenario modeling described in Appendix 4, StratACUMEN translates Oregon's regulatory headwinds into clear, measurable business outcomes. We begin at the firm level—showing how compliance costs squeeze a single company's staffing—and then widen the lens to four statewide "what-if" cases that reveal how those micro-pressures cascade into fewer start-ups, business flight, softer GDP growth, and slower innovation.

Small and Medium-Sized Business Jobs Impact in Oregon

When regulatory obligations multiply, the first casualty is headcount. Our modelling shows an average Oregon firm must divert the equivalent of **about 2.6 full-time positions** to cover compliance labor and professional fees; **roughly 3.4 positions** disappear when managers spend time on paperwork instead of generating sales; and **another 1.7 positions** are lost to knock-on delays that ripple through projects and supply chains. Each of these hidden vacancies chips away at productive capacity, curbs wage growth, and shrinks the internal talent pool that companies rely on to innovate and expand—setting the stage for the broader economic effects explored in the next scenarios.

Figure 8. Cost of Compliance Modeling. Source: The StratACUMEN Group Scenario Model

To illustrate how seemingly small policy shifts can ripple through Oregon's economy, StratACUMEN modeled four "what-if" regulatory tracks. Each track varies only three inputs— (1) **the pace at which new rules are added,** (2) **the share of existing rules rolled back,** and (3) **the portion of new rules that are redundant or high-burden**—while every other economic factor remains constant. The model then follows those tweaks through first-order effects on start-up formation, firm retention, gross state product (GSP), and innovation.

The four "what-if" cases that follow spell out each scenario's key assumptions and headline impacts, starting with a modest uptick in regulatory requirements and ending with an aggressive surge in rule-making that lands hardest on Oregon's growth engines.

Case 1. Continuous Regulatory Accumulation

If Oregon adds roughly 2% more rules each year, repeals none, and one-third of the new mandates are redundant or unusually costly, our model projects a **persistent 2 – 3% decline** in new-business formation annually. The knock-on effects are fewer local jobs, slower wage growth, and a shrinking future tax base.

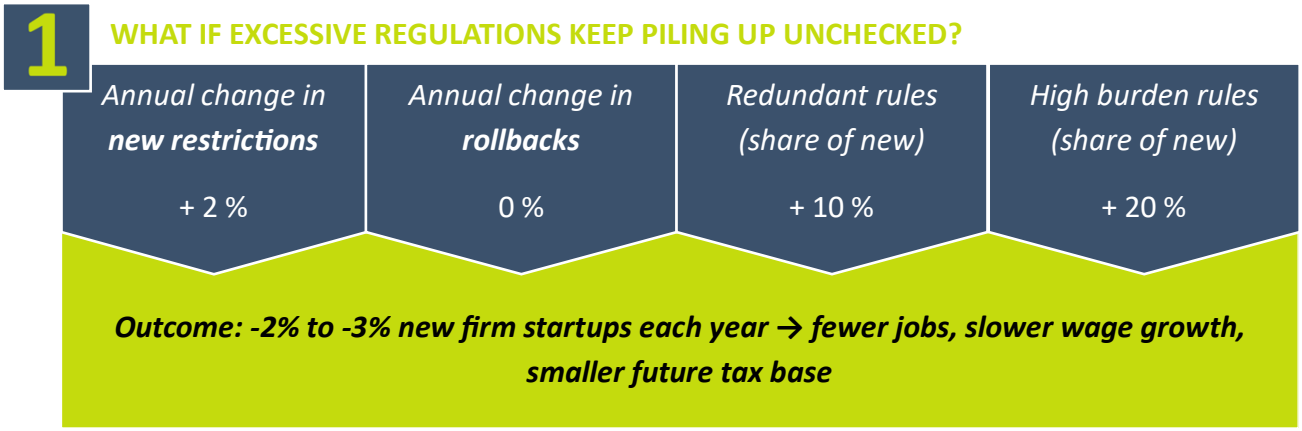


Figure 9. Unchecked Accumulation of Rules. Source: The StratACUMEN Group Scenario Model

Case 2. Partial Roll-Back, Net Regulatory Growth

If lawmakers remove roughly 2% of existing rules each year but introduce at least 2% new, higher-burden mandates, the overall rulebook still expands. Our model suggests this imbalance would push **0.75 – 1% of firms to leave Oregon each year**, taking jobs and investment with them.

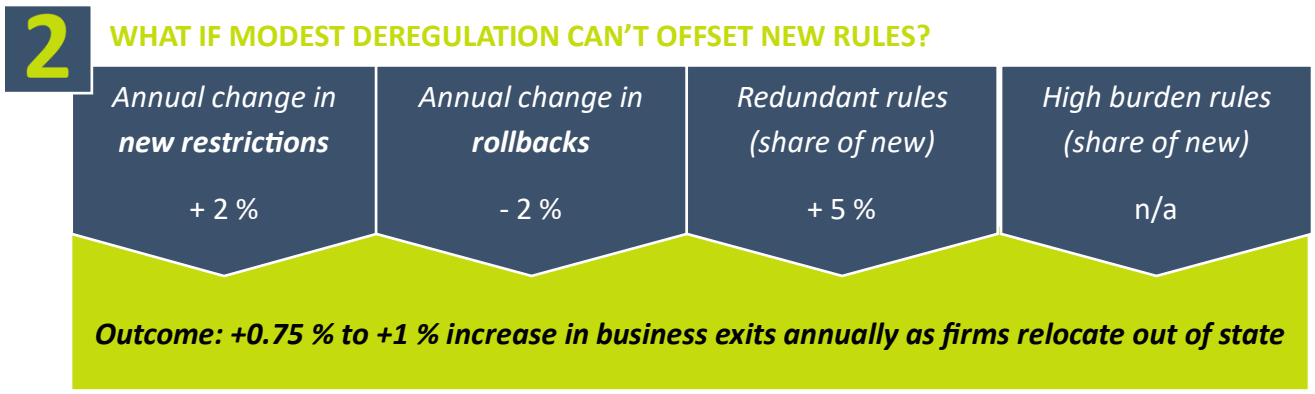


Figure 10. Modest Deregulation Impact. Source: The StratACUMEN Group Scenario Model

Case 3. Slow Rule Growth, Rising Compliance Burdens

When new regulations increase by only 0.5% a year, but duplication and high-cost requirements climb 5% annually—and no rollbacks occur—our model projects Oregon's **Gross State Product will decline by 0.25 – 0.5%** each year. Over time, that steady drag quietly erodes household income and state revenues.

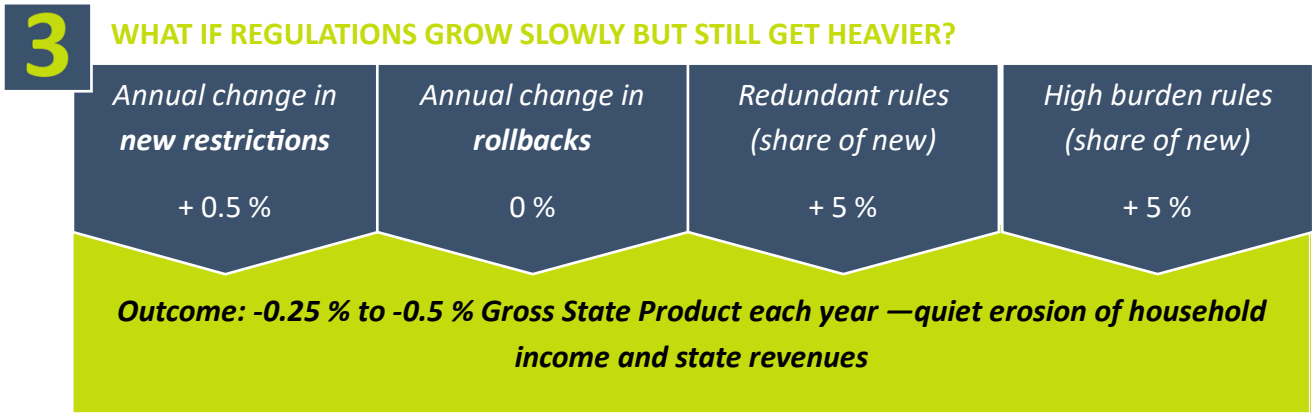


Figure 11. Slow Regulation Growth. Source: The StratACUMEN Group Scenario Model

Case 4. Rapid Rule Expansion Hits Innovators Hard

If new regulations grow by 5% a year, rollbacks trim barely 1%, and 10% of the fresh rules prove redundant or high burden, the burden lands squarely on Oregon's innovation engine. Our model shows patent filings, new-product launches, and similar indicators **falling 3 – 5% annually**, eroding the state's long-term competitiveness in high-wage industries.

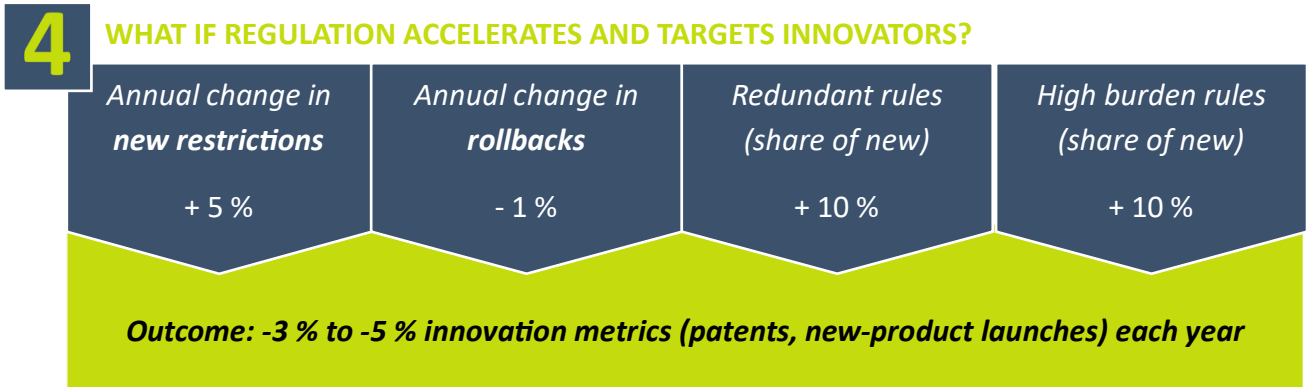
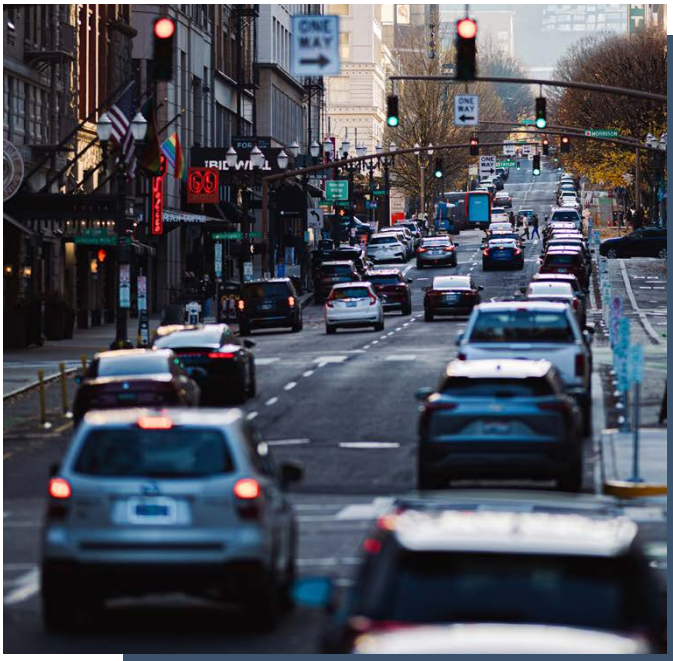


Figure 12. Accelerated Regulation Growth Targeting Innovation. Source: The StratACUMEN Group Scenario Model

Cost of compliance modeling demonstrates that even modest shifts in Oregon's rulebook can produce significant economic drag—compressing payrolls, limiting new-business formation, restraining GDP growth, and dampening innovation. These scenario results quantify the economic impacts of different regulatory pathways, providing clear metrics for policymakers to evaluate potential rule changes and ensure that oversight objectives are achieved without imposing undue economic strain.

Possible Solutions



Using data from the Mercatus Center, the StratACUMEN team classifies ***over 40% of Oregon's business-impacting regulations as being duplicative, redundant, or burdensome.***

We believe that there is **excellent** potential in the state to streamline the regulatory framework. Implementing a program to alleviate the burdens of costly regulations would provide flexibility and relief to the business community, stimulating jobs and encouraging economic growth.

Regulatory Budget

One proposed policy change, successfully implemented by states like Arizona, Idaho, Ohio, and Virginia, involves establishing a **hard limit** on the number of state regulations while simultaneously setting a **short-term regulation reduction target**, typically around 30% over three to five years. This 30% reduction target can be achieved without compromising essential regulations or standards that ensure worker safety, consumer protection, and environmental quality.

Regulatory Sunset

Another effective strategy employed by other states is the introduction of **regulatory sunset provisions**, which mandate **periodic reevaluations of older regulations** to confirm their continued necessity and effectiveness. These reviews should be transparent, with all data and methodologies used in the evaluations disclosed to the public. If an agency fails to conduct a review of a rule, that rule should automatically expire, thereby incentivizing administrative agencies to fulfill their responsibilities while providing an efficient means to eliminate outdated regulations without undergoing the formal rule-making process.

Other Regulatory Reforms

Regulatory Review and Streamlining

Periodic Regulatory Review Processes: Conduct periodic reviews of existing regulations to identify outdated or redundant rules that no longer serve a purpose or are overly burdensome for small to medium-sized businesses.

Sunset Clauses: Introduce automatic expiration dates (sunset clauses) for regulations, which would require review before they are extended.

Harmonization of Regulations: Align state regulations with federal standards or those of neighboring states to simplify compliance, especially for businesses operating across state lines.

Regulatory Impact Assessments (RIA)

Cost-Benefit Analysis: Require a formal assessment of the costs and benefits of any new regulation on small to medium-sized businesses before implementation to ensure that the benefits justify the costs.

Simplification and Digitization of Compliance Processes

One-Stop Portals: Establish a centralized, digital platform where businesses can access regulatory requirements, submit necessary documentation, and receive feedback. Simplifying the process reduces the administrative burden.

Public-Private Collaboration

Advisory Councils: Form advisory councils composed of small business owners, industry experts, and government representatives to conduct regulatory impact analyses and propose reforms focused policies. (*NOTE: These are distinguished from Oregon's Rulemaking Advisory Committees that focus on specific regulations under the auspices of specific agencies*).

Public Consultation: Engage small to medium-sized businesses in the regulatory development process through public consultations, allowing them to voice concerns and offer solutions.

Regulatory Sandboxes

Test New Approaches: Implement "regulatory sandboxes," where businesses can test innovative products or services under relaxed regulations, allowing flexibility while ensuring necessary protections remain.

Reducing Licensing and Permitting Requirements

Occupational Licensing Reform: Review and reform occupational licensing requirements that may act as unnecessary barriers to entry for small to medium-sized businesses, especially in low-risk industries.

Streamlined Permitting Processes: Simplify the permitting processes by reducing paperwork, consolidating agency responsibilities, and offering fast-track approvals for small to medium-sized businesses.

Ongoing Regulatory Support

Regulatory Ombudsman: Establish a state-level ombudsman or liaison to help businesses navigate the regulatory landscape and resolve compliance issues.

Compliance Assistance Centers: Some trade organizations and some regulatory bodies are launching these centers to assist small to medium-sized businesses with their compliance efforts.

Promote Deregulation Efforts in Low-Risk Sectors

Sector-Specific Deregulation: Focus deregulation efforts on low-risk industries (e.g., retail, personal services) where certain regulations may be excessive compared to the level of risk posed to public health or safety.

Reform Snapshots: Examples from Other States

Idaho

The Red Tape Reduction Act in Idaho, which operates under the principle of "*one rule in, two out*," has achieved remarkable results in streamlining regulations. This initiative has led to the removal or simplification of **75% to 95%** of existing regulations, effectively transforming Idaho into the least regulated state in the nation. The impact of these regulatory reforms has been significant, as evidenced by Idaho's impressive economic performance. From June 2023 to June 2024, the state experienced the **fourth fastest employment growth rate in the country**, reflecting the positive effects of a more business-friendly environment. Furthermore, Idaho ranked as the 14th fastest state for economic growth in 2023 and achieved the fastest growth rate in the United States during the first quarter of 2024. These outcomes underscore the potential benefits of regulatory reform, demonstrating how reducing red tape can stimulate job creation and foster a thriving economy [10].

Arizona

Another recent success story in regulatory reforms can be found in Arizona, where a series of significant changes have been implemented to enhance economic activity and improve access to essential services. One of the key reforms is the **Sunrise Reform Act**, which has relaxed regulations on medical professionals, permitted non-lawyer ownership of legal service providers, and introduced universal recognition of occupational licenses. Approximately **16,000 new jobs** are expected to be created as a direct result of these changes. Additionally, the influx of new residents into Arizona is expected to rise, further boosting economic output and contributing to the overall growth of the state's economy [8].

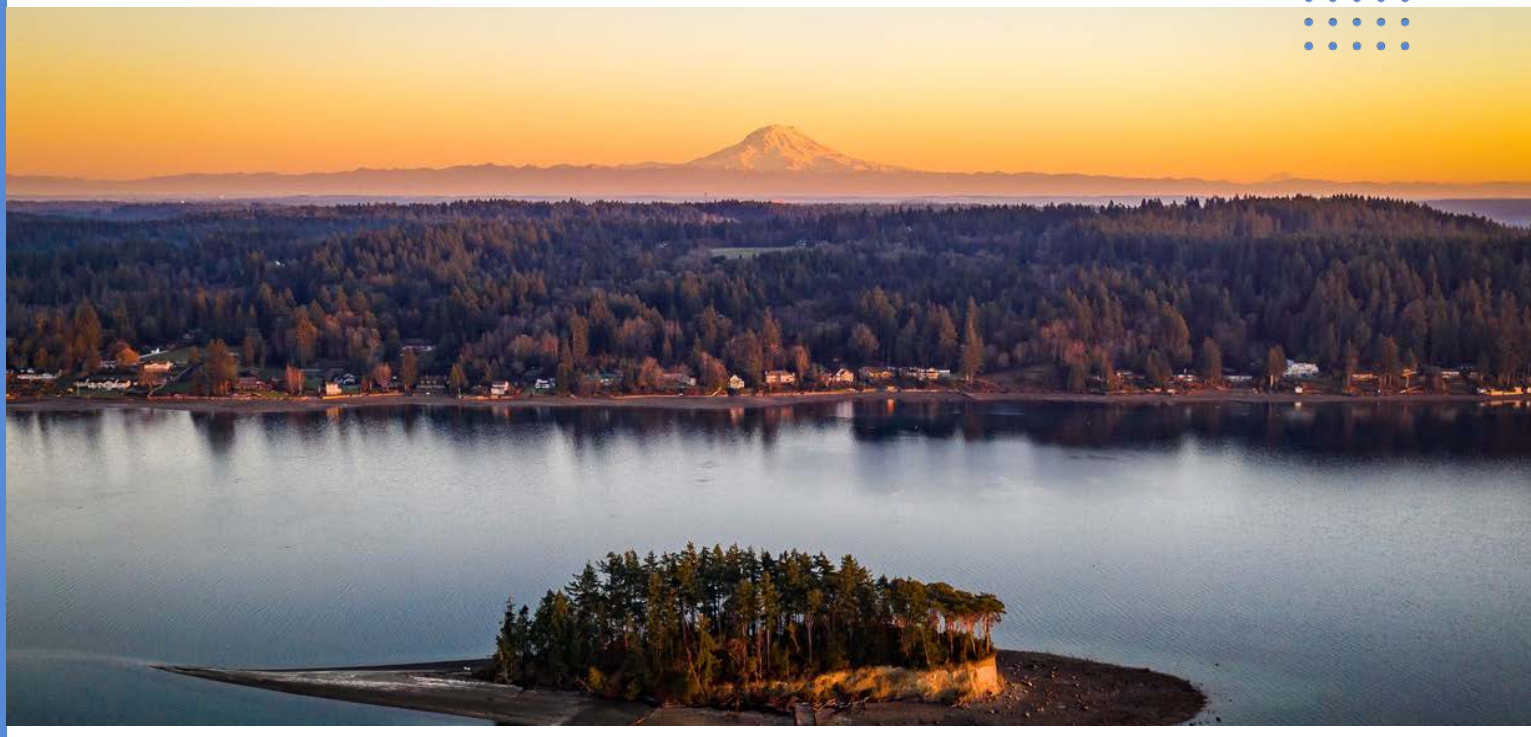
State of Washington

Two excellent examples of state action to reduce regulatory burdens can be found in the state of Washington.

Executive Order 25-02 specifically focuses on the future expansion of affordable housing in Washington. The order directs all executive and small cabinet state agencies to **review their rules and regulations that could impact construction of new housing**. In that review, they are asked to identify rules or regulations that are no longer necessary or could be amended. The goal is to increase the speed of housing construction [25].

Executive Order 25-03 is intended to start the work of making it easier to operate a business in the state. Pointing out the state has improved transparency in its permitting processes, the order states **that increasing "efficiency, transparency and predictability"** in state-issued permits, licenses and more will "**remove unnecessary barriers for Washingtonians seeking to do business in the state."** [25]

State agencies will be asked to catalog what types of permits, licenses, etc. they issue. After that, they'll be asked to establish processing deadlines. Finally, any agency that exceeds an application processing deadline will be required to issue refunds [25], [30].



Conclusion

A growing body of evidence shows that regulatory expansion carries real costs for Oregon's economy and its lower income residents. A 10% rise in mandates corresponds to a 2.5% drop in state wealth and has driven nearly 85,000 Oregonians into poverty, while also imposing roughly a 1% annual drag on productivity—enough to leave each resident $18,000 poorer in today's dollars had regulations been frozen in 1980 [5]. Our cost-of-compliance modeling reinforces these findings: even modest rule growth diverts the equivalent of eight full-time jobs per firm, cuts new-business formation by up to 3% annually, trims GSP by 0.5%, suppresses innovation by as much as 5%, and drives consumer prices up by 0.7% for every 10 % regulatory increase [26], [18].

With nearly half of Oregon businesses citing regulation as their top challenge—and a 4-to-1 preference for state over federal streamlining —the time to act is now [31].

This report critically examines Oregon's regulatory environment and shows that, while rules are essential for safety, environmental protection, and consumer rights, their cumulative burden can hamper small and medium-sized businesses, stifle innovation, and deepen inequality. It underscores the need for a balanced framework that preserves public safeguards while enabling entrepreneurial dynamism. Moving forward, it is imperative for policymakers to consider these findings in their decision-making processes. By streamlining compliance, cutting redundant mandates, and engaging stakeholders in ongoing dialogue, policymakers can strengthen Oregon's competitiveness, and lay the groundwork for sustainable, inclusive growth.

Ultimately, a more thoughtful regulatory framework, with reductions in the growth of the number of laws, regulations, and related business restrictions, will not only benefit businesses but will also enhance the overall quality of life for Oregon residents, paving the way for sustainable economic growth and a thriving community.

Appendix 1

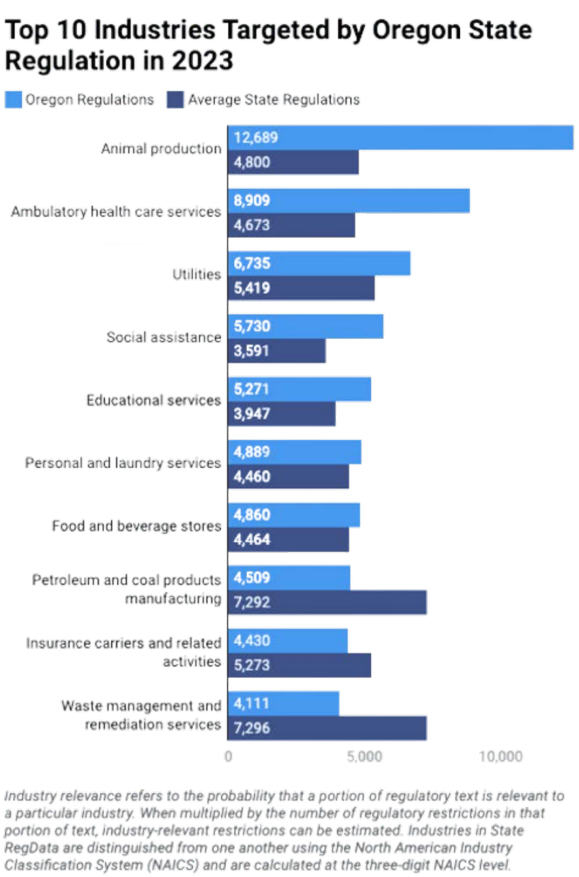
Oregon's Business Regulations Compared to U.S. Average

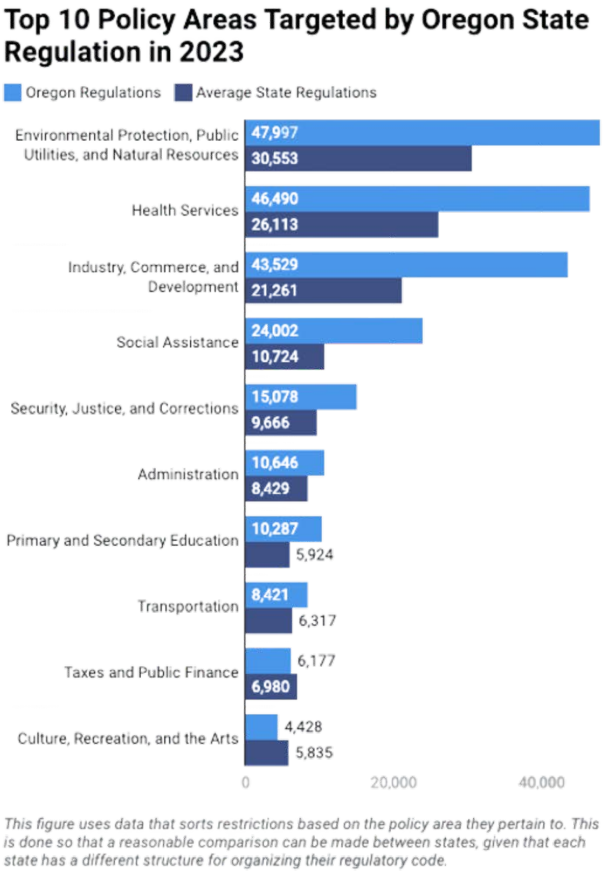
		2023 Oregon	Active State Benchmarks	
Industry	**Description**	**Regulations**	**Average**	**Median**
111	Crop production	4,054	2,286	1,954
112	Animal production	12,689	4,341	3,457
221	Utilities	6,735	2,386	1,276
311	Food manufacturing	1,817	1,127	848
321	Wood product manufacturing	984	669	502
327	Nonmetallic mineral product manufacturing	643	963	396
331	Primary metal manufacturing	1,080	1,990	1,079
332	Fabricated metal product manufacturing	3,400	590	442
334	Computer and electronic product manufacturing	274	338	162
481	Air transportation	2,243	1,371	1,425
482	Rail transportation	862	560	632
483	Water transportation	362	496	334
484	Truck transportation	439	262	202
485	Transit and ground passenger transportation	555	363	265
541	Professional, scientific, and technical services	16,819	16,151	15,870
611	Educational services	5,271	2,962	1,906
621	Ambulatory health care services	8,909	4,048	3,197
624	Social assistance	5,730	3,541	3,390

Source: Oregon's Regulatory Landscape [13]

Appendix 2

Top 10 Industries and Policy Areas Targeted by Oregon State

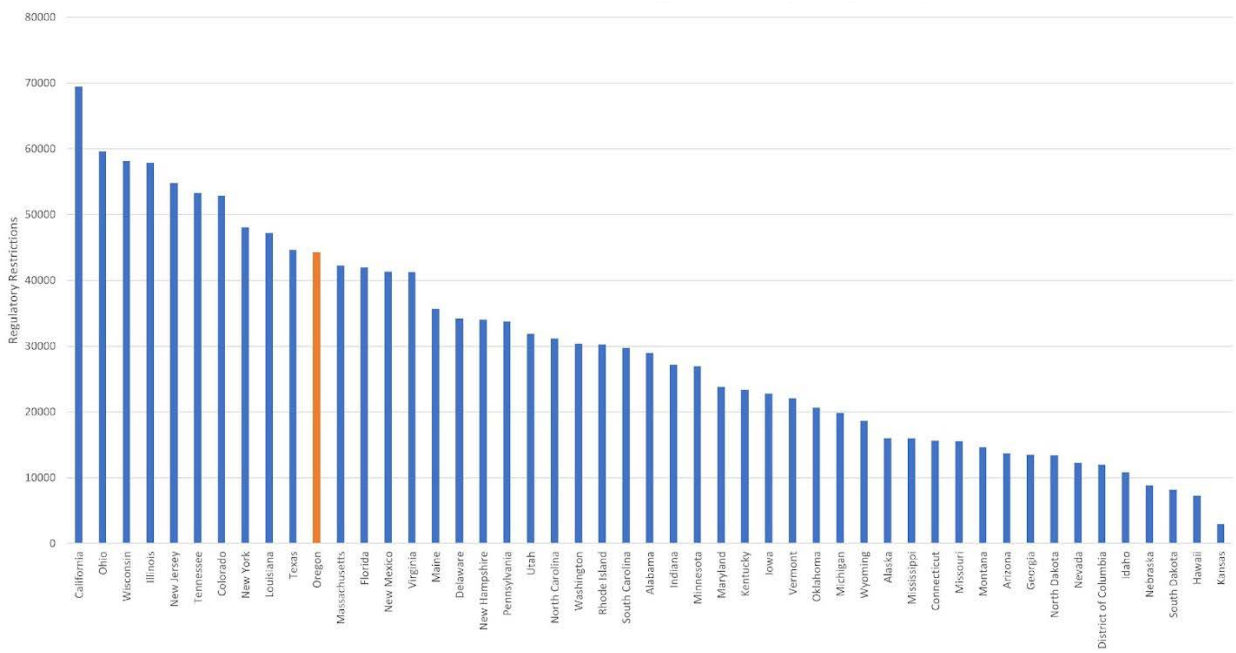




Source: Oregon's Regulatory Landscape [13]

Appendix 3

2023 State Level Environmental Regulations



Source: State RegData 5.0 [27]

Appendix 4

StratACUMEN Scenario Modeling Methodology

Scenario modeling for estimating economic outcomes is a powerful tool used in economics, finance, and policy planning. It involves creating structured "what-if" scenarios to understand how different variables and decisions might impact economic indicators like GDP, inflation, employment, or investment. In developing the plausible scenarios described here, data for key variables from relevant state and federal data sets were used. Then, for each scenario the following assumptions were used:

- Baseline: Assumes current trends continue
- Optimistic: Assumes favorable changes (e.g., strong growth, low inflation)
- Pessimistic: Assumes adverse conditions (e.g., recession, high unemployment)

Once the relationships between various key variables were validated, a Monte Carlo Simulation approach was used to simulate viable outcomes under each scenario. The outcomes presented here represent the median values of 250,000 simulation runs in each case [33].

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