



October 23, 2007

Representative David Daniels, Chairman  
House State Government and Elections Committee  
Ohio House of Representatives  
77 South High Street, 11th Floor  
Columbus, OH 43215

Dear Chairman Daniels:

I am writing in support of House Bill (HB) 285, which requires agencies to waive administrative penalties on small business for first-time non-harmful paperwork violations. Giving small businesses a reasonable amount of time to correct paperwork errors makes sense, and I hope that Congress is able to pass federal legislation that would help small business across the country the way HB 285 helps in Ohio.

In 2002, I was appointed by President Bush 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.

According to a 2005 study funded by the Office of Advocacy, *The Impact of Regulatory Costs on Small Firms*, by Dr. Mark Crain, 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 more than 500 employees. That is a 45 percent greater burden on small entities than their larger business counterparts.

HB 285 is a good step towards making regulatory officials aware of the volume of regulations faced by Ohio's small businesses. Regulatory burdens on the state level are weighing down the small business sector that is most likely to produce jobs, lead the state in

innovation, and contribute most to communities. In addition to a regulatory reform measure such as HB 285, Ohio's business community would benefit from a strong regulatory flexibility law. This would require Ohio's government to be particularly sensitive to the cost of new regulations on small entities and require them to consider less burdensome alternatives.

The intent of HB 285 and regulatory flexibility for small business is to foster a climate for job growth and entrepreneurial success. Excessive regulation and the costs of compliance can be reduced, and the economy improved, without sacrificing important regulatory goals. I applaud your attention to HB 285 and I look forward to working with you and other leaders to assist the Ohio small business community by passing HB 285 and by considering regulatory flexibility legislation in the near future.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. M. Sullivan', written in a cursive style.

Thomas M. Sullivan  
Chief Counsel for Advocacy

cc: Representative Ross McGregor