



A Voice for Small Business

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***Statement of
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***U.S. House of Representatives
Committee on Small Business***

Subcommittee on Regulatory Reform and Oversight

Date: April 22, 2004
Time: 10:30 A.M.
Location: Room 2360
Rayburn House Office Building
Washington, D.C.
Topic: "Small Businesses Creating Jobs and Protecting the Environment"

Created by Congress in 1976, the Office of Advocacy of the U.S. Small Business Administration (SBA) is an independent voice for small business within the federal government. The Chief Counsel for Advocacy, who is appointed by the President and confirmed by the U.S. Senate, directs the office. The Chief Counsel advances the views, concerns, and interests of small business before Congress, the White House, federal agencies, federal courts, and state policy makers. Issues are identified through economic research, policy analyses, and small business outreach. The Chief Counsel's efforts are supported by offices in Washington, D.C., and by Regional Advocates. For more information about the Office of Advocacy, visit <http://www.sba.gov/advo>, or call (202) 205-6533.

I am pleased to provide this written statement about the contributions to our environment made by small business, including the “green gazelle” small businesses that are testifying before this Subcommittee. Congress established the Office of Advocacy to represent the views of small business before Federal agencies and Congress. The Office of Advocacy is an independent office within the Small Business Administration (SBA), and therefore the comments expressed in this statement do not necessarily reflect the position of the Administration or the SBA.

As the Chief Counsel for Advocacy, I am in a good position to see the difference small businesses can make in improving their communities. It is appropriate on Earth Day to reflect on the many contributions that small businesses make to our environment.

Small businesses help protect the environment by being an active part of the communities where they work. These businesses know their neighbors hold them accountable for keeping the community clean and healthy. Increasingly, small businesses are being recognized as good environmental stewards. In the past four years, for example, the U.S. Environmental Protection Agency (EPA) has recognized over 150 small businesses in its Performance Track Program for excellence in managing their environmental responsibilities.

In addition, small business helps protect the environment through innovation. Advocacy’s economic research indicates that small businesses innovate at twice the rate of large businesses.¹ That innovation often yields environmentally-friendly products and technologies. Everyone benefits when small businesses, in an effort to improve their

¹ See *Small Serial Innovators: The Small Firm Contribution to Technical Change*, an Advocacy-funded study by CHI Research, Inc. (2002), *The Relationship Between Industrial Concentration, Firm Size, and Technological Innovation*, an Advocacy-funded study by Earl E. Bomberger (1982), and *Characterization of Innovations Introduced on the U.S. Market in 1982*, an Advocacy funded study by Keith L. Edwards and Theodore Gordon (1984).

bottom line, create more efficient, environmentally-sound products. A growing number of these companies, including the “green gazelles,” are creating products that are environmentally superior. Some examples of their innovative products can be found at www.greengazelles.org.

Small businesses are often clean businesses. Advocacy’s economic research indicates that of the 22.9 million small businesses in the U.S., 53 percent of those are home-based businesses.² The majority of these home-based businesses are sales and service-oriented, with very little potential for environmental harm.³ Small businesses rely increasingly on computers and the Internet to reach their markets.

Finally, small business can help the environment just by persuading government agencies to pause and think about the unintended consequences of new rules. Recently, my office reviewed a proposed rule that would have required plywood plants to install costly incinerators to burn off tiny amounts of air pollutants, even where the plant could show that there would be no impact on the plant’s neighbors. Beyond merely imposing unnecessary costs without any environmental benefit, however, the rule would have actually increased air pollution by adding thousands of tons of pollutants from incinerator units. With the Office of Advocacy’s help, small business representatives were able to persuade EPA to allow plywood plants that can show their emissions pose no health risk to avoid having to install costly – and polluting – incinerators. This is a win-win situation for small business *and* for the environment.

Thank you for the opportunity to present this information to the Subcommittee.

² *Small Business by the Numbers*, Office of Advocacy, U.S. Small Business Administration (December 2003), available at www.sba.gov/advo/stats/sbfaq.pdf.

³ See *Homebased Business: the Hidden Economy*, an Advocacy-funded report by Joanne H. Pratt (2000), available at www.sba.gov/advo/research/rs194tot.pdf.