



SMALL BUSINESS

RESEARCH SUMMARY

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Analysis of State Efforts to Mitigate Regulatory Burdens on Small Businesses

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Purpose

At the federal level, a system of checks and balances has been enacted to ensure that the interests of small businesses are taken into account in the creation of federal regulations. The Regulatory Flexibility Act, the Small Business Regulatory Enforcement and Fairness Act, Executive Order 12866 (concerning regulatory planning and review), and Executive Order 13272 (on proper consideration of small entities in agency rulemaking) provide a network of protection against undue regulatory burdens. This report examines efforts by state and local governments to mitigate burdensome regulations on small entities at these levels of governance. The report compares state and local protections with the federal statutes and executive orders, identifies unique methods that states are using to protect small businesses from burdensome regulations, and identifies best practices in reducing small business regulatory burdens.

Overall Findings

The research discovered that few states are actively implementing protections for small businesses against burdensome regulations, and even fewer are implementing meaningful programs that genuinely benefit the small business community. Providing genuine protection to small businesses requires well-written legislation and executive orders, as well as the political support of the state government and par-

ticularly the governor's office, to ensure that these written protections are enforced. The study finds that laws and executive orders that do not garner the support of the governor's office typically fail to provide regulatory protection to small businesses.

Highlights

Efforts by some states to keep the small business community informed about regulatory policies have proven to be a great help. The use of existing methods by the federal government and some states has successfully proven that small business interests can be protected from burdensome regulations by state governments. The continued improvement on these models and implementation of these practices by more states will continue to ensure that small businesses are protected from regulatory burdens. The researchers picked five states that, in their view, were more effective than the other 45 in reducing federal regulatory burdens on their constituents: Arizona, California, Illinois, New York, and Virginia. The value of this study lies in its scope and breadth. It provides a benchmark for what exists today in terms of states' efforts in abating the impact of federal regulations.

Scope and Methodology

This project had two stages: telephone interviews and case studies. The researchers conducted tele-

phone interviews with respondents from both small business advocacy positions (Small Business Development Center directors, lead personnel with small business trade associations and advocacy groups, and so forth) as well as with state government personnel involved with their states' regulatory policies (small business ombudsmen, staff members of state government small business advocacy offices, and others). They conducted more than 125 telephone interviews with respondents in 33 states who were actively involved in their states' small business government policy arena. The researchers also did secondary research using the Internet and other sources to determine whether laws or executive orders had been passed by states to provide protection for small businesses similar to what is provided by the federal government. Where possible, this information was compared to the information collected in the interviews to validate findings. Finally, the researchers completed a case study of selected states that have processes and procedures for analyzing regulatory requirements.

Ordering Information

The full text of this report and summaries of other studies performed under contract to the U.S. Small Business Administration's Office of Advocacy are available on the Internet at www.sba.gov/advo/research.

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