

Regulatory Reform and Paperwork Reduction

The crushing federal regulatory burden must be lifted from the backs of small businesses

Problem:

In Jan. 2017, President Trump signed an Executive Order (EO) that stated when a new regulation is introduced, two other existing regulations must be eliminated as a way to keep the private expenditures necessary for federal compliance down. Although the EO is aimed at stemming the tide of increasing regulations, more must be done to address the ever-growing financial and time burden facing America's small businesses by federal regulations.

- The average small-business owner spends at least \$12,000 every year dealing with regulations, and nearly one-in-three spends more than 80 hours each year dealing with federal regulation.
- Federal regulations have real-world implications for economic growth: more than half of small businesses have held off on hiring a new employee due to regulatory burdens.
- Regulatory burden falls squarely on the small-business owner, as he/she handles the bulk of federal regulatory compliance.
- When asked to estimate their first year's regulatory costs, the average was a whopping \$83,019.
- Nearly three-in-four small firms say they have read through proposed regulations, yet 63 percent say they only have to comply with those regulations half the time or less, which represents a massive waste of time.
- Looking at a recent seven-year period, the Government Accountability Office (GAO) found that 35 percent of major rules were issued without the opportunity for public comment and also found that in some cases in which a rule did receive public comments no responses were issued.

Solution:

Relief from the massive federal regulatory burden can be achieved through proposals such as establishing a national regulatory budget and requiring a cost-benefit analysis of new regulations. 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.
- Perform and submit cost-benefit analysis on proposed regulations and paperwork.
- Improve information collection by: strengthening the *Paperwork Reduction Act* requirement that agencies' chief information officers review and certify information collection requests; require OIRA to develop stricter approval criteria; limit the number of information requests an agency can issue per year.

Learn More: [Download NSBA's 2017 Regulations Survey](#)