



April 17, 2007

State and Local Government Committee  
Subcommittee on State Government  
Tennessee House of Representatives  
35 Legislative Plaza  
Nashville, TN 37243

Dear Committee Members:

I am writing to urge you to support House Bill (HB) 1276, which encourages small business regulatory flexibility. Regulatory flexibility requires government to be particularly sensitive to how new regulations will affect small entities. The legislation will allow for a friendlier regulatory environment which is critical to the survival of Tennessee's small business community.

The Office of Advocacy (Advocacy) of the U.S. Small Business Administration was created in 1976 as an independent voice for small business within the federal government. Advocacy enforces the Regulatory Flexibility Act on the federal level in order to reduce the regulatory burden on small entities.

According to a 2005 study by Dr. Mark Crain, funded by the Office of Advocacy, *The Impact of Regulatory Costs on Small Firms*, firms with fewer than 20 employees annually spend \$7,647 per employee to comply with federal regulations, compared with the \$5,282 spent by firms with 500 or more employees. That is a 45 percent greater burden on small entities than their larger business counterparts.

Any small business owner on Main Street will explain that regulatory burden does not just come from Washington, DC. Regulatory burdens on the state level are weighing down the small business sector that produces jobs, leads the state in innovation, and contributes most to communities.

Since 2002, 37 state legislatures have considered regulatory flexibility legislation, and 19 states have implemented regulatory flexibility via Executive Order (EO) or legislation. In 2007, 11 other states have introduced regulatory flexibility legislation (*Alabama, Arkansas, Connecticut, Hawaii, Illinois, Maine, Massachusetts, Mississippi, Montana, Texas, and Washington*) and one bill carries over from last year (*New Jersey*). Governor Beebe signed into law Arkansas' regulatory flexibility bill in February of this year, and the Hawaii legislature recently passed a bill to improve its regulatory flexibility laws.

The intent of HB 1276 is to foster a climate for job growth and entrepreneurial success by requiring agencies to look at the economic impact of a proposed rule on small entities and to consider methods of reducing that impact. This can be done without sacrificing important goals such as health and safety. I respectfully ask that you support HB 1276 to help ensure that small businesses have a voice in Tennessee government.

Sincerely,

A handwritten signature in cursive script that reads "Shawne McGibbon". The signature is written in dark ink and has a long, sweeping horizontal line extending to the right.

Shawne McGibbon  
Deputy Chief Counsel for Advocacy