

Census Report Shows Strong Growth Among Women-Owned Firms

The number of women-owned businesses grew 20 percent between 1997 and 2002, twice as much as the national average. According to the U.S. Census Bureau's newly released 2002 Survey of Business Owners, women owned 6.5 million businesses in 2002. Women-owned businesses made up nearly 30 percent of non-farm businesses in 2002, and they generated more than \$940 billion in revenue, a 15 percent increase over the 1997 level.

About 14 percent of women-owned firms had employees, accounting for more than 7.1 million jobs. Nevertheless, their share of gross revenue was relatively small. While women-owned businesses made up about 30 percent of all businesses, their share of revenue was about 4 percent.

The survey provides considerable detail on the women-owned business sector.

- Nearly one-third of women-owned firms operated in the health care and social assistance fields, as well as other services.

- Women owned 72 percent of all social assistance businesses and just over half of nursing and residential care facilities.

- Wholesale and retail trade accounted for almost 40 percent of women-owned business revenue.

- There were 117,069 women-owned firms with annual receipts of \$1 million or more.

- There were 7,240 women-owned firms with 100 employees or more, and they generated \$275 billion in gross receipts.

- The states where the number of women-owned firms grew fastest between 1997 and 2002 were Nevada (43 percent), Georgia (35 percent), Florida (29 percent), and New York (28 percent).

- The counties with the highest number of women-owned firms in 2002 were Los Angeles County, Calif. (265,919); Cook County, Ill. (130,418); Miami-Dade County, Fla. (88,173); New York County, N.Y. (86,364); and Harris County, Texas (86,042).

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On February 21, Advocacy staff gave a presentation at a National Association of Women Business Owners' conference. The panel featured (from left) Major Clark, assistant chief counsel; Thomas M. Sullivan, chief counsel for advocacy; Ying Lowrey, senior economist; and Charley Maresca, director of interagency affairs.

Regional News

Model Legislation Webpage Has New Look

Do you need information about state-level efforts to reduce small businesses' regulatory burden? Well, your job just got easier. The Office of Advocacy recently redesigned its webpage on the state model legislation initiative. The redesigned page is easy to read, user-friendly, and packed with information about state-level regulatory flexibility efforts.

The page contains links to a variety of resources and milestones in the state model initiative. Two new categories include "examples" and "state best practices." The "examples" link directs users to state-level examples in which regulatory flexibility has been successful or where the absence of a strong regulatory flexibility structure has resulted in undue burdens for small business.

The "state best practices" link directs users to information on states that have initiated programs to implement their regulatory flexibility laws. For example, a few states have developed email alert systems that notify subscribers when agencies propose rules that may affect their business. Some of these systems also let small business owners comment directly to the relevant agency.

The 2006 legislative season is off to a busy start, with a flurry of regulatory flexibility legislation activity. To find out what regulatory flexibility is, why it matters, and where Advocacy's model bill fits in, click on "state model legislation initiative." To get the latest news, click on "map (status of state legislative activity)."

To navigate to the page, go to www.sba.gov/advo, and select "state activities" in the upper right hand corner, then "state model legislation." The url is www.sba.gov/advo/laws/law_modeleg.html. The page is frequently updated, and additional examples and best practices are welcome. Please direct any comments to Sarah Wickham, regulatory and legislative counsel for regional affairs, at sarah.wickham@sba.gov or (202) 205-6972.



The Office of Advocacy's redesigned webpage on the state model legislation initiative is located at www.sba.gov/advo/laws/law_modeleg.html.

The Small Business Advocate

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Message from the Chief Counsel

The Office of Advocacy's Small Business Statistics Find New and Diverse Audiences

by Thomas M. Sullivan, Chief Counsel for Advocacy

Through persistent efforts, the Office of Advocacy is getting the small business message out to more and more people with each passing year. When users search for "small business statistics," the Office of Advocacy is always in the top 10 hits that Google returns (and it's usually first). Advocacy's name also comes up when users look for "small business research." This increasing ubiquity is the result of the office's concerted program of research contracting and data efforts, as well as ongoing Internet outreach and updates.

Advocacy supplies researchers with information in whatever form they need. Our four original Listservs (newsletter, press releases, regulatory communications, and research) have now been augmented with an RSS (really simple syndication) feed. And users are not shy about contacting us. Advocacy staff members receive a steady flow of email and phone inquiries. While many questions can be answered by visiting the office's website, staff members are always ready to discuss small business research and data. In addition, the articles published in this newsletter are available to be reprinted in other publications, free of charge.

Recently, Advocacy's data have turned up in new and important places. One of the most widely used government sources, the Bureau of the Census's *Statistical Abstract of the United States*, began to include firm size data a few years ago. (This is one of the highest compliments our Office of Economic Research can receive.)

"Users are not shy about contacting us. Advocacy staff members receive a steady flow of email and phone inquiries. Staff members are always ready to discuss small business research and data."

Compilation of these data is funded by Census and Advocacy. This year's edition also contains new small business information that evolved from Advocacy-funded research. Table 592 presents data for all the self-employed, unincorporated and incorporated. For years, self-employment figures were understated by one-third because they failed to include incorporated ventures. Table 592 presents the more accurate, inclusive figures—the result of many years' work by economist Robert Fairlie—as well as self-employed demographics figures supplied in

Advocacy's annual publication, *The Small Business Economy*.

In addition, the U.S. State Department's January 2006 edition of *eJournal USA: Economic Perspectives*, focuses on entrepreneurship and small business. It relies on data and information supplied by the Office of Advocacy.

Not only have Advocacy's data been widely circulated, important conclusions of Advocacy-funded research continue to be cited. Most widely cited of all are the findings on the uneven regulatory burden that small businesses face. Most recently, the National Association of Manufacturers highlighted these findings in a new study entitled *The Future Success of Small and Medium Manufacturers: Challenges and Policy Issues*. This is an important forum for this key small business message.

My office will continue to seek new venues and audiences to publicize and promote the importance of small business.

For More Information

Statistical Abstract of the United States—

www.census.gov/statab/www

Self-Employed Business Ownership Rates in the United States: 1979-2003, by Robert Fairlie—

www.sba.gov/advo/research/rs243tot.pdf

The Small Business Economy—

www.sba.gov/advo/research/sb_econ2005.pdf

eJournal USA: Economic Perspectives—

<http://usinfo.state.gov/journals/ites/0106/ijee/ijee0106.htm>

The Future Success of Small and Medium Manufacturers: Challenges and Policy Issues—

www.nam.org/s_nam/sec.asp?CID=202515&DID=236301

Don't Let Tax Errors Cost You Time and Money

Tax season is here. Paying your taxes can be less taxing if you avoid common mistakes made by small businesses every year. There are two types of tax mistakes: missed opportunities and filing errors. Both of these can cost your business money.

You have missed an opportunity if you don't take advantage of credits and deductions designed for your business. Unfortunately, changes to the tax code are made annually, making it difficult to

remain current with the law. For changes that apply to 2005, review the 2005 version of IRS Publication 334, along with other forms and publications at www.irs.gov. One item small businesses should not overlook is the small business expensing provision under section 179. This deduction is indexed to inflation, causing the deduction limit to rise. For 2005, the maximum deduction is \$105,000. Another often missed opportunity is the home office deduction. If

your business meets the requirements of the deduction, take it.

The errors outlined in the list below can be avoided. Take your time or get help. The care you take in preparing your return will lessen the chance that you will be contacted by the IRS. It will also decrease the time it takes to have your return processed. The responsibility to file a correct return is not an easy one, so be careful out there. Get it right the first time.

Filing Errors You Can Avoid

Don't get caught in IRS red tape by making common filing errors. The number one mistake: not signing the return. Here's a list of other things to avoid.

1. Illegible or incomplete business name and address; use of individual name instead.
2. Missing or multiple tax periods on Form 941 (Employment Tax Return).
3. Incomplete Form 941 Schedule B (Supplemental Record of Federal Tax Liability).
4. Entering the same amount on line 3 (total tax withheld from wages, tips, and sick pay) and line 7d (current year's income tax withheld) on Form 941.
5. Missing Form 941 C (Supporting Statement to Correct Information).
6. Incomplete line 8 (total taxes after adjustments) on Form 941.
7. Missing or incorrect North American Industry Classification System (NAICS) code or incorrect Principal Business Activity (PBA).
8. Incorrect sequencing of forms according to Form 1120 (Corporate Tax Return) instructions.
9. Unexplained short tax periods.
10. Missing or incomplete balance sheet.
11. Inappropriate use of Form 1120A (when gross income exceeds \$500,000).
12. Missing number of partners.
13. Missing, incomplete, or invalid SSN, TIN, or PTIN of preparer.
14. Improperly showing real estate rental income or expense on Schedule E. This belongs on Form 8825 (Rental Real Estate Income and Expenses of a Partnership or an S Corporation).
15. Showing income and expenses from other sources than rental real estate on Form 8825.
16. Missing or incomplete Schedule K-1.
17. Missing Schedule K (Partners' Distributive Share Items) or Schedule L (Balance Sheets per Books) for Form 1065 (Partnership Tax Return).
18. Missing additional statement detailing line 7 (other income) or line 20 (other deductions) on Form 1065.
19. Late or inaccurate filing of Form 2553 (Election by a Small Business Corporation).
20. Missing number of shares on Form 2553 Schedule L.
21. Missing Form 8869 (Qualified Subchapter S Subsidiary Election) when making such an election.
22. Missing or incorrect EIN.
23. Failing to elect association treatment on Form 8832 (Entity Classification Election) when an LLC is electing S-corporation status.
24. Missing or invalid effective date on Form 2553 (line E).
25. Missing information in part 11 of Form 2553 when selecting other than a calendar year tax year.

FOURTH QUARTER 2005: THE ECONOMY AND SMALL BUSINESS

Trends

- U.S. economic growth slowed in the fourth quarter of 2005. Growth of real gross domestic product (GDP) slowed to an annualized rate of 1.1 percent during the quarter. For the year, real GDP grew 3.5 percent. This drop-off mirrored a reduction in real personal consumption expenditures, which grew an annualized 1.1 percent during the fourth quarter, down from 4.1 percent in the third quarter. Net exports also were a factor. While real exports increased an annualized 2.2 percent, real imports rose 9.1 percent. On the positive side, real gross private fixed investment rose an annualized 12.2 percent in the quarter.
- Small business owners, according to the monthly National Federation of Independent Business Optimism Index, ended the year at 101.4. For the year, the index was off from the near-record scores of 2004, but for most of 2005 the optimism readings stayed above 100 (averaging 101.6), indicating a growing small business sector. The NFIB surveys also showed a willingness to expand and hire in the next three months. The University of Michigan's Consumer Sentiment Survey indicated a steady rise in optimism during the fourth quarter; this had fallen to low levels after Hurricanes Katrina and Rita.
- The unemployment rate at year's end was 4.9 percent. There were 2 million nonfarm payroll jobs added in 2005, with 438,000 of those stemming from the fourth quarter. Industries with the largest percentage of small business employment—construction, other services, wholesale trade, and leisure and hospitality—added 142,200 net new jobs during the quarter. Each industry sector except for retail trade saw employment gains in the fourth quarter. There was a slight up-tick in incorporated self-employment.
- Interest rates have continued to rise, with the average prime rate for 2005 nearly two percentage points higher than the 2004 average. Higher rates have not affected the demand for loans to small businesses; this remained strong according to the most recent Senior Loan Officers' Survey. Meanwhile, the number of deals and amount of investment in venture capital remained steady and were quite similar to the 2004 levels.
- Overall inflation remained under control, helped by lower energy costs in the fourth quarter. The price of West Texas crude ended the year below \$60 a barrel. In the labor market, private sector wages and salaries rose 2.5 percent from the fourth quarter of 2004 to the fourth quarter of 2005, whereas private sector benefits jumped 4.1 percent.

Small Business Indicators

	Last five years					Last five quarters				
	2001	2002	2003	2004	2005	Q4-04	Q1-05	Q2-05	Q3-05	Q4-05
Business bankruptcy filings (thousands)	40.1	38.5	35.0	34.3	--	7.8	8.1	8.7	9.5	--
Proprietors' income (billions of current dollars)	771.9	768.4	810.2	889.7	937.8	900.9	917.9	936.6	932.4	964.2
Prime bank loan rate	6.9	4.7	4.1	4.3	6.2	4.9	5.4	5.9	6.4	7.0
Rates for smallest loans (less than \$100,000):										
Variable rate loans, repricing terms of 2-30 days	7.4	5.1	4.4	4.4	6.0	4.5	5.3	5.7	6.1	6.7
Variable rate loans, repricing terms of 31-365 days	8.7	6.6	6.4	6.2	7.1	6.5	6.6	7.1	7.1	7.7
Senior loan officers (percent of respondents):										
Net small firm C&I lending standards (those whose standards were eased minus those tightened)	-39.4	-20.0	-7.1	13.1	9.0	18.2	9.1	22.7	0	4.2
Net small firm demand for C&I loans (those whose demand was stronger minus those weaker)	-36.6	-40.0	-14.7	25.9	27.3	25.5	13.7	45.5	33.4	16.7
Venture investment: number of deals	4456	3057	2865	2966	2939	798	704	784	742	709
Venture investment: total invested (billions of dollars)	40.7	21.7	19.6	21.6	21.7	5.7	5.0	6.2	5.4	5.1

Note: The fourth quarter figure for the Senior Loan Officers Survey is for October, which measures from July. C&I loans refers to commercial and industrial loans. Sources: Administrative Office of the U.S. Courts; Board of Governors of the Federal Reserve System; National Venture Capital Association; U.S. Department of Commerce, Bureau of Economic Analysis.

	Last five years					Last five months (2005)				
	2001	2002	2003	2004	2005	Aug	Sept	Oct	Nov	Dec
NFIB Small Business Optimism Index (1986 = 100)	98.4	101.2	101.3	104.6	101.6	100.9	100.0	103.7	101.2	101.4
NFIB: next 3 months "good time to expand" (percent of respondents)	12.3	14.3	15.7	22.3	20.6	21	19	22	20	21
NFIB: net percent planning to hire in the next 3 months	11.6	10.8	10.2	15.3	14.4	17	17	17	13	15
Self-employed, incorporated (millions)	4.5	4.6	5.0	5.2	5.3	5.2	5.1	5.2	5.3	5.4
Self-employed, unincorporated (millions)	10.1	9.9	10.3	10.4	10.5	10.2	10.3	10.3	10.2	10.3

Sources: National Federation of Independent Business; Current Population Survey, U.S. Bureau of Labor Statistics.

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For previous quarterly indicators, visit www.sba.gov/advo/laws/law_regalerts.html. Note that data are revised periodically, and this version reflects such changes.

Employment by Major Sector (millions)

	Percent small business	Last five years					Last five months (2005)				
		2001	2002	2003	2004	2005	Aug	Sept	Oct	Nov	Dec
Goods-producing industries	56.35	23.87	22.55	21.81	21.88	22.14	22.16	22.16	22.20	22.25	22.26
Natural resources and mining	50.71	0.61	0.58	0.57	0.59	0.63	0.63	0.64	0.64	0.64	0.65
Construction	85.99	6.83	6.71	6.73	6.96	7.23	7.27	7.28	7.30	7.34	7.33
Manufacturing	43.18	16.44	15.26	14.51	14.33	14.28	14.26	14.24	14.26	14.27	14.28
Service-producing industries	49.52	107.96	107.79	108.19	109.59	111.48	111.85	111.87	111.86	112.11	112.21
Trade, transportation and utilities	45.98	25.99	25.50	25.29	25.51	25.83	25.91	25.87	25.87	25.91	25.88
Wholesale trade	62.08	5.77	5.65	5.61	5.65	5.72	5.73	5.74	5.74	5.75	5.75
Retail trade	43.08	15.24	15.02	14.92	15.04	15.17	15.23	15.18	15.18	15.19	15.17
Information	25.60	3.63	3.39	3.19	3.14	3.14	3.15	3.15	3.14	3.14	3.15
Financial activities	40.91	7.81	7.85	7.98	8.05	8.23	8.25	8.27	8.29	8.30	8.32
Professional and business services	44.63	16.48	15.98	15.99	16.41	16.93	16.98	17.04	17.05	17.13	17.16
Education and health services	48.03	15.65	16.20	16.59	16.95	17.34	17.42	17.46	17.44	17.48	17.51
Leisure and hospitality	61.81	12.03	11.99	12.18	12.48	12.74	12.83	12.76	12.76	12.81	12.83
Other services	86.38	5.26	5.37	5.40	5.43	5.47	5.47	5.47	5.46	5.47	5.48
Government	0	21.12	21.51	21.58	21.62	21.80	21.85	21.86	21.85	21.87	21.89

Notes: Seasonally adjusted. See <http://www.bls.gov/ces/cessuper.htm> for NAICS code equivalents for each sector. The small business percentage by sector is based on 2003 firm size data. See http://www.sba.gov/advo/research/us_03_n6.pdf. Due to data suppression, the number of small utility firms is estimated using 2002 data. Sources: U.S. Small Business Administration, Office of Advocacy, using data from the U.S. Department of Commerce, Bureau of the Census; U.S. Department of Labor, Bureau of Labor Statistics.

Macroeconomic Indicators

	Last five years					Last five quarters				
	2001	2002	2003	2004	2005	Q4-04	Q1-05	Q2-05	Q3-05	Q4-05
Annual change, real gross domestic product (percent)	0.8	1.6	2.7	4.2	3.5	3.3	3.8	3.3	4.1	1.1
Real personal consumption expenditures (billions)*	6910.4	7099.3	7306.5	7588.6	7858.1	7698.8	7764.9	7829.5	7907.9	7930.2
Real gross private fixed investment (billions)*	1629.4	1548.9	1627.4	1794.4	1915.6	1863.9	1902.9	1885.0	1909.4	1965.1
Federal government surplus or deficit (billions)	46.7	-247.9	-382.8	-406.5	--	-371.6	-298.3	-297.3	-415.2	--
Real exports of goods and services (billions)*	1036.7	1013.3	1031.2	1117.9	1193.3	1144.5	1165.3	1195.4	1202.7	1209.8
Real imports of goods and services (billions)*	1435.8	1484.6	1552.6	1719.2	1825.2	1778.6	1810.7	1809.6	1820.2	1860.1
Corporate profits after tax (billions)	563.2	693.7	799.7	890.3	--	926.4	925.6	975.0	932.8	--
Nonfarm business sector output per hour for all persons (1992 = 100)	118.5	123.3	128.0	132.3	135.9	133.5	134.5	135.3	136.8	136.6
Employment Cost Index: private sector wages and salaries (1989 = 100)	151.4	156.4	160.9	165.0	168.9	166.4	167.4	168.4	169.4	170.5
Employment Cost Index: private sector benefits (1989 = 100)	163.7	171.7	182.5	195.4	205.0	199.9	202.0	203.6	206.2	208.1

*Chained 2000 dollars.

Note: Seasonally adjusted.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Labor, Bureau of Labor Statistics.

	Last five years					Last five months (2005)				
	2001	2002	2003	2004	2005	Aug	Sept	Oct	Nov	Dec
Unemployment rate (seasonally adjusted)	4.8	5.8	6.0	5.5	5.1	4.9	5.1	4.9	5.0	4.9
Civilian employment—16 years and older (millions, seasonally adjusted)	136.9	136.5	137.7	139.2	141.7	142.4	142.4	142.6	142.6	142.8
Civilian unemployed—15 weeks and over (millions, seasonally adjusted)	1.8	2.9	3.4	3.1	2.6	2.7	2.6	2.5	2.5	2.4
Nonfarm payrolls (millions, seasonally adjusted)	131.8	130.3	129.9	131.3	133.6	134.0	134.0	134.1	134.4	134.5
Producer Price Index (1982 = 100)	134.2	131.1	138.1	146.7	157.4	157.6	161.9	166.0	163.6	163.0
Consumer Price Index (seasonally adjusted, 1982 = 100)	177.0	179.9	184.0	188.9	195.3	196.1	198.5	198.9	197.8	197.7
Consumer Sentiment Survey (1966 = 100)	89.2	89.6	87.6	95.2	88.6	89.1	76.9	74.2	81.6	91.5
Spot oil price per barrel: West Texas intermediate crude	25.92	26.10	31.14	41.44	56.47	64.97	65.57	62.37	58.3	59.43
ISM Purchasing Managers Index—manufacturing composite (seasonally adjusted)	43.9	52.4	53.3	60.5	55.5	53.5	58.0	58.1	57.3	55.6
Industrial production (2002 = 100, seasonally adjusted)	99.9	100.0	100.6	104.7	108.0	108.6	107.2	108.2	109.1	109.8
M2 money stock (billions, seasonally adjusted)	5219.7	5615.3	6004.9	6277.9	6544.2	6568.9	6600.0	6629.6	6652.0	6680.5
3-month Treasury bills (secondary market rate)	3.39	1.60	1.01	1.37	3.15	3.44	3.42	3.71	3.88	3.89
10-year Treasury note (constant maturity rate)	5.02	4.61	4.02	4.27	4.29	4.26	4.20	4.46	4.54	4.47

Sources: Board of Governors of the Federal Reserve System; Dow Jones Energy Service; Institute for Supply Management; U.S. Department of Labor, Bureau of Labor Statistics; University of Michigan's Survey of Consumers.

Released February 7, 2006

For previous quarterly indicators, visit <http://www.sba.gov/advo/research/sbei.html>. Note that data are revised periodically, and this version reflects such changes.

Regional News

South Dakota Extends Regulatory Flexibility to Department of Game, Fish, and Parks

South Dakota's small businesses will experience a friendlier regulatory environment thanks to a pair of new laws that extend regulatory flexibility requirements to the Department of Game, Fish, and Parks. The new laws eliminate a sunset clause to continue the requirement that agencies prepare small business impact statements.

Passed by the legislature and signed by Governor Mike Rounds on February 8, Senate Bills 74 and 75 increase protections for South Dakota's small businesses. Extending regulatory flexibility requirements to the Department of Game, Fish, and Parks means that the department now must consider its impact on small business before

issuing final regulations. The department supported passage of the laws.

"We are pleased that during this session the South Dakota legislature completed its work on small business impact statements," said Jerry Wheeler, executive director of the South Dakota Retailers Association. "The initial regulatory flexibility bill exempted the Department of Game, Fish and Parks, which is one the most prolific rule writers in South Dakota. This year with the passage of SB 74 that exemption was removed."

He added, "When the legislature initially enacted the requirement for agencies to provide small business impact statements, it also added a

three-year sunset provision. After more than two years of experience, two things are clear. First, small business impact provisions are not too onerous for state agencies, and second, these provisions have been a great tool for small businesses."

Senator Eric Bogue sponsored the bills in the Senate. In the House, Representative Larry Rhoden sponsored SB 74, and Representative Matthew Michels sponsored SB 75. The two bills were supported by a coalition of South Dakota small business advocates, including the South Dakota Retailers Association and the National Federation of Independent Business/South Dakota.



Chief Counsel Thomas M. Sullivan (right) met with environmental engineer Bruce Lyttle (left) of Superior Industries International in February. Hosting the visit was Gary Mabrey (center), president and CEO of the Johnson City Tennessee Chamber of Commerce. Sullivan and Mabrey toured the wheel-making facility to learn how burden reduction efforts under the Environmental Protection Agency's Toxics Release Inventory (TRI) program will affect manufacturers.

Small Business: Your Issues Are Our Issues at the SBA Office of Advocacy

Access Advocacy Listservs for the latest small business information, statistics, and regulatory news.

Visit <http://web.sba.gov/list> to join email lists for:

- ADVOCACY NEWSLETTER
- ADVOCACY PRESS
- ADVOCACY REGULATORY NEWS
- ADVOCACY RESEARCH

Visit Advocacy's Regulatory Alerts page, www.sba.gov/advo/laws/law_regalerts.html, to comment on important proposed regulations.

Regulatory News

Advocacy Participates in Fordham University Forum

Advocacy represented the small business point of view in an interesting gathering of private and public sector regulatory attorneys in February. Fordham University's *Urban Law Journal* held a symposium entitled the "Contemporary Regulatory State." Chief Counsel Thomas M. Sullivan took part in the panel, "The Various Dimensions of Regulatory Decision Making." Sullivan brought the issue of state and federal regulations' uneven burden on small businesses to the discussion.

A law journal published in connection with the symposium is forthcoming in the spring. Advocacy staff attorneys submitted two papers to the journal for publication. Assistant Chief Counsel Keith Holman's paper

evaluates the effectiveness of the Regulatory Flexibility Act (RFA), which marked its 25th anniversary in September 2005. Holman explains that the RFA's success was sketchy before two milestones of the past decade. The first of these was enactment of the Small Business Regulatory Enforcement Act in 1996, which allowed small entities to seek judicial review of an agency's failure to meet its RFA requirements. The second improvement was President Bush's Executive Order 13272, signed in 2002, which gave new tools to the Office of Advocacy to help energize compliance with the RFA.

Assistant Chief Counsel Michael See's paper focuses on a particular aspect of the RFA—Section 610—which requires federal agencies to

review existing rules periodically and consider reducing the regulatory burden on small business. See explains the basic requirements of the Regulatory Flexibility Act and Section 610's periodic review requirement. He presents research showing strikingly low agency implementation rates of Section 610, and he discusses problems with agency implementation. Finally, the paper proposes several methods for improving agency compliance and reducing small entity regulatory burdens.

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