

The Rise of California's Unelected Regulatory Government and the Economic Cost to Everyday Californians

Executive Summary

California increasingly governs through a vast administrative structure composed of agencies, commissions, boards, departments, and regulatory bodies exercising broad delegated authority over nearly every sector of the economy.

Over the last fifteen years, California's regulatory system expanded dramatically in both scale and complexity. The California Code of Regulations now contains more than 420,000 regulatory restrictions, approximately 23 million words of regulatory text, and more than 60,000 regulatory sections. These rules shape housing affordability, infrastructure delivery, energy costs, labor mobility, business formation, transportation systems, and economic opportunity for ordinary Californians.

California's expanding unelected regulatory government is one of the defining anti-competitive economic issues facing the state.

The report finds:

- California operates the largest state regulatory system in the nation.
- California's layered administrative structure increasingly governs through procedural systems that delay projects, increase uncertainty, and elevate cost.
- Californians experience the cost of the administrative state through higher housing costs, elevated utility bills, infrastructure delays, consultant dependency, and reduced affordability.
- California's regulatory burden materially exceeds competitor growth states while simultaneously underperforming on key affordability and housing-production metrics. Specifically, California imposes substantially more regulatory restrictions than Texas, Florida, or Tennessee.
- Housing production in California substantially lags competitor states despite enormous demand.
- California's cumulative regulatory burden imposes hundreds of billions of dollars in economic drag annually.

Modeled burden estimates suggest California's cumulative regulatory burden imposes economic costs equivalent to approximately:

- \$745 billion annually
- Approximately \$18,900 per resident

- Nearly \$55,000 per household

California increasingly governs through a procedural state in which:

- review replaces execution,
- process replaces production,
- and administrative layering replaces direct democratic accountability.

The cumulative result is a governance structure that increasingly struggles to:

- build housing,
- modernize infrastructure,
- reduce cost burdens,
- accelerate economic growth,
- or maintain affordability.

California's future affordability and competitiveness depend upon restoring:

- democratic accountability,
- legislative oversight,
- institutional transparency,
- economic rationality,
- and structural reform

to the state's regulatory system.

I. The Rise of California's Unelected Regulatory Government

A. Governance Through Administrative Expansion

California increasingly governs not through direct legislative enactment, but through expansive administrative systems operating under broad delegated authority.

The Legislature frequently establishes broad statutory goals involving:

- environmental protection,
- climate policy,
- housing development,
- labor standards,
- public health,
- energy systems,
- transportation,

- and infrastructure modernization.

Administrative agencies subsequently translate those broad directives into detailed operational systems governing the day-to-day functioning of the California economy.

Those systems frequently include:

- rulemaking,
- permitting systems,
- compliance structures,
- consultant review,
- environmental analysis,
- certification requirements,
- reporting obligations,
- enforcement systems,
- and layered procedural review.

The cumulative result is that economically significant policymaking increasingly emerges from unelected administrative institutions rather than direct democratic enactment.

Over time, these systems accumulate.

Unlike statutes, regulations are rarely repealed systematically. New requirements are layered atop older structures while earlier procedural systems remain embedded within the code.

This process creates what can best be described as:

regulatory sediment.

Every:

- filing requirement,
- permit condition,
- review mandate,
- consultant certification,
- mitigation analysis,
- compliance obligation,
- environmental review,
- and procedural approval

adds additional complexity and cost.

The cumulative effect increasingly shapes:

- housing supply,
- infrastructure delivery,
- utility cost,
- business formation,
- labor mobility,
- transportation systems,
- and statewide economic competitiveness.

B. Delegation and Administrative Power

California's administrative state operates through broad legislative delegation.

The Legislature often establishes broad policy goals while leaving implementation details to administrative agencies.

Those agencies then construct operational systems with significant economic consequences.

Administrative interpretation increasingly shapes:

- land use,
- building systems,
- environmental compliance,
- transportation policy,
- energy infrastructure,
- emissions systems,
- labor compliance,
- and infrastructure permitting.

The practical effect is that many of California's most economically significant policies increasingly emerge through:

- regulatory interpretation,
- administrative expansion,
- and procedural governance.

This governance model increasingly shifts policy making authority away from directly accountable legislative structures toward permanent administrative institutions.

C. Governance Through Process

California increasingly governs through procedural layering.

Projects frequently navigate:

- environmental review,
- multi-agency approvals,

- consultant review,
- cumulative-impact analysis,
- litigation exposure,
- infrastructure review,
- utility coordination,
- mitigation systems,
- public-comment procedures,
- and overlapping state and local approvals.

The result is a procedural economy in which:

- delay becomes structural,
- compliance becomes expensive,
- uncertainty becomes persistent,
- and production becomes slower.

This governance structure increasingly affects:

- housing affordability,
- infrastructure modernization,
- energy systems,
- transportation delivery,
- wildfire mitigation,
- water projects,
- and statewide economic growth.

II. The Explosion of California Regulation (2010–2025)

California operates with substantially more regulatory restrictions than major competitor growth states.

A. Expansion of the Regulatory Code

Modeled estimates indicate California’s regulatory system expanded dramatically between 2010 and 2025.

Approximate estimates include:

Metric	2010 Estimate	2025 Estimate
Regulatory Restrictions	~300,000	420,434+

Metric	2010 Estimate	2025 Estimate
Regulatory Words	~16 million	23+ million
CCR Sections	~45,000	60,000+

This expansion significantly outpaced population growth during the same period.

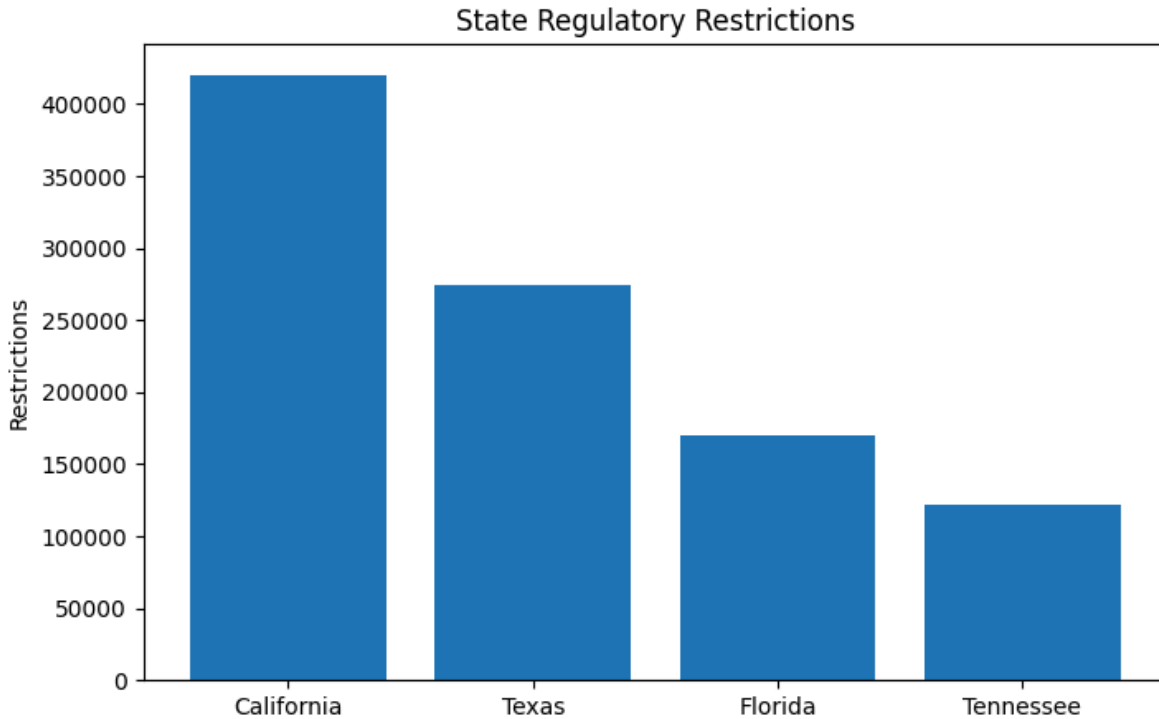
The growth of California's regulatory state corresponded with increasing:

- permitting obligations,
- environmental review systems,
- compliance structures,
- consultant requirements,
- reporting mandates,
- infrastructure review,
- energy mandates,
- and administrative oversight.

The cumulative burden increasingly affects:

- project timelines,
- construction cost,
- business uncertainty,
- infrastructure delivery,
- and affordability.

B. California Compared to Major Growth States



Mercatus State RegData estimates indicate:

State	Regulatory Restrictions
California	420,434
Texas	274,469
Florida	170,321
Tennessee	121,620

California therefore imposes:

- approximately 53% more restrictions than Texas,
- approximately 147% more restrictions than Florida,
- approximately 245% more restrictions than Tennessee.

These restrictions represent legally operative commands embedded throughout the regulatory code, including terms such as:

- shall,
- must,
- prohibited,
- required,

- and may not.

California's regulatory burden increasingly operates as a national outlier.

The state combines:

- extremely high restriction counts,
- expansive environmental-review systems,
- layered permitting structures,
- aggressive energy mandates,
- complex labor systems,
- and extensive administrative oversight.

At the same time, California increasingly faces:

- severe housing affordability pressures,
- infrastructure delays,
- elevated utility costs,
- declining affordability,
- and slowing economic mobility.

The report argues these outcomes are increasingly connected to the cumulative expansion of California's administrative state.

C. Regulatory Growth as Institutional Expansion

The expansion of California regulation is not merely a numerical phenomenon.

It reflects the expansion of:

- administrative authority,
- procedural governance,
- compliance systems,
- consultant dependency,
- enforcement structures,
- and economic oversight.

Each new procedural layer increases:

- cost,
- review timelines,
- uncertainty,
- administrative complexity,
- and litigation exposure.

The result is an economy increasingly shaped by accumulated procedural governance rather than direct production and execution.

III. The Hidden Cost of California's Regulatory Government

A. Economic Burden Framework

A California-specific regulatory-cost benchmark estimated the total annual burden of California regulation at approximately \$493 billion in 2007 dollars.¹

Adjusted for inflation, that figure is approximately:

\$745 billion annually in current dollars.

This estimate should be understood as a modeled macroeconomic framework rather than a direct accounting measure.

The framework attempts to estimate:

- direct compliance costs,
- delayed investment,
- productivity drag,
- slower economic activity,
- infrastructure delay,
- housing suppression,
- consultant dependency,
- and broader economic inefficiency.

The burden increasingly appears through:

- housing cost,
- energy cost,
- infrastructure expense,
- administrative delay,
- permit complexity,
- and slower project execution.

¹ Sanjay B. Varshney and Daniel H. Tootelian, *Cost of State Regulations on California Small Businesses Study*, California State University, Sacramento, September 2009.

B. Burden Per Californian

Using current population and household estimates, California’s cumulative regulatory burden may now equal approximately:

Metric	Estimated Burden
Per Resident	~\$18,900 annually
Per Household	~\$55,000 annually

These figures are illustrative burden estimates rather than direct invoices.

However, they help illustrate the scale of California’s cumulative administrative burden.

The report argues the regulatory state increasingly functions like a hidden economic tax imposed through:

- elevated housing cost,
- higher utility bills,
- slower infrastructure delivery,
- consultant expense,
- litigation exposure,
- and compliance systems.

C. Regulatory Relief Scenarios

Using proportional burden modeling tied to restriction counts:

Scenario	Estimated Annual Economic Relief
10% Reduction	~\$75B
25% Reduction	~\$186B
Reduction to Texas-Level Burden	~\$259B
Reduction to Florida-Level Burden	~\$443B

These estimates are illustrative scenarios rather than precise forecasts.

However, they demonstrate the potentially enormous scale of California’s cumulative regulatory burden.

D. Economic Consequences

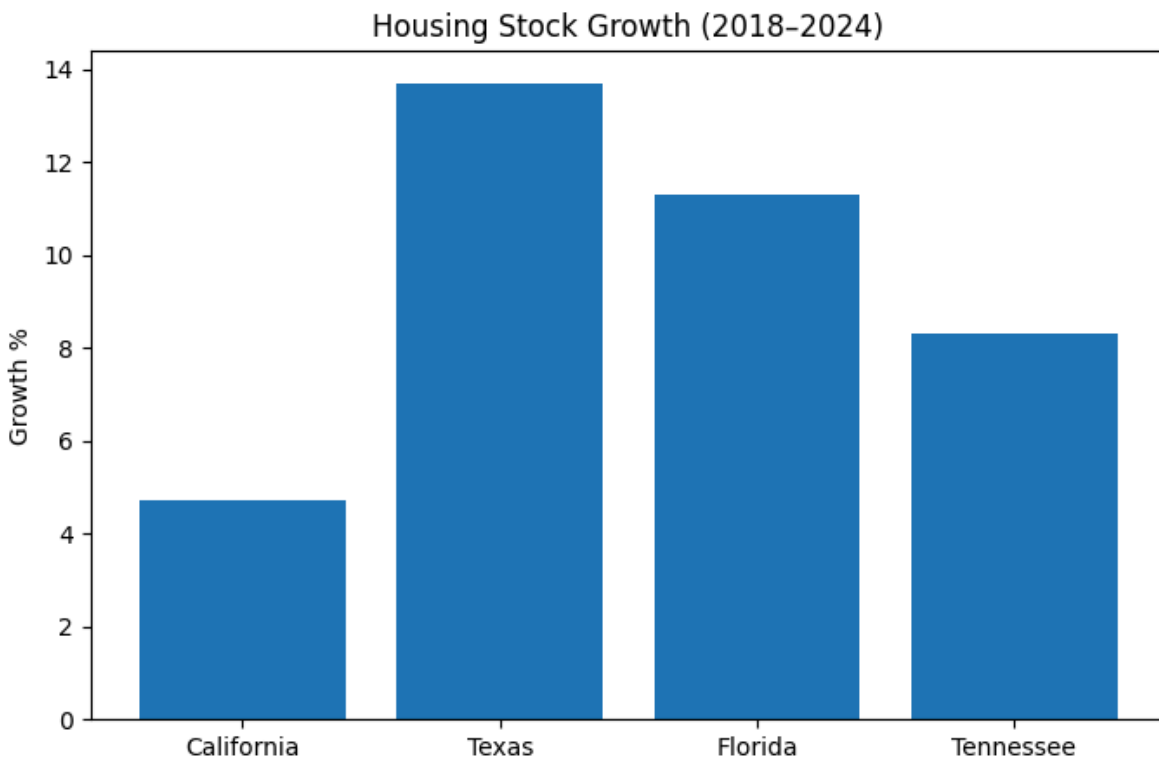
The cumulative burden of California's administrative state increasingly affects:

- housing production,
- business formation,
- labor mobility,
- infrastructure modernization,
- construction cost,
- energy affordability,
- and economic growth.

California's regulatory burden is no longer merely a governance issue.

It has become a defining economic issue for ordinary Californians.

IV. California Versus Growth-State Competitors



California housing-stock growth substantially lags Texas and Florida.

A. Housing Stock Growth (2018–2024)

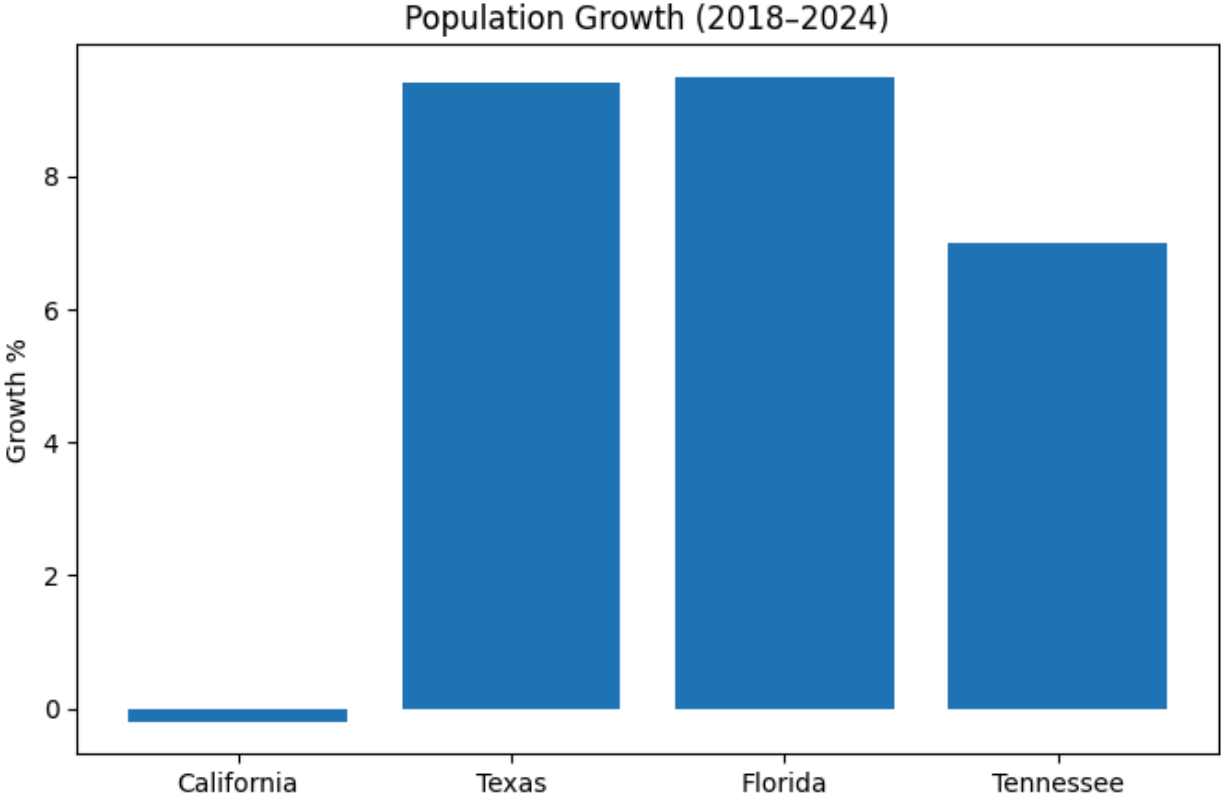
State	Housing Stock Growth
California	4.7%
Texas	13.7%
Florida	11.3%
Tennessee	8.3%

Texas expanded housing stock at nearly three times California’s rate.

Florida expanded housing stock at more than twice California’s rate.

Tennessee substantially outperformed California – importantly, it was also operating with far fewer regulatory restrictions.

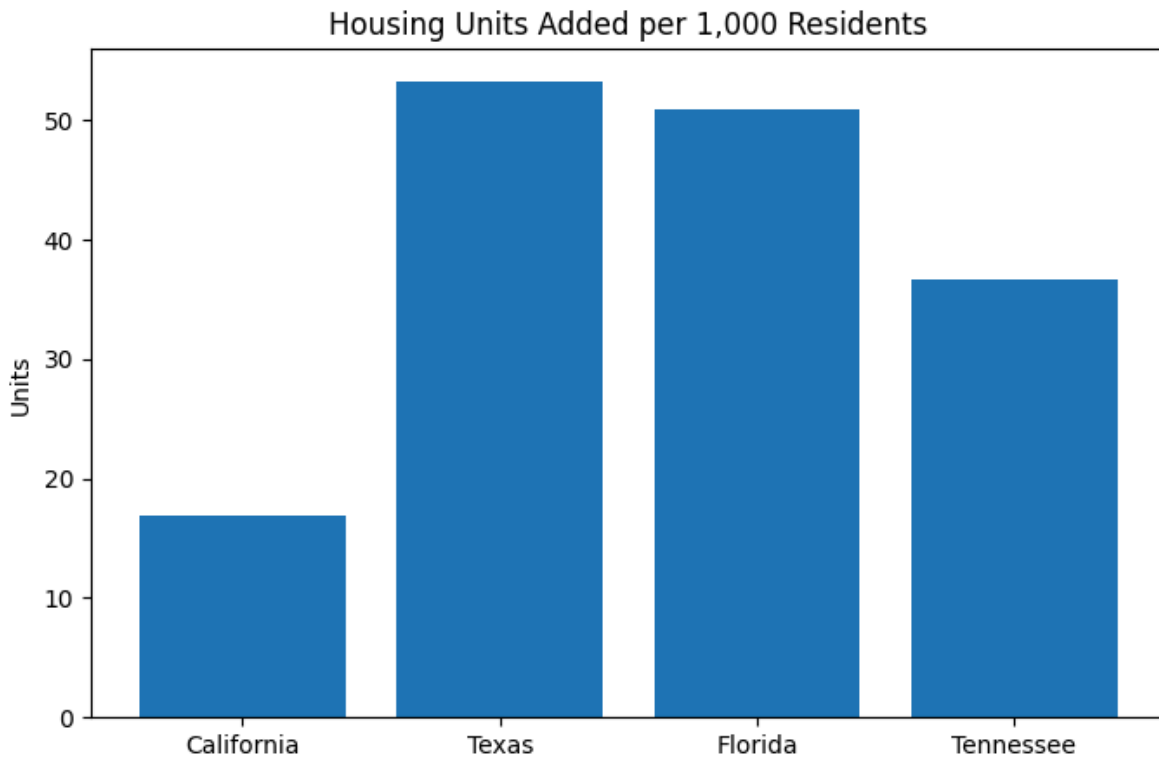
B. Population Growth (2018–2024)



Texas and Florida absorbed millions of new residents while still dramatically outpacing California in housing production.

State	Population Growth
California	-0.2%
Texas	9.4%
Florida	9.5%
Tennessee	7.0%

C. Housing Units Added Per 1,000 Residents



State	Units Added Per 1,000 Residents
California	16.9
Texas	53.3
Florida	50.9
Tennessee	36.7

Texas added more than three times as many housing units per resident as California.

Florida added roughly three times as many.

Tennessee added more than twice as many.

These comparisons strongly suggest California’s regulatory system is materially less responsive in producing housing supply.

D. Opportunity-Cost Modeling

If California had expanded housing stock at the same rate as Texas between 2018 and 2024, the state would have added approximately:

1.3 million additional homes.

Even matching Tennessee’s slower growth-state pace would have produced:

more than 500,000 additional homes.

Using conservative construction-value assumptions of \$400,000–\$600,000 per unit:

Scenario	Foregone Construction Activity
Texas-Level Housing Growth	\$514B – \$771B
Florida-Level Housing Growth	\$377B – \$566B
Tennessee-Level Housing Growth	\$205B – \$308B

California’s slower housing production likely suppressed hundreds of billions of dollars in:

- construction activity,
- labor demand,
- investment,
- and statewide economic growth.

E. California as a Regulatory Outlier

California increasingly combines:

- the nation’s heaviest state regulatory burden,
- slower housing responsiveness,
- elevated infrastructure cost,
- and declining affordability.

The report argues California increasingly functions as a national outlier in both:

- regulatory scale,
- and cumulative administrative burden.

V. Housing Production and Regulatory Competitiveness

A. California's Housing Underproduction Problem

California's housing crisis is not solely a function of demand.

It increasingly reflects constrained supply operating within layered procedural and regulatory systems.

Housing production in California faces overlapping:

- environmental review,
- litigation exposure,
- consultant dependency,
- permit layering,
- infrastructure mandates,
- energy-compliance obligations,
- and multi-agency approvals.

The cumulative result is:

- slower production,
- elevated cost,
- increased uncertainty,
- and suppressed supply.

B. CEQA as a Procedural Governance System

The California Environmental Quality Act (CEQA) increasingly operates not merely as an environmental statute, but as a comprehensive procedural governance system.

Projects frequently encounter:

- Environmental Impact Reports (EIRs),
- cumulative-impact analysis,
- consultant review,
- mitigation requirements,
- project redesign,
- procedural delay,
- litigation exposure,
- and extended review timelines.

CEQA increasingly functions as:

- a procedural checkpoint,

- a litigation framework,
- and a project-delay system.

The cumulative consequences increasingly affect:

- housing production,
- infrastructure delivery,
- transportation modernization,
- energy infrastructure,
- and local development.

C. Litigation and Delay

CEQA litigation risk frequently creates:

- financing uncertainty,
- consultant escalation,
- prolonged timelines,
- redesign cost,
- and project delay.

The result is a system in which:

- uncertainty becomes structural,
- review becomes prolonged,
- and cost becomes cumulative.

The report argues California increasingly operates within:

a delay economy.

D. Title 24 and Building-Code Expansion

California's building-code framework expanded substantially over time.

Title 24 increasingly includes:

- energy-efficiency mandates,
- electrification requirements,
- solar mandates,
- EV infrastructure mandates,
- ventilation standards,
- insulation systems,
- and layered engineering obligations.

While many requirements pursue legitimate policy objectives, the cumulative effect increasingly raises:

- construction cost,
- consultant dependency,
- engineering complexity,
- and project expense.

E. EV Infrastructure Mandates

California increasingly requires new development to incorporate:

- EV charging systems,
- electrical-capacity upgrades,
- panel requirements,
- conduit systems,
- and related infrastructure.

These requirements add:

- engineering cost,
- utility coordination,
- infrastructure expense,
- and additional project complexity.

The cumulative burden increasingly affects:

- housing affordability,
- project feasibility,
- and construction timelines.

F. Estimated Housing Regulatory Burden

Estimated California housing-regulatory burden includes:

Metric	Estimate
Added Cost Per Unit	\$20,000–\$100,000
	+
Units Delayed/Suppressed Annually	10,000–25,000
Construction Activity Affected	Billions of Dollars

Housing demonstrates how broad legislative delegation evolves into layered administrative systems that:

- increase cost,

- slow production,
 - suppress supply,
 - and reduce affordability.
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XI. Methodology and Sources

Primary quantitative references include:

- Mercatus Center State RegData
- U.S. Census housing-unit estimates
- U.S. Census population estimates
- California Code of Regulations
- California permit data
- California housing-production data
- California regulatory-cost studies

Certain figures within this report represent:

- modeled estimates,
- burden scenarios,
- and illustrative comparative frameworks.

The report distinguishes between:

- directly sourced quantitative data,
- modeled burden estimates,
- and proportional economic scenarios.

The report does not claim every regulatory burden can be isolated with precision.

However, multiple independent indicators consistently suggest California's cumulative regulatory burden materially exceeds major competitor states and likely contributes significantly to:

- slower housing production,
 - higher construction cost,
 - elevated energy cost,
 - infrastructure delay,
 - and reduced affordability.
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XII. Conclusion

California's expanding administrative state increasingly shapes:

- housing affordability,
- energy costs,
- infrastructure delivery,
- business competitiveness,
- labor mobility,
- and economic opportunity.

California's future affordability and competitiveness depend upon restoring:

- accountability,
- transparency,
- legislative control,
- institutional oversight,
- and economic rationality

to the state's regulatory system.

California's regulatory burden is no longer merely a governance issue.

It has become a defining economic issue for ordinary Californians.

The report ultimately argues:

1. California's regulatory government expanded dramatically.
2. Administrative policymaking increasingly shifted toward unelected regulatory systems.
3. The resulting burden materially increased housing costs, energy costs, and business costs.
4. California now operates with substantially heavier regulatory burdens than major competitor states.
5. Californians increasingly pay the cost through reduced affordability and diminished economic opportunity.
6. Structural accountability reform is necessary to restore competitiveness, affordability, and economic mobility.

California's expanding unelected regulatory government materially increases the cost of living and reduces economic opportunity for ordinary Californians.