

Advocacy Disagrees with FCC that Proposed Broadcast Ownership Rules Will Have No Impact on Small Business **Advocacy's Letter to Chairman Powell of the Federal Communications Commission**

On April 9, 2003, the Office of Advocacy of the U.S. Small Business Administration (Advocacy) filed a letter commenting on the Federal Communications Commission's (FCC) Proposed Broadcast Ownership Rules (MM 02-277). The FCC is reviewing its broadcast ownership rules as required by Section 202 of the Telecommunications Act of 1996.

The FCC conducted an Initial Regulatory Flexibility Analysis (IRFA), which stated that the proposed rules would have no impact on small businesses. Advocacy disagrees with the FCC's assessment and is concerned that this classification will harm small business's valuable role in broadband deployment. Advocacy recommends the FCC treat this Notice of Proposed Rulemaking (NPRM) as a notice of inquiry (NOI) and issue a further NPRM. Advocacy urges the FCC not to forget small business in its broadband strategy. Advocacy's comments are summarized below.

Please note that the Office of Advocacy is an independent office, and the views expressed in this summary and referenced letter do not necessarily reflect SBA or Administration policy.

FCC Did Not Propose Specific Rules

- The FCC's NPRM does not propose the actual terms or drafts of any proposed rules. Instead, the FCC sought general comment on dozens, if not hundreds, of issues that addressed the value of diversity, competition, and localism.
- These sorts of requests to the public are better suited to an NOI than a proposed rule. The purpose of an NOI is to gather information and intelligence about the scope of a problem, factors that contribute to a problem, the benefits, or limitations of different regulatory alternatives and the different impacts of each alternative.

Regulatory Flexibility Analysis Is Insufficient

- In its IRFA, the FCC did not analyze the impact that the proposed rule would have on small businesses. Instead, the FCC limited its review of the impact to reporting and recording keeping requirements and stated that there were not any requirements.
- The FCC must analyze effects such as the impact on small broadcast affiliates, the impact on small advertisers, or the impact on small program providers if there is further consolidation.
- The FCC's neglect to conduct a meaningful analysis of the impact on small businesses is a direct result of the FCC not proposing specific rules.

Advocacy's Recommendations to the FCC

- Advocacy recommends that the FCC treat this NPRM as an NOI and issue a supplemental NPRM, which will give small businesses the opportunity to comment on specific rules before the FCC adopts them.

For more Information

The full letter may be accessed at <http://www.sba.gov/advo/laws/comments/>. Sign up at <http://web.sba.gov/list> for email delivery of regulatory communications, news releases, research findings and statistics, and *The Small Business Advocate* newsletter.