May 2, 2011

The Honorable Olympia Snowe United States Senate Washington, D.C. 20510

The Honorable Tom Coburn United States Senate Washington, D.C. 20510

Dear Senators Snowe and Coburn:

As representatives of small businesses, we are pleased to support Senate Amendment 299, the Small Business Regulatory Freedom Act of 2011. This amendment to S. 493, the SBIR/STTR Reauthorization Act, puts into place strong protections for small business to help ensure that the federal government fully considers the impact of proposed regulation on small businesses.

In an economy with high unemployment, and where almost 2/3 of all net new jobs come from the small business sector, we appreciate that your legislation would require regulators to further analyze the impact of certain proposals on job creation. The annual cost of federal regulation per employee is significantly higher for smaller firms than larger firms. Federal regulations – not to mention state and local regulations – add up and increase the cost of labor. If the cost of labor continues to increase, then job creation will be stifled because small businesses will not be able to afford to hire new employees.

The Small Business Regulatory Freedom Act expands the scope of the Regulatory Flexibility Act (RFA) by forcing government regulators to include the indirect impact of their regulations in their assessments of a regulation's impact on small businesses. The bill also provides small business with expanded judicial review protections, which would help to ensure that small businesses have their views heard during the proposed rule stage of federal rulemaking.

The legislation strengthens several other aspects of the RFA – such as clarifying the standard for periodic review of rules by federal agencies; requiring federal agencies to conduct small business economic analyses before publishing informal guidance documents; and requiring federal agencies to review existing penalty structures for their impact on small businesses within a set timeframe after enactment of new legislation. These important protections are needed to prevent duplicative and outdated regulatory burdens as well as to address penalty structures that may be too high for the small business sector.

The legislation also expands over time the small business advocacy review panel process. Currently, the panels only apply to the Environmental Protection Agency, the Occupational Safety and Health Administration, and the Consumer Financial Protection Bureau. These panels have proven to be an extremely effective mechanism in helping agencies to understand how their rules will affect small businesses, and help agencies identify less costly alternatives to regulations before proposing new rules.

We applaud your efforts to ensure the federal government recognizes the important contributions of job creation by small business, and look forward to working with you on this important legislation.

Sincerely,

Air Conditioning Contractors of America American Bakers Association American Chemistry Council American Farm Bureau Federation Associated Builders and Contractors Food Marketing Institute Hearth, Patio & Barbecue Association Hispanic Leadership Fund **Independent Electrical Contractors** Institute for Liberty International Franchise Association National Association for the Self-Employed National Association of Home Builders National Association of REALTORS National Association of the Remodeling Industry (NARI) National Automobile Dealers Association (NADA) National Black Chamber of Commerce National Federation of Independent Business National Funeral Directors Association National Lumber and Building Material Dealers Association National Restaurant Association National Retail Federation National Roofing Contractors Association Plumbing-Heating-Cooling Contractors - National Association Printing Industries of America Small Business & Entrepreneurship Council **Snack Food Association** Society of American Florists U.S. Chamber of Commerce Window and Door Manufacturers Association