



**Opening Statement of Chairman Graves
Regulatory Flexibility Act Compliance: Is EPA Failing Small Businesses?
Committee on Small Business
June 27, 2012**

Good afternoon. The hearing will come to order.

I want to thank our witnesses for being here today. We look forward to your testimony.

Small businesses are disproportionately burdened by the cost of regulations in comparison to their larger counterparts by virtue of their size and resources. And despite the economic downturn and painfully slow recovery, the regulatory burden on small businesses continues to grow. Increased regulations mean small businesses must dedicate more money, time, and resources to complying with regulations instead of doing what they do best – creating jobs and innovative new products.

To ensure that federal agencies analyze the impact of new regulations on small business, Congress enacted the Regulatory Flexibility Act (RFA). The RFA requires all federal agencies to examine the impact of their proposed and final rules on small businesses, small non-profits, and small governmental jurisdictions. If those impacts are significant, the agency is required to consider less burdensome alternatives.

The RFA has been on the books for over 30 years, but federal agencies still fail to fully comply with both the letter and spirit of the law. Unfortunately, the Environmental Protection Agency (EPA) is not meeting its legal obligations under the RFA. By failing to comply with the RFA, the EPA imposes unnecessary burdens on small business instead of using small business input to craft better tailored regulations that address specific problems.

Last December, the Regulatory Flexibility Improvements Act of 2011, HR 527, which I co-wrote along with House Judiciary Chairman Lamar Smith, passed the House. HR 527 will strengthen the RFA and close loopholes that agencies exploit to avoid complying with the RFA. HR 527 is stalled in the Senate and the President has threatened to veto it.

Unfortunately, the failure to act on HR 527 seems to be indicative of this Administration's attitude towards small businesses and our struggling economy – apathetic and out of touch. Today, we will be hearing directly from small businesses on how EPA's regulations are affecting their ability to compete and create jobs. Additionally, we will be examining EPA's compliance with the RFA.

Again, thanks to our witnesses for their participation. I now yield to our Ranking Member for her opening remarks.