



# Testimony Summary

*Advocacy: the voice of small business in government*

***U.S. House of Representatives  
Committee on Small Business Hearing on  
“Legislation to Improve the Regulatory Flexibility Act”***

***December 6, 2007***

***Summary of testimony regarding Legislation to Improve to the Regulatory Flexibility Act***

On December 6, 2007, Chief Counsel for Advocacy Thomas M. Sullivan testified before the U.S. House of Representatives Committee on Small Business on “Legislation to Improve the Regulatory Flexibility Act (RFA).” Key points from Chief Counsel Sullivan’s testimony are outlined below:

- **Consideration of Indirect Impacts.** Under current law, federal agencies are only required to analyze direct impacts, even though there may be foreseeable and costly indirect impacts. In addition, many times, especially with environmental regulation, the duty of regulating is passed on to the states without any corresponding analysis or requirements for states to consider less burdensome alternatives for small businesses. Amending the RFA to require federal agencies to consider indirect impacts will help state officials craft less burdensome regulatory alternatives. The RFA should be amended to require federal agencies to consider indirect impacts and less burdensome regulatory alternatives.
- **Review of Existing Rules.** Since new regulations are promulgated each year, the cumulative impact can be staggering. It is necessary to amend section 610 of the RFA to strengthen the current requirements mandating federal agencies to periodically evaluate existing regulations to minimize this impact
- **Proper Consideration of Small Entities in Agency Rulemaking.** Section 3 of Executive Order 13272 (“Proper Consideration of Small Entities in Agency Rulemaking,” August 13, 2002), requires agencies to notify the Office of Advocacy of draft rules that will have a significant economic impact on a substantial number of small entities. It also requires agencies to give appropriate consideration to Advocacy’s comments and address the comments in final rules. Codifying this key component of E.O. 13272 would ensure that small entities have a legitimate voice in the rulemaking process.
- The Office of Advocacy supports amending the RFA to better ensure that the concerns of small entities are adequately considered in the federal rulemaking process.

For more on the testimony, please go to <http://www.sba.gov/advo/laws/testimon.html>.