



Statement of Associated Builders and Contractors

U.S. House of Representatives
Committee on Government Reform
Subcommittee on Energy, Policy, Natural Resources, and Regulatory Affairs

Committee on Small Business
Subcommittee on Regulatory Reform and Oversight

July 20, 2004

“Small Business Paperwork Relief Act of 2002”

By

Anita Drummond
Director of Legal and Regulatory Affairs

The Voice of the Merit Shop

4250 North Fairfax Drive
9th Floor
Arlington, VA 22203
(703) 812-2000
www.abc.org

Associated Builders and Contractors (ABC) would like to thank Chairman Ose and Chairman Schrock for your invitation to submit ABC's views regarding progress on the "Small Business Paperwork Relief Act of 2002".

ABC is a national trade association representing 23,000 merit shop contractors, subcontractors, material suppliers and construction-related firms in 80 chapters throughout the United States and Guam. The association was started in 1950 when contractors gathered to form an association built on the shared belief that construction projects should be awarded based on merit, to the most qualified and responsible bidder. Their dedication to the merit shop philosophy spread rapidly; in 1970 only 30 percent of the nation's construction was performed by merit shop contractors, yet today merit shop contractors account for more than 75 percent of all construction across the country.

ABC's members and those in the construction industry are overwhelmingly small businesses. They face a plethora of rules that govern their business operations. Labor, procurement, environmental and tax laws account for a short list that fails to show the long list of laws that apply to construction firms. The purpose of this testimony is to provide practical suggestions for the next steps to further the efforts of Office of Management and Budget (OMB). OMB has documented in a comprehensive way what businesses need to know and what information they can receive for federal purposes.

The reports from OMB generally address the resources available to small businesses to help them comply with laws. The list published in the Federal Register shows those efforts of the federal government have been sincere. However, the next steps should address these questions:

- 1) How do we determine which laws apply to which businesses in a useful manner?
- 2) How do we truly reach small businesses with that assistance?

Which Law Applies?

ABC recommends that the next step in achieving some relief for paperwork and providing compliance assistance is an investment of government time and resources into developing a decision-tree program, modeled on the Department of Labor's "elaws." The Department's program provides businesses with a series of questions about their business (e.g., number of employees, whether they do government contracting, type of business, etc.) and provides a results page that directs them to the laws that apply to

them. The site goes further and gives businesses reference to state compliance assistance. A sample result is attached to this testimony.

To fully implement this program, the Small Business Regulatory Enforcement Fairness Act should be amended to require agencies to complete this analysis for the purposes of compliance at the time of a proposed and final rule as part of the Regulatory Flexibility Act, and for all existing rules within a given time, e.g. two years. If the agency does not know who must comply, how could a small business?

How Do Businesses Learn About Compliance Assistance?

Efforts to date have experienced very limited successes in reaching small businesses. While efforts of federal agencies to reach small businesses through trade associations is valuable, the government should consider making a much greater investment in reaching the everyday business owner.

Several tactics should be considered. General media has gone largely unused by the federal government. The Small Business Administration grants media awards each year to local and national media reporters that assist small businesses. The federal government, in a strategic manner, should strive to educate the larger group of media that serve this audience. This includes print, radio, television and web-based media. Hit-and-miss media coverage by individual agency efforts is not effective in serving the greater needs of business: comprehensive information on the laws impacting their businesses. Distributing information on the "eregulations" and other relevant pages would seem worthwhile to this audience.

A second tactic not used is local government. Businesses must maintain a license, usually issued on an annual basis. As a result, the most direct route to businesses is through state and local licensing authorities. The federal government should seek out partnerships on a wide-range with these agencies to simply put a few key websites in the information sent by the governments.

ABC appreciates the opportunity to present its views on this important an essential issue, and we hope our practical ideas are helpful.