

November 23, 2004

The Honorable Edward G. Rendell
Governor of the Commonwealth of Pennsylvania
Room 225, Main Capitol Building
Harrisburg, PA 17120

Transmittal Via Facsimile: (717) 783-8332

Dear Governor Rendell:

I am writing to urge you to sign into law House Bill (HB) 2442 sponsored by Representative Tina Pickett (R-Bradford). The legislation will allow for your administration to be more responsive to the unique needs of Pennsylvania's small business community.

I was appointed to head the Office of Advocacy at the U.S. Small Business Administration. My office was created in 1976 to independently represent the views of small business before Congress, the White House, and other governmental entities.

I have had the privilege of meeting with small employers and business leaders in Pennsylvania several times since receiving my appointment as Chief Counsel for Advocacy. Without exception, the men and women entrepreneurs of Pennsylvania have asked for my help to remove regulatory barriers that stymie job growth and prosperity.

Pennsylvania's Independent Regulatory Review Commission (IRRC) serves an important role as the reviewer of regulations. Enacting HB 2442 will ensure that small businesses are considered when new regulations are proposed. By identifying which small businesses will be affected by a new regulation and the financial, economic and social impact of the new regulation on small businesses, IRRC will be better able to gauge how the proposed regulation will impact Pennsylvania's small businesses.

My office has funded research that documents how small entities expend 60 percent more than their larger counterparts to comply with federal regulations.¹ Regulatory burden is weighing down the small business sector that is most likely to produce jobs, lead the state in innovation, and contribute most to communities. Regulatory flexibility requires government to be particularly sensitive to how new regulations will affect small business.

¹ For firms employing fewer than 20 employees, the annual regulatory burden in 2000 was estimated to be \$6,975 per employees - nearly 60% higher than the \$4,463 estimated for firms with more than 500 employees. The total Federal regulatory burden was estimated to total \$843 billion in 2000. *The Impact of Regulatory Costs on Small Firms*, Crain, Mark W. and Thomas D. Hopkins, Office of Advocacy, U.S. Small Business Administration, October 2001, which is available at <http://www.sba.gov/advo/research/rs207tot.pdf>.

In the last year, 17 states, including Pennsylvania, have introduced this type of legislation to level the regulatory playing field for small businesses and make their states more appealing to budding entrepreneurs. The Governors in Connecticut, Kentucky, Missouri, Rhode Island, South Carolina, South Dakota, and Wisconsin have all signed small business regulatory flexibility legislation into law. Still this year, legislators in New Jersey are considering comprehensive regulatory flexibility provisions to make their entrepreneurial climate more attractive to small businesses.

The intent of House Bill 2442 is to foster a climate for entrepreneurial success. Excessive regulation can be reduced, and the economy improved, without sacrificing important regulatory goals. I respectfully ask that you sign House Bill 2442 into law to help ensure that small businesses have a voice in Pennsylvania government.

Sincerely,

/s/ _____
Thomas M. Sullivan
Chief Counsel for Advocacy

cc: The Honorable Robert C. Jubelirer, President Pro Tempore, Pennsylvania State Senate
The Honorable John J. Perzel, Speaker of the House, Pennsylvania House of Representatives
The Honorable Tina Pickett, Pennsylvania House of Representatives