

**Burdensome Regulations: Examining the Effects of DOL
Rulemaking on America's Job Creators**

**United States House of Representatives
Committee on Small Business**

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Chairman Williams, Ranking Member Valasquez, and members of the Committee, I am Frank Knapp, the president and CEO of the South Carolina Small Business Chamber of Commerce. We are a statewide advocacy organization working at both the state and federal levels with 5,000 plus supporters.

I co-founded our organization over 23 years ago and good regulations at the state and federal level has long been an issue we have championed. Nine years ago, my organization worked to pass our state's Small Business Regulatory Flexibility Act modeled after the federal law.

I am also a small business owner and from 2015 to 2017 I served on the SBA Regulatory Fairness Board, which advises the SBA National Ombudsman on matters of federal regulatory concern to small businesses.

I want to be very clear. We expect every federal agency to fully comply with the law. That is the way we make sure that real small businesses have their voices heard and considered when new rules are being made. No one wants to unnecessarily burden small businesses in order to comply with regulations. If there are less onerous ways of achieving the goals of needed regulations, then those ways should be adopted.

But make no mistake about the need for regulations. They are the rules that give small businesses a level playing field to compete with each other and with big businesses. They help protect our environment so all of us can have healthier lives. They protect a small business's most precious asset, their employees, who we don't have enough of today. And they try to protect our economy to avoid cataclysmic events.

I have never heard an entrepreneur say that they decided not to start a business because of federal regulations.

Now, this doesn't mean that new federal regulations might not put some financial burden on existing real small businesses.

But big cost estimates have been generated for years for their shock value and dire warnings that federal regulations are crushing small businesses.

However, the definitions of what constitutes a small business ends up showing that 99 percent of all businesses are small businesses, even some with up to 1,500 employees. We, and I believe most people, recognize businesses with less than 100 employees as real small businesses and those are the ones the RFA should focus on.

Plus, all we hear about is the cost of proposed regulations.

We never hear about the benefits.

We don't get real regulatory analysis in which benefits are supposed to be taken into consideration.

All of us should understand that proposed regulations have benefits, otherwise they wouldn't be proposed.

Regulations address the health and well-being of workers, the local community, and the entire country. This creates a healthier economy for small and all businesses to prosper.

Good regulations create opportunities for entrepreneurs and small businesses to innovate and grow by creating new products and services which create new jobs.

These benefits might be difficult to quantify, but totally ignoring them only serves the purpose of those who oppose regulations or those who want to cast dispersions on an administration acting responsibly.

Our nation's economy is strong. The Federal Reserve has even been trying to slow its growth. The problems that small businesses have had with growth have been due to the lack of workers and access to capital—not federal regulations.

But we do need improvements in the rule-making process if we are serious about agencies proposing good regulations with minimal cost to small businesses.

Agencies should do a better job of reaching out to small businesses across the country and not just talk with Washington-based trade associations often controlled by big businesses.

Agencies should project costs for real small businesses with fewer than 20 employees and fewer than 100 employees.

Agencies should project the direct benefits of the proposed regulations to the impacted small businesses and local economy.

If agencies need more resources to implement these recommendations, they should get them.

One more thing.

With all this concern about proposed new regulations, there is far too little concern with helping a small business comply with existing federal regulations—a process that is intimidating, confusing, and too time consuming.

Let's simplify this process by having one federal agency be a resource for all small business regulatory compliance concerns. An agency that can work with the appropriate federal agency and ensure that the concerns have been successfully addressed.

The SBA Ombudsman's Office is already set up for this responsibility and has a successful track record of this regulatory compliance assistance. Empower and fund this office for a more efficient and small-business friendly process.

Legislation has previously been introduced in Congress to do just that and I recommend that such a bill be passed.

Thank you for the opportunity to speak before you today and I welcome any questions the committee may have.