



December 20, 2016

The Honorable Donald J. Trump
1717 Pennsylvania Avenue, NW
Washington, DC

Dear Mr. Trump:

As you work to promote your agenda for creating a stronger America, we are confident that promoting a healthy environment for small business growth and success will be central to your plans. Policies that create a generally fertile economic environment while addressing the specific realities and needs of small, growing, and start-up firms will be the key to creating the jobs-centered future that you discussed during your campaign. The National Small Business Association (NSBA) wants to do all it can to ensure that these goals can be realized.

Founded in 1937, the NSBA is America's oldest, nonpartisan small-business advocacy organization with more than 65,000 members in every industry and every state across the country. The American small-business community is a large and diverse group of entrepreneurs that creates the majority of new jobs—small firms accounted for 64 percent or 9.8 million of the 15 million net new jobs created between 1993 and 2011. Small-business innovation and growth is the foundation of a dynamic, prosperous and growing society.

As your selections for key Administration posts are moving into place, the attention of your team will turn more fully to developing an agenda for your four-year term. Below, we would like to highlight a number of policy areas that will be key to keeping the small-business community a vital part of our economic growth. Additional details on many of these policy prescriptions are attached to this letter.

Health Care Reform

The small-business community needs substantial relief from the Affordable Care Act and overall health care costs. This level of relief can only be achieved through a broad reform of the current health care system with a goal of reducing the cost of coverage and achieving universal coverage. These goals should be achieved by focusing on individual responsibility and empowerment, creating of

the right market-based incentives, and relentlessly focusing on improving quality while driving out unnecessary, wasteful and harmful care and removing added expenses.

Tax Reform

NSBA supports a broad overhaul of the tax system by dramatically broadening the base--cutting the breaks that litter the tax code -- and lowering rates. As Congress debates what tax system should replace the current one, NSBA believes it is imperative that the U.S. move toward a simpler, fairer tax regime that does not attempt to only tweak one piece of the puzzle, such as corporate-only tax reform, and incorporates the following principles:

- Designed to tax only once
- Stable and predictable
- Visible to the taxpayer
- Simple in its administration and compliance
- Promote economic growth and fairness between large & small businesses
- Use commonly understood finance/accounting concepts
- Grounded in reality-based revenue estimates
- Fair in its treatment of all citizens
- Transparent

Regulatory Relief

Concern about the overall burden imposed by government regulations has risen dramatically as a priority of the small business community over the last decade. The current system of attempting to place constraints on federal regulation is complex and largely ineffective, and the scope, cost and intrusiveness of federal regulations continue to grow.

To achieve meaningful relief and a rational regulatory regime, NSBA urges the adoption of a national regulatory budget, which would impose strict, enforceable constraints on the ability of federal agencies to impose regulatory costs on the public. In addition to such a mechanism, relief from the massive federal regulatory burden can be achieved through additional means. NSBA proposes that Congress should:

- Require that agencies consider indirect costs and detailed alternatives to minimize any significant adverse impact.
- Require Regulatory Flexibility Analyses as a prerequisite to a final rule being issued.
- Require increased economic analyses and the Office of Information and Regulatory Affairs (OIRA) to enhance its oversight efforts.
- Require that agencies use plain writing when revising or drafting new regulations.

- Allow for increased enforcement flexibility and the ability to grant common-sense exemptions for first-time offenders.
- Streamline paperwork, consolidate forms and harmonize data and due dates.
- Require a cost-benefit analysis on proposed regulations and paperwork.
- Improve information collection by: 1) strengthening the Paperwork Reduction Act's requirement that agencies' chief information officers review and certify information collection requests; 2) requiring OIRA to develop stricter approval criteria; and 3) limiting the number of information requests an agency can issue per year

Deficit and Debt Reduction

Despite some short-term improvements, long-term debt challenges remain, and in the coming decades, the debt will squeeze budgetary resources that are vital to our economic success. If we do not address our record-high national debt and annual budget deficits, our global competitiveness will be stymied. To address these issues, NSBA supports a two-pronged approach to reduce annual budget deficits and lower the national debt which includes broad, pro-growth tax reform and much-needed entitlement reform.

- Overhaul and simplify the tax code by broadening the base, lowering all individual and corporate tax rates, and making business taxes more globally competitive for U.S. business.
- Reform Social Security and Medicare to strengthen their finances and promote generational equity.
- Implement reform now to allow policy changes to phase in gradually, which would make changes less disruptive, more politically viable, and give individuals and businesses time to plan and adjust.

Credit and Capital Access

Historically – but particularly following the 2008-2009 financial crisis – small business have faced significant problems finding adequate access to growth-oriented credit and capital. Community banks have long been disproportionately significant lenders to smaller businesses. However, structural changes to the banking industry have forced thousands of these banks to close, merge, or sell-out to much larger institutions in the last twenty years. In addition, significant new regulatory burdens have imposed new costs and lending constraints on those institutions that remain.

Despite the challenges, significant opportunities exist to improve the capital access environment for small businesses:

- Crowdfunding approaches and platforms have garnered significant attention, but the regulatory framework must be reworked and streamlined for this approach to reach its full potential.
- With new leadership at the Securities and Exchange Commission (SEC), there is a chance to revisit myriad regulations – from broker-dealer regulations to the definition of a qualified investor – that inhibit investment in smaller firms.
- The emergence of alternative lending and “FinTech” shows enormous promise. While some level of lender expectations and borrower protections is appropriate, overzealous and ill-informed regulation could throttle this industry before it ever finds a significant foothold.
- Now is the time to revisit the regulatory structure on smaller community banks and to gauge the bank examiners’ assumptions concerning risk levels imposed by small-business lending.
- Guaranteed lending through the U.S. Small Business Administration has been a tremendous success in the area of public-private partnerships over the last thirty years. Maintenance, growth, and thoughtful reform of these programs is crucial.

U.S. Small Business Administration

The SBA is the only federal agency exclusively focused on the needs and priorities of small business America. Given the importance of the small-business community to our national health, it is also crucial that the SBA Administrator be given Cabinet-level status and a seat at the table where the discussions about our most pressing national priorities occur.

While improvements on reach and effectiveness at the SBA are possible, a separate focused agency should be maintained. Folding the SBA into another agency or department would blur the focus on small business and diminish its voice. The lending, counseling, outreach, and advocacy functions of the SBA are important and should not be lost in a larger bureaucracy.

Within the SBA, the Office of Advocacy, headed by the Chief Counsel for Advocacy, is an important independent voice looking out for the needs of smaller businesses within the federal agencies. In addition to playing an indispensable role in advocating for smaller businesses during the rulemaking process, the Office of Advocacy conducts important research into the workings of the small-business community and provides important information for decision-making about small-business policy for both the government and the private sector. It is highly important that the operations and the independence of this office be maintained.

White House Conference on Small Business

There are an estimated 70 million people in America's small-business community, each of whom plays an important role in the health of the U.S. economy. NSBA urges Congress to act quickly on legislation authorizing a White House Conference on Small Business (WHCSB), thus sending a message to the millions of people running, or working in a small business that their long-term economic security is a priority, not just campaign season rhetoric.

Not since 1995 has an administration convened a White House Conference on Small Business (WHCSB). It is long past time to convene a gathering to develop a cohesive small-business agenda to ensure the government is taking an active, appropriate role in fostering entrepreneurial development. As a testament to the critical role small -business plays in the U.S. economy, NSBA is calling on Congress to authorize and appropriate funds for a WHCSB within the next two years.

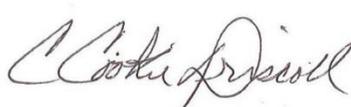
- The minimal appropriations (\$5 million) used for the 1995 WHCSB led to overwhelming success in enacting legislation to better the environment for America's entrepreneurs.
- Of the 60 legislative and regulatory recommendations that were the product of the Conference, more than 90 percent were addressed in some way, and 20 of the 60 recommendations were enacted into law.
- Convening a WHCSB sends the message to the millions of people in the small-business community that Congress and the Administration sees their long-term economic security as a priority.

We stand ready to work with your new Administration on these and many other small-business issues. We offer our organization's resources, member expertise, and advocacy tools to advance a pro-small business, American growth agenda.

Yours truly,



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Dynamic Concepts, Inc.
2017 NSBA Chair



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