



OFFICE OF ADVOCACY FACTSHEET

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Advocacy Urges Departments of Homeland Security and State to Consider the Impacts on Small Entities of Passport Rulemakings

On October 31, 2005, the U.S. Small Business Administration's Office of Advocacy (Advocacy) filed comments with the Department of Homeland Security (DHS) and the Department of State (DOS) on the advance notice of proposed rulemaking (ANPRM) on *Documents Required for Travel Within the Western Hemisphere*. Advocacy's comments can be found at: www.sba.gov/advo/laws/comments.

- The ANPRM outlines plans to implement Section 7209 of the Intelligence Reform and Terrorism Prevention Act. Section 7209 provides that by January 1, 2008, U.S. citizens and nonimmigrant aliens may enter the United States only with passports or alternatives that the Secretary of Homeland Security may designate as satisfactorily establishing identity and citizenship. Currently, passports are not required for travel within North America, for example.
- The ANPRM suggests a two-stage implementation plan. The first stage would require all individuals traveling to the United States by air or sea to present a valid passport or other documentation deemed sufficient by DHS to establish identity and citizenship beginning December 31, 2006. The second stage would require individuals arriving at U.S. land border crossings to meet such requirements beginning December 31, 2007.
- DHS and DOS requested information about the potential economic impact on several groups, including members of the travel industry, small businesses, and local governments. Advocacy commended the agencies' efforts to solicit economic information, as the implementation of Section 7209 could have a significant economic impact on the traveling public, as well as members of the travel industry, small businesses in towns near borders, and small towns near borders that rely on the tourist trade.
- Currently, 97.4 percent of all travel agencies and 96.5 percent of tour operating businesses are small entities. Among other small businesses that rely on tourism are hotel/motels, 95.5 percent of which are small businesses; restaurants—97.7 percent small; sightseeing bus companies—93.9 percent small; and souvenir shops—98.5 percent small.
- Because the implementation of Section 7209 could have foreseeable significant economic impacts on a substantial number of small entities, Advocacy encouraged DHS and DOS to perform an initial regulatory flexibility analysis to explore the economic impacts of this rule and to consider less costly alternatives that can address the safety concerns without harming small entities.

For more information, visit Advocacy's webpage at www.sba.gov/advo or contact Jennifer Smith at 202-205-6943.