



Opening Statement
Chairman Scott Tipton
Committee on Small Business
Subcommittee on Agriculture, Energy and Trade
“Regulatory Injury: How USDA’s Proposed GIPSA Rule Hurts
America’s Small Businesses”
July 7, 2011

Good morning everyone and thank you for joining us. The hearing will now come to order. One of the greatest barriers to job creation today is regulatory uncertainty. Small businesses already bear a heavy regulatory burden, and overreaching new proposed regulations are having a chilling effect, prolonging the economic downturn.

Today we will examine the U.S. Department of Agriculture’s proposed Grain Inspection, Packers and Stockyards Administration (GIPSA) rule and the potential ramifications it will have for America’s small businesses. I would like to extend special thanks to each of our witnesses for taking time out of their busy schedules to be here today. I’d especially like to thank the folks at USDA and Under Secretary Avalos for being here. Also I want to extend a warm welcome to Robbie LeValley, a constituent of mine from Hotchkiss, CO, who we will hear testimony from later, along with other representatives for small businesses within the beef, pork and poultry industries.

Just over a year ago, USDA announced a proposed rule that would significantly alter livestock marketing practices and further inject the government into small businesses’ marketing and business decisions. If implemented as proposed, this overreaching new rule would hurt thousands of businesses in the livestock industry and cost our country thousands of jobs. The GIPSA rule would create uncertainty for livestock producers and open the door for frivolous lawsuits based on nothing more than accusations of “competitive injury.” Further, although the rule was prompted by the 2008 Farm Bill, I believe what was proposed by USDA went far beyond the intent of Congress.

The proposed rule has raised concerns for many in the agricultural community. During the public comment period, USDA received more than 61,000 comments from stakeholders in the beef, pork, and poultry industries. Despite the proposed rule’s potential to have far-reaching impacts on small businesses, no comprehensive cost-benefit analysis was performed. Chairman Graves and I found USDA’s disregard for the Regulatory Flexibility Act extremely troubling. As a result, last month we sent a letter to USDA Secretary Tom Vilsack expressing our concerns and calling for, among things, a revised regulatory flexibility analysis to ensure that USDA fully understands the private-sector costs of the regulations it is imposing on small businesses.

Independent studies estimate that the proposed rule would deal a \$1.5 billion blow to our nation's economy and directly cause a loss of 23,000 jobs. Clearly, our country cannot afford further economic injury of this magnitude.

I look forward to hearing from our witnesses as they provide testimony and we seek to prevent regulatory injuries that will likely result by implementation of the existing proposed rule. I also look forward to hearing from Under Secretary Avalos on the current status of the proposed rule. It is my hope that if USDA moves forward with the proposed rule, it will do so only after significantly revising the rule to address the concerns raised here today and incorporate the suggestions of those who commented on the rule. I would also encourage USDA to consider the concerns and suggestions found in the letter Chairman Graves and I sent to Secretary Vilsack on June 13th, and address the inadequacies of the agencies initial regulatory flexibility analysis. I would also encourage USDA to consider and include in the record, the letter Chairman Graves and I sent to Secretary Vilsack on June 13th, and address the inadequacies of the agencies initial regulatory flexibility analysis and the potential ramifications on small businesses.

Again, thank you for being here today; I would now like to recognize Ranking Member Critz for his opening statement.