

Opening Statement of Chairman Steve Chabot
Committee on Small Business
Hearing: “Regulatory Reform and Rollback: The Effects on Small Businesses”
March 7, 2018
AS PREPARED FOR DELIVERY

Good morning. I call this hearing to order.

The Small Business Committee is here today to examine how the current regulatory reform and rollback efforts by Congress and the President have affected small businesses. As this Committee knows all too well, federal regulations continue to be one of the biggest challenges facing America’s small businesses, and this impacts their abilities to grow.

Every day, millions of small business owners across the country are working hard to provide jobs and grow the economy. But no matter what industry these small business owners are in, they must navigate what is often a tangled web of complex, confusing, and costly regulations. In fact, according to the National Small Business Association, the average small business owner spends at least \$12,000 every year to deal with the costs of regulation.

Even worse, a start-up company will spend on average over \$83,000 in regulatory costs alone in their first year. Small business owners also spend a substantial amount of time navigating regulations, with nearly half of them spending over 40 hours every year to handle new and existing regulations.

The evidence is clear: federal regulations continue to be a problem for America’s small business owners and they need to be addressed.

There are federal laws in place that are designed to ensure that agencies do not quickly issue new regulations without careful consideration. One is the Regulatory Flexibility Act, which requires agencies to consider how their proposed regulations will impact small entities. Another is the Congressional Review Act, a tool that Congress can use to rescind a regulation on an expedited track.

We have used the Congressional Review Act to overturn 15 regulations from the final months of the Obama Administration that were rushed through the rulemaking process as midnight regulations. Unfortunately, despite these established procedures, small businesses are not being adequately considered in the regulatory process.

The President has also taken important steps to reduce the regulatory burden on small businesses, such as requiring two regulations be repealed for every new regulation and establishing Regulatory Reform Task Forces to force agencies to take a hard look at regulations already on the books. And we are seeing results. In the first 8 months of the President’s tenure, federal agencies added zero new regulatory costs and created over \$8 billion in cost savings.

This is a good start, but permanent, meaningful regulatory reform needs to come from Congress. For too long, federal agencies have ignored their obligations and inappropriately used loopholes in the rulemaking process to avoid considering how their regulations will impact small businesses.

That’s why I sponsored legislation that would provide regulatory relief to small businesses. H.R. 33, the Small Business Regulatory Flexibility Improvements Act of 2017, would strengthen the Regulatory Flexibility Act and ensure that federal agencies actually examine how their new regulations would impact small businesses and require them to consider alternatives to reduce unnecessary costs and burdens.

This bill was included in a larger bill, H.R. 5—the Regulatory Accountability Act of 2017—which passed the House with a bipartisan vote. The Senate’s counterpart bill, S. 584, was voted out of Committee and is awaiting action by the full Senate. I encourage the Senate to vote on this critical, common sense legislation as soon as possible, so we can provide meaningful regulatory relief to America’s small businesses.

Our witnesses today will provide important insight into how the current regulatory reform and rollback efforts have been working for America’s small businesses.

I now yield to the Ranking Member, Ms. Velázquez, for her opening statement.

