



March 24, 2015

Free-Market Groups Urge Senators to Support the Small Business Regulatory Sunset Act

Dear Senators,

On behalf of the millions of Americans represented by the organizations below, we urge you to support Sen. Mark Kirk and Sen. Steve Daines' recently introduced "Small Business Regulatory Sunset Act," which aims to protect small enterprises from the large and growing costs of regulatory compliance.

According to the National Association of Manufacturers, regulatory compliance for small businesses cost an average of \$11,724 per employee in 2012. For small manufacturers, that cost was \$34,671. More than 87,000 rules have been issued since 1993, with an average of 3,500 new rules each year, many of which affect small business. In fact, according to analysis by the Competitive Enterprise Institute, if the cost of complying with U.S. regulations were an economy unto itself, it would be the 10th largest in the world, coming in at \$1.863 trillion.

This regulatory burden acts as a hidden tax on consumers, who ultimately shoulder the costs. It discourages hiring, sidelining Americans who are struggling to find work, and lowers productivity, as vital resources are wasted adhering to outdated and unnecessary rules.

Despite being authorized to review and update rules affecting small business, most agencies fail to complete this review in an acceptable manner. This ensures the ever-growing list of rules continues to multiply, disproportionately weighing down small entities with fewer available resources. That's why the Small Business Regulatory Sunset Act is crucial to jump-start economic growth. The act would:

- Require agencies to publish on their websites plans to periodically review rules affecting small business;
- Force agencies to review existing covered rules within nine years of publishing the plan, as well as new and existing rules every nine years thereafter;
- Require agency reviews to include comment from small entities and assess the cumulative economic impact of the rules, among other criteria;

- Compel agencies to issue compliance guides for small enterprises;
- Sunset each new covered rule seven years after the final rule is issued, unless the agency takes action to renew the rule.

Agencies must be held accountable for the toll their actions take on the American economy, particularly those most vulnerable to agency overreach. We applaud Sens. Kirk and Daines for crafting a pragmatic solution and encourage all senators to join him in this effort to protect small business from an overzealous executive branch.

Sincerely,

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R Street Institute

Wayne Crews
Competitive Enterprise Institute

Tom Schatz
Council for Citizens Against Government Waste

Seton Motley
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