

March 7, 2003

The Honorable Pamela Olson
Assistant Secretary for Tax Policy
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

Dear Assistant Secretary Olson:

Thank you for making a special effort to listen to the concerns of the small business community about the Internal Revenue Service's (IRS) proposed rule on Excise Taxes and the Definition of Highway Vehicles (REG 103829-99). Because this proposal has a significant economic impact on a substantial number of small businesses, we commend your decision to provide Congress the opportunity to review the issue before taking further action.

Congress established the Office of Advocacy under Pub. L. 94-305 to represent the views of small business before Federal agencies and Congress. The Office of Advocacy is an independent entity within the U.S. Small Business Administration (SBA), so the views expressed by the Office of Advocacy do not necessarily reflect the views of the SBA or the Administration. Section 612 of the Regulatory Flexibility Act (RFA) requires the Office of Advocacy to monitor agency attention to the unique nature of small business when developing regulatory proposals. On August 13, 2002, President Bush underscored the importance of agency compliance with the RFA and the Office of Advocacy's role in giving a voice to small businesses in the rulemaking process when he signed Executive Order 13272, titled "Proper Consideration of Small Entities in Agency Rulemaking."

This renewed emphasis on removing regulatory barriers that can stymie business job growth is making a difference and we are pleased that Congress will have the benefit

of a full record that you helped create on the IRS's proposal. Written comments and testimony in the docket underscore the importance of this issue for tens of thousands of small businesses. It makes sense to proceed carefully with all the facts so that no small businesses suffer unintended, long-term economic damage.

We appreciate your initial decision to extend the comment period and allow time for more small businesses to provide input on the proposal. The extended comment period was very helpful and set the tone for future cooperation on controversial issues. Your efforts captured the spirit of Executive Order 13272 issued by the President.

Thank you again for your serious consideration of our requests in this matter. We look forward to working with you in the future.

Sincerely,

Thomas M. Sullivan
Chief Counsel for Advocacy

Russell Orban
Assistant Chief Counsel