

Regulatory Reform & Paperwork Reduction

Problem:

America's small businesses are facing the ever-growing financial and time burden of dealing with federal regulations. Despite the vital importance of small businesses to the U.S. economy, federal laws and unnecessary regulations have often disproportionately burdened them relative to large firms, leaving many small businesses struggling to survive. New and even antiquated and obsolete regulations continue to make it more difficult for small businesses to obtain financing to get started, sustain their operations, make payroll, and continue to grow and create new, good-paying jobs. Thus, streamlining and updating old or outdated rules will provide entrepreneurs with flexibility in today's fast-changing world.

- 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, according to NSBA data.
- The small-business owner is the number one regulatory expert in most business and handles the bulk of federal regulatory compliance. In one-quarter of small firms, the owner is spending more than 10 hours per month on federal regulatory compliance.
- Regulatory worries represent a major hurdle to would-be small-business owners and have a stifling effect on innovation and small-business growth.

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. 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, and limit the number of information requests an agency can issue per year.