

**Testimony before the Subcommittee on Energy Policy, Natural Resources  
and Regulatory Affairs of the House Committee on Government Reform  
and the Subcommittee on Regulatory Reform & Oversight of the House  
Committee on Small Business**

**"What is OMB's Record on Small Business Paperwork Relief?"**

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**Prepared Remarks of Congressman Donald Manzullo (R-IL)**

Chairman Ose and Chairman Schrock, I want to thank you for holding this hearing today. A full 13 months ago, President George W. Bush signed Public Law 107-198, the Small Business Paperwork Relief Act of 2002. This legislation was supposed to be the starting point to make communication between small businesses and agencies easier. It was also supposed to be the start of a new kind of dialogue between Federal agencies. It was supposed to be the moment where individual agencies began to understand that they are not alone in creating paperwork requirements for small businesses. It reminds me of my children's complaints about teachers and homework. Each teacher is in his/her own world when it comes to assigning students homework and deadlines. And, so, unless those teachers talk to each other, they may never realize how their one small project is just one-fifth or one-sixth of all the work that has been assigned to that student. In the case of the government, agencies don't realize that their individual requirements are often one-twentieth of the total burden that the government places on small businesses. I fear that this moment we tried to create with the Small Business Paperwork Relief Act has passed us by.

Chairman Ose made note of the fact that even something as simple as producing a list of compliance assistance resources and single points of contact for agencies was produced haphazardly and without much attention to detail. It was my hope that the

Office of Management and Budget would take this task more seriously. I think most people would be shocked that it actually took a law to get the government to produce this unified list. Previously, a small business would have to make telephone calls to each agency, speak with local Small Business Administration (SBA) representatives for help, speak with their Congressman's office, or just wait for an agency to contact them for non-compliance. The National Federation of Independent Business regularly reports in their surveys that many small businesses just bump into regulations and paperwork requirements in the course of doing business or they find out when an agency attempts to fine them. My hope is that this list of resources for small businesses will be improved and distributed widely.

The task force report itself was very disappointing. The first draft included this statement, "the Task Force assumed that Federal agencies collect the minimum information necessary to fulfill statutory or programmatic responsibilities consistent with the Paperwork Reduction Act. The recommendations concentrate on ways to minimize the burden associated with existing requirements, rather than eliminate requirements." Any small business will tell you that they both report the same information to multiple agencies and that they endure unnecessary requirements to gather useless information. It was my hope, along with most of the other sponsors, that the task force would make some attempts to eliminate unnecessary paperwork.

Another problem of the report is its over reliance on e-government solutions to this problem. I am a fan of e-government and its possibilities. It can produce significant cost savings for both government and the private sector alike. But, its use as the primary

weapon against unnecessary burdens on small business is shortsighted. I want to cite a few examples of what I mean.

The Environmental Protection Agency (EPA) proposed a rule in August of 2001 known as the Cross Media Electronic Reporting and Recordkeeping Rule or CROMERRR. This supposed e-government innovation was supposed to finally allow businesses to submit forms electronically to the EPA. However, they couldn't make it simple. They attached a recordkeeping requirement for any document produced on a computer that would require every facility to retrofit its systems to accommodate these regulations. Thousands of facilities including many small manufacturers, which are dealing with the toughest economic circumstances already, would have had to pay \$40,000 up front to make this work and another \$17,000 per year to maintain it. Their other choice, of course, was to get rid of all their computers so they wouldn't have to comply with this "voluntary rule." Thanks to the many businesses who fought this along with SBA's Office of Advocacy, American manufacturers were spared \$18 billion in additional costs last year.

Another recent example comes from the National Highway Traffic Safety Administration (NHTSA). In the wake of the Firestone/Bridgestone tire catastrophe, Congress passed the TREAD act. It was meant to require large manufacturers of automobiles and large commercial semi-trailers to deliver Early Warning Reports about product defects and accidents among other things. In its attempt to make reporting easier, NHTSA decided to require that all of these reports be filed electronically to the Department of Transportation. As is often the case, the regulators missed an important detail. And, that is, they included 2,000 small manufacturers of trailers under 26,000 lbs.

According to SBA's size standards 96% of these are small businesses. NHTSA produced estimates of the cost of gearing up to comply with this rule at \$237,000 per company.

That figure right there will put most of those manufacturers out of business.

These are just a couple of the brilliant and innovative e-government initiatives to reduce paperwork burden. This task force report is unable to break from the mindset that many in government have which is risk averse, without creativity, and without true sensitivity to the plight of small businesses across this country.

Finally, in my work with Chairman Ose on this bill last year we stressed several points in our colloquy: 1) that it was expected that OMB would provide not only a list of compliance assistance resources but also links to those agencies and their sections on paperwork; 2) it was expected that the task force would seriously consider reducing the frequency of paperwork reporting or aligning deadlines of different paperwork requirements; and 3) that OMB and the task force would do more than just consider using NAICS or other industrial codes to help small businesses determine what paperwork requirements they had to comply with. I am disappointed that each of these items were only given a cursory reference and summarily dismissed as not practical for OMB implementation. A small business, which wants nothing more than to full comply with rules and regulations, has no way to sift through every regulatory and paperwork requirement to figure out which ones apply. It should be the responsibility of each agency to provide small businesses with that information and to do it in a way that is simple. The added benefit of using NAICS codes is that we could truly begin to determine the compliance burden for individual industry sectors.

Chairman Ose, Chairman Schrock, and other distinguished members of these subcommittees, I pledge my continuing support to you in your efforts to improve the conditions for small businesses to grow and flourish in this country. Thank you for inviting me to participate today.