

Regulatory Reform & Paperwork Reduction

Problem:

America's small businesses are facing growing financial and time burdens for dealing with federal regulations. Despite the vital importance of small businesses to the U.S. economy, federal laws and unnecessary regulations often disproportionately burden small businesses relative to large firms, leaving many operations struggling to survive. New 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 Thus, streamlining and updating old or outdated rules will provide entrepreneurs with flexibility in today's fast-changing world.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 \$11,700 annually dealing with regulations, and nearly one-in-three spends more than 80 hours each year dealing with federal regulation, according to NSBA and industry data.
- The small-business owner is the number one regulatory expert for most businesses, handling a bulk of federal regulatory compliance. Forty percent of small firms said they spend between 1-5 hours per week dealing with small-business regulations and compliance issues.
- Regulatory worries represent a major hurdle to would-be small-business owners, undoubtably stifling 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. To this point, Congress should:

- Require agencies to consider indirect costs and detailed alternatives to minimize any significant adverse impact of regulations and compliance;
- Require Regulatory Flexibility analyses as a prerequisite to issuing final federal rules;
- Require increased economic analyses and the Office of Information and Regulatory Affairs (OIRA) to enhance its oversight efforts;
- Require 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; and
- Improve information collection by strengthening requirements of the *Paperwork Reduction Act* 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.