

# **OPENING STATEMENT AS PREPARED FOR DELIVERY**



**Opening Statement of Chairman Steve Chabot  
Committee on Small Business  
Hearing: “Regulation: The Hidden Small Business Tax”  
April 14, 2016  
AS PREPARED FOR DELIVERY**

Good morning, I call this hearing to order. We’re here today to talk about small businesses and the hidden federal regulatory burden that is weighing them down.

Small businesses are a giant contributor to the United States economy. They employ 56.8 million employees, create nearly 7 out of every 10 jobs, and produce 46 percent of private sector gross domestic product. In my home state of Ohio, 2.1 million Americans go to work every day at a small business. In fact, almost 90 percent of United States employers have 20 employees or less.

The federal government should be doing everything it can to help these small but mighty job creators flourish. Unfortunately, federal regulators are doing the opposite by layering on new red tape and hiding the real burden from the American public.

Too often, agencies do a poor job of assessing the impacts of regulations on small businesses. However, we know small businesses shoulder a disproportionate share of the federal regulatory burden. A 2014 study found that small businesses with 50 employees or less spend 17 percent more to comply with federal regulations and that regulations cost the economy over \$2 trillion annually.

The regulatory burden falls most heavily on small firms because they have fewer resources and don’t have in-house lawyers and regulatory compliance staff to help them navigate complicated federal rules. That’s why it is critical that federal agencies analyze the small business impacts of new regulations and reduce unnecessary and excessive burdens. Agencies have been required to do this for over 35 years but still avoid these requirements.

We need to lighten the massive regulatory burden and make it easier for small businesses to start, grow and thrive. So we need to understand the problems that small businesses are facing and develop bold solutions. One legislative solution that the Committee put forward last year is H.R. 527, the Small Business Regulatory Flexibility Improvements Act, which passed the House with a bipartisan vote. The legislative window is closing so I hope the Senate will act quickly to move this important bill.

I want to thank the witnesses for being here today, and I now recognize the Ranking Member for her opening statement.