



The Honorable James Lankford
U.S. Senate
Chairman
HSGAC Subcommittee on Regulatory Affairs and Federal Management
601 Hart Senate Office Building
Washington, DC 20515

On behalf of the National Small Business Association (NSBA), thank you for introducing a package of regulatory improvement bills, specifically, the *Small Business Regulatory Flexibility Improvements Act (S. 584)*. This legislation will modernize and strengthen the Regulatory Flexibility Act of 1980 (RFA) and the Small Business Regulatory Enforcement and Fairness Act (SBREFA) of 1996 by requiring all federal agencies appropriately consider their impact of rules and regulations on small businesses before imposing burdensome mandates while also providing small businesses with a voice in the rulemaking process.

NSBA is the nation's first small business advocacy with more than 65,000 small-business members representing every state and every industry across the country. NSBA, a staunchly nonpartisan organization, and our members consistently rank regulatory reform as one of our top priorities. According to our recently released 2017 NSBA Regulations Survey, on average small-business owners are spending at least \$12,000 every year on regulations, and nearly one-in-three spends more than 80 hours each year dealing with federal regulation.

The total annual cost of the federal regulatory burden on the American public has ballooned to nearly \$2 trillion and continues to grow each year. Unfortunately, small businesses disproportionately face higher annual regulatory costs of \$11,724 per employee per year, which is significantly above the regulatory cost facing large firms. Their ability to operate efficiently and free of unnecessary regulatory burdens is critical for small businesses ability to compete and create jobs. The impact of regulatory burden cannot be overstated, according to NSBA survey, more than one-third of small businesses have held off on business investment due to uncertainty on a pending regulation, and more than half have held off on hiring a new employee due to regulatory burdens. I am pleased that your measure addresses these challenges.

S. 584 would improve and modernize the RFA, a 1980 law, and the subsequent SBREFA of 1996, that requires federal agencies to transparently account for the impact of regulation on small businesses. However, each agency interprets important terms in the existing statute in widely diverse ways and is able to avoid the RFA's and SBREFA's requirements as Congress intended. This bill would streamline and make uniform those determinations of when the RFA and SBREFA would apply to a rule.

Under this legislation, federal agencies would be required to enhance their analysis of proposed regulations, provide greater opportunity for small business input, and ensure agencies regularly review existing rules for their economic impact on the small-business community. To minimize any significant adverse impact, S.584 would also expand the scope of the required economic impact analysis to consider those with indirect effects. Furthermore, NSBA is pleased the measure also gives the Small Business Administration (SBA) Office of Advocacy additional authorities and requires it to establish standards for conducting a regulatory flexibility analysis during the rulemaking process.

Thank you for also championing several other regulatory improvement bills, including: the *Early Participation in Regulations Act of 2017 (S.579)*; the *Better Evaluation of Science and Technology (BEST) Act (S.578)*; the *Truth in Regulations Act of 2017 (S.580)*; and the *Providing Accountability Through Transparency Act of 2017 (S.577)*, all aimed at greater transparency and accountability in the federal rulemaking process so that the final regulation works better for the American people, including small businesses.

As proven by the NSBA survey, small businesses are being inundated with rules that affect the very existence of their business and in order to strengthen the barrier between small firms and damaging government regulations, there is an urgent need to greatly reduce regulatory complexity, streamline the web of federal, state and local regulations, and adhere to plain language statutes.

Your work toward alleviating some of the overwhelming and unnecessary regulatory burdens disproportionately borne by small businesses is a testament to your dedication to America's entrepreneurs. The Small Business Regulatory Flexibility Improvements Act, which will provide effective, meaningful assistance to America's small businesses, is an excellent step in the right direction. Thank you for your leadership on this issue and I look forward to working with you to bring this legislation to the Senate floor for consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd McCracken", with a long horizontal line extending to the right.

Todd McCracken
President and CEO

Cc: Senator John Hoeven, Senator Chuck Grassley, Senator Jim Risch