108TH CONGRESS
2D SESSION

H. R. 2432

[Report No. 108–]

To amend the Paperwork Reduction Act and titles 5 and 31, United States Code, to reform Federal paperwork and regulatory processes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 11, 2003

Mr. OSE (for himself, Mr. TANNER, Mr. TOM DAVIS of Virginia, Mr. MOORE, Mr. JANKLOW, Mr. MATHESON, and Mr. RYAN of Wisconsin) introduced the following bill; which was referred to the Committee on Government Reform, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

MAY , 2004

Reported from the Committee on Government Reform with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on June 11, 2003]

A BILL

To amend the Paperwork Reduction Act and titles 5 and 31, United States Code, to reform Federal paperwork and regulatory processes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 ***SECTION 1. SHORT TITLE.***

2 *This Act may be cited as the "Paperwork and Regu-*
3 *latory Improvements Act of 2004".*

4 ***SEC. 2. FINDINGS.***

5 *Congress finds the following:*

6 *(1) In 1980, in the Paperwork Reduction Act,*
7 *Congress established the Office of Information and*
8 *Regulatory Affairs (OIRA) in the Office of Manage-*
9 *ment and Budget. OIRA's principal responsibility is*
10 *to reduce the paperwork burden on the public that re-*
11 *sults from the collection of information by or for the*
12 *Federal Government. In 2002, OIRA estimated that*
13 *the paperwork burden imposed on the public was 7.7*
14 *billion hours, at a cost of $230 billion. The Internal*
15 *Revenue Service accounted for 83 percent of the pa-*
16 *perwork burden.*

17 *(2) In 1995, Congress amended the Paperwork*
18 *Reduction Act and established annual government-*
19 *wide paperwork reduction goals of 10 percent for each*
20 *of fiscal years 1996 and 1997, and 5 percent for each*
21 *of fiscal years 1998 through 2001, but the paperwork*
22 *burden increased, rather than decreased, in each of*
23 *those fiscal years and fiscal year 2002. Both the Of-*
24 *fice of Management and Budget and the Internal Rev-*
25 *enue Service need to devote additional attention to*
26 *paperwork reduction.*

(3) In 2002, the House Report accompanying the Treasury and General Government Appropriations Act, 2003 (House Report 107–575) stated, "The Office of Management and Budget has reported that paperwork burdens on Americans have increased in each of the last six years. Since the Internal Revenue Service imposes over 80 percent of these paperwork burdens, the Committee believes that OMB should work to identify and review proposed and existing IRS paperwork.".

(4) One key to success in paperwork reduction is the Office of Management and Budget's systematic review of every new and revised agency paperwork proposal. Recent statutory exemptions from that office's review responsibility, especially those without any stated justification, should be removed.

(5) In 2000, researchers Mark Crain of George Mason University and Thomas Hopkins of the Rochester Institute of Technology, in their October 2001 publication titled "The Impact of Regulatory Costs on Small Firms", estimated that Americans spend $843 billion annually to comply with Federal regulations. Congress has a responsibility to review major rules (as defined by section 804 of title 5, United States Code) proposed by agencies, especially regulatory al-

ternatives and the costs and benefits associated with each of them. In 2000, in the Truth in Regulating Act, Congress established new responsibility within the General Accounting Office to assist Congress with this responsibility.

(6) In 1996, because of the increasing costs and incompletely estimated benefits of Federal rules and paperwork, Congress required the Office of Management and Budget for the first time to submit an annual report to Congress on the total costs and benefits to the public of Federal rules and paperwork requirements, including an assessment of the effects of Federal rules on the private sector and State and local governments. In 1998, Congress changed the annual report's due date to coincide with the due date of the President's budget, so that Congress and the public could be given an opportunity to simultaneously review both the on-budget and off-budget costs associated with the regulatory and paperwork requirements of each Federal agency. In 2000, Congress made this a permanent annual reporting requirement.

(7) The Office of Management and Budget requires agencies to submit annual budget and paperwork burden estimates in order to prepare certain required reports for Congress, but it does not require

agencies to submit estimates on costs and benefits of agency rules and paperwork. The Office of Management and Budget needs to require agencies to submit such estimates on costs and benefits to help prepare the annual accounting statement and associated report required under section 624 of the Treasury and General Government Appropriations Act, 2001.

SEC. 3. REDUCTION OF TAX PAPERWORK.

Section 3504 of title 44, United States Code, is amended by adding at the end the following new subsection:

"(i) In carrying out subsection (c)(3), the Director shall (in consultation with the Internal Revenue Service and the Office of Tax Policy of the Department of the Treasury and the Office of Advocacy of the Small Business Administration) conduct a review of the collections of information conducted by the Internal Revenue Service to identify actions that the Internal Revenue Service can take to reduce the information collection burden imposed on small business concerns, consistent with section 3520(c)(1) of this chapter. The Director shall include the results of the review in the annual report that the Director submits under section 3514 of this chapter for fiscal year 2006.".

1 ***SEC. 4. REPEAL OF EXEMPTIONS FROM PAPERWORK RE-***
2 ***DUCTION ACT, ETC.***

3 *(a) REPEALS.—The following provisions of the Farm*
4 *Security and Rural Investment Act of 2002 (Public Law*
5 *107–171) are repealed:*

6 *(1) Subparagraphs (A) and (C) of section*
7 *1601(c)(2).*

8 *(2) Section 1601(c)(3).*

9 *(3) Section 2702(b)(1)(A).*

10 *(4) Section 2702(b)(2)(A).*

11 *(5) Section 2702(c).*

12 *(6) Subparagraphs (A) and (C) of section*
13 *6103(b)(2).*

14 *(7) Section 6103(b)(3).*

15 *(8) Subparagraphs (A) and (C) of section*
16 *10105(d)(2).*

17 *(9) Section 10105(d)(3).*

18 *(b) EFFECTIVE DATE.—The repeals of the provisions*
19 *listed in subsection (a) shall take effect 180 days after the*
20 *date of the enactment of this Act.*

21 ***SEC. 5. AMENDMENT OF TRUTH IN REGULATING ACT TO***
22 ***MAKE PERMANENT PILOT PROJECT FOR RE-***
23 ***PORT ON RULES.***

24 *The purpose of this section is to make permanent the*
25 *authority to request the performance of regulatory analysis*
26 *to enhance Congressional responsibility for regulatory deci-*

1 *sions developed under the laws enacted by Congress. The*
2 *Truth in Regulating Act of 2000 (Public Law 106–312; 5*
3 *U.S.C. 801 note) is amended—*
4 *(1) in the heading for section 4, by striking*
5 ***"PILOT PROJECT FOR"****;*
6 *(2) by striking section 5 and redesignating sec-*
7 *tion 6 as section 5; and*
8 *(3) in section 5 (as redesignated by paragraph*
9 *(2))—*
10 *(A) in the heading, by striking "AND DURA-*
11 *TION OF PILOT PROJECT";*
12 *(B) in subsection (a), by striking "(a) EF-*
13 *FECTIVE DATE.—"; and*
14 *(C) by striking subsections (b) and (c).*
15 ***SEC. 6. IMPROVED REGULATORY ACCOUNTING.***
16 *(a) REQUIREMENT FOR AGENCIES TO SUBMIT INFOR-*
17 *MATION ON REGULATIONS AND PAPERWORK TO OMB.—*
18 *Section 624 of the Treasury and General Government Ap-*
19 *propriations Act, 2001 (as enacted into law by Public Law*
20 *106–554; 114 Stat. 2763A–161), is amended—*
21 *(1) by redesignating subsections (b), (c), and (d)*
22 *as subsections (c), (d), and (e), respectively, and*
23 *(2) by inserting after subsection (a) the following*
24 *new subsection:*

1 *"(b) AGENCY SUBMISSIONS TO OMB.—To carry out*
2 *subsection (a), the Director of the Office of Management and*
3 *Budget shall require each agency annually to submit to the*
4 *Office of Management and Budget an estimate of the total*
5 *annual costs and benefits of Federal rules and paperwork,*
6 *to the extent feasible—*
7 *"(1) for the agency in the aggregate; and*
8 *"(2) for each agency program.".*
9 *(b) INTEGRATION OF OMB ACCOUNTING STATEMENT*
10 *AND REPORT INTO PRESIDENT'S BUDGET.—Section 624 of*
11 *the Treasury and General Government Appropriations Act,*
12 *2001 (as enacted into law by Public Law 106–554; 114*
13 *Stat. 2763A–161) is further amended in subsection (a), by*
14 *striking "with the budget" and inserting "as part of the*
15 *budget".*
16 *(c) REGULATORY BUDGETING.—(1) Chapter 11 of title*
17 *31, United States Code, is amended by adding at the end*
18 *the following new section:*
19 ***"§ 1120. Regulatory budgeting***
20 *"(a) The Director of the Office of Management and*
21 *Budget, after consultation with the head of each agency,*
22 *shall designate not less than three agencies (or offices within*
23 *an agency) to participate in a study on regulatory budg-*
24 *eting for fiscal years 2006 and 2007. The designated agen-*
25 *cies shall include three regulatory agencies or offices from*

1 *among the following: the Department of Labor, the Depart-*
2 *ment of Transportation, the Department of Health and*
3 *Human Services, and the Environmental Protection Agen-*
4 *cy.*

5 *"(b) The study shall address the preparation of regu-*
6 *latory budgets. Such budgets shall include the presentation*
7 *of the varying estimated levels of benefits that would be as-*
8 *sociated with the different estimated levels of costs with re-*
9 *spect to the regulatory alternatives under consideration by*
10 *the agency (or office within the agency).*

11 *"(c) The Director of the Office of Management and*
12 *Budget shall include, in the accounting statement and asso-*
13 *ciated report submitted to Congress for calendar year 2006*
14 *under section 624 of the Treasury and General Government*
15 *Appropriations Act, 2001 (as enacted into law by Public*
16 *Law 106–554; 114 Stat. 2763A–161), a presentation of the*
17 *different levels of estimated regulatory benefits and costs*
18 *with respect to the regulatory alternatives under consider-*
19 *ation for one or more of the major regulatory programs of*
20 *each of the agencies designated under subsection (a).*

21 *"(d) In the accounting statement and associated report*
22 *submitted to Congress for calendar year 2009 under section*
23 *624 of the Treasury and General Government Appropria-*
24 *tions Act, 2001 (as so enacted), the Director of the Office*

1 *of Management and Budget shall include a report on the*
2 *study on regulatory budgeting. The report shall—*
3 *"(1) assess the feasibility and advisability of in-*
4 *cluding a regulatory budget as part of the annual*
5 *budget submitted under section 1105;*
6 *"(2) describe any difficulties encountered by the*
7 *Office of Management and Budget and the partici-*
8 *pating agencies in conducting the study; and*
9 *"(3) recommend, to the extent the President con-*
10 *siders necessary or expedient, proposed legislation re-*
11 *garding regulatory budgets.".*
12 *(2) The table of sections at the beginning of such chap-*
13 *ter is amended by adding at the end the following new item:*

"1120. Regulatory budgeting.".