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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510-6350

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April 22, 2005

The Small Business Compliance Assistance Enhancement Act of 2005: A Common Sense Solution to Increasing Federal Agency Compliance with SBREFA

Dear Colleague:

On April 13, I introduced the "**Small Business Compliance Assistance Enhancement Act of 2005**" (S. 769). This common sense initiative is designed to enhance the efficacy of the "Small Business Regulatory Enforcement Fairness Act" ("SBREFA"), which passed the Senate, by unanimous consent, in 1996. Congress passed SBREFA to aid small firms in understanding and complying with federal regulations, thus saving money and personnel time on compliance duties. **My new initiative will close SBREFA loopholes that allow federal agencies to either ignore or poorly fulfill their requirements under SBREFA to publish useful compliance assistance guides.**

The Small Business Administration's Office of Advocacy ("Office of Advocacy") has determined that small firms are unfairly burdened by the costs associated with federal regulation compliance. According to the Office of Advocacy, **businesses that employ fewer than twenty people spend approximately \$7,000 per employee in compliance costs (compared to the \$4,500 spent per employee for businesses that employ more than 500 people).** In addition, many small businesses lack the employees, expertise, and resources to efficiently navigate the myriad number of federal regulations.

My initiative is drawn directly from recommendations contained in the Government Accountability Office report GAO-02-172). **It simply clarifies preexisting SBREFA requirements, and does not expand existing laws that have already been put into effect.** My bill would:

- **Clarify the deadline by which compliance guides shall be published.** Section 212 of SBREFA does not indicate when regulatory compliance guides should be published. Therefore, even if an agency is required to produce a compliance guide, it can claim that it has not violated the publishing requirement because there is no clear deadline. **Agencies would be instructed to publish the compliance guides simultaneously with, or as soon as possible after, the final rule is published, provided that the guides must be published no later than the effective date of the rule.**
- **Clarify how a guide shall be published.** Section 212 of SBREFA currently states agencies "shall publish" the guides, but does not indicate where or how they should be published. At least one agency has published the guides as part of the preamble to the subject rule, thereby requiring affected small entities to read the Federal Register to

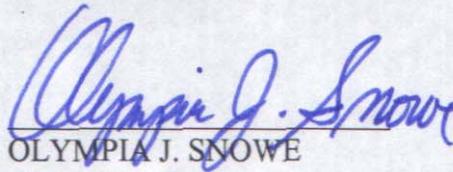
obtain the guides. **Agencies would be directed, at a minimum, to make their compliance guides available through their websites in an easily accessible way. In addition, agencies would be directed to forward their compliance guides to known industry contacts with small business members that will be affected by the regulation.**

- **Require that agencies provide an annual report to Congress regarding the agencies' timely publication of compliance guides.**

I would appreciate your support of the Small Business Compliance Assistance Enhancement Act of 2005. Closing the loopholes involving SBREFA's compliance guide requirements would significantly improve governmental transparency, allowing small businesses to comply with agency requirements in a more efficient manner, and increasing the productivity of these small businesses which comprise the backbone of our nation's economy.

Please join this effort by co-sponsoring The Small Business Compliance Assistance Enhancement Act of 2005. To be a co-sponsor, contact Alex Hecht of the Small Business and Entrepreneurship Committee staff at 224-5175.

Sincerely,



OLYMPIA J. SNOWE

Chair