



February 14, 2024

The Honorable Roger Williams
Chairman
Committee on Small Business
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nydia Velazquez
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, D.C. 20515

**Re: Statement for the Record Before the United States House of Representatives
Committee on Small Business, “Burdensome Regulations: Examining the Impact of EPA
Regulations on Main Street”**

Dear Chairman Williams and Ranking Member Velazquez:

JCN applauds Chairman Williams for holding this important hearing exploring the unique and detrimental impact that regulations – particularly environmental regulations -- have on small businesses across America.

My name is Alfredo Ortiz and I serve as Chief Executive Officer of the Job Creators Network.

JCN is a nonpartisan organization founded by entrepreneurs who believe that many government policies are getting in the way of the economic freedom that helped make this country prosperous.

JCN provides business leaders and entrepreneurs with the tools to become the voice of free enterprise in the media, in Congress, in state capitals, in their communities, and their workplaces – allowing them to hold politicians accountable to job creators and their employees.

According to the U.S. Small Business Administration’s Office of Advocacy small businesses employ almost half – 46.4 percent – of America’s private sector employees.¹ Truly America’s job creators, small businesses accounted for 62.7 percent of net new jobs from 1995 to 2021.² According to the JCN Small Business IQ poll, an index tracking overall small business optimism, 89 percent of all small business owners have fewer than 20 employees.³ For these businesses, which are the lifeblood of our nation’s economy, federal regulation is an anchor that impedes their ability to grow their business and create jobs.

¹ U.S. Small Business Administration, Office of Advocacy, “What’s New With Small Business?” (March 2023).

² Id.

³ John McLaughlin and Scott Rasmussen, [“December 2023 Job Creators Network Foundation Small Business Monthly Poll,”](#) at 6.



From the day President Biden took office through February 9 federal agencies have issued 774 final rules at a cost of \$451.7 billion, and 286.7 million paperwork hours.⁴ These numbers are mind-numbing and hard for the average person to process. But for America’s small businesses, the costs of complying with federal regulations are felt daily in their businesses.

According to a recent study, businesses with fewer than 50 employees pay \$14,700 per employee to comply with federal regulations as compared to \$12,200 per employee for businesses with 100 or more employees.⁵ When it comes to environmental regulation, the difference in regulatory compliance costs is significantly greater between small and large companies, with businesses employing less than 50 employees paying \$6,000 per employee while businesses with 100 or more employees pay \$1,800 per employee.⁶

Congress recognized the disproportionate impact of regulations on small businesses by enacting the Regulatory Flexibility Act of 1980 and then passing the Small Business Regulatory Enforcement and Fairness Act of 1996, which amended the RFA to close certain loopholes and ensure that federal agencies properly consider the costs and impacts of a proposed regulation on small business before finalizing it.

As this Committee has demonstrated through its work, time and again, federal agencies have failed to comply with the letter and spirit of the RFA to the detriment of millions of small business owners across the country.

For this reason, JCN supports H.R. 7198, the Prove It Act, bipartisan legislation recently introduced by Representatives Brad Finstad, Yadira Caraveo, and Nathaniel Moran that would rein in executive overreach by bolstering existing law that federal agencies have been side-stepping at the expense of small businesses.

Specifically, their bill would force federal regulators to follow the letter and spirit of the RFA and consider the costs new government red tape would have on Main Street businesses. It would ensure small businesses and organizations representing their interests have a seat at the table when government regulators are weighing whether a proposed rule would have a negative impact on entrepreneurs. And it would empower small businesses and their defenders to challenge certifications by federal agencies that claim a proposed rule would not significantly impact a substantial number of small businesses.

⁴Dan Goldbeck, Week in Regulation, Regulatory Costs Spike Back Up American Action Forum, Feb. 12, 2024 <https://www.americanactionforum.org/week-in-regulation/regulatory-costs-spike-back-up/> (website last visited February 13, 2024).

⁵ Nicole V. Crain and W. Mark Crain, [“The Cost of Federal Regulation to the U.S. Economy, Manufacturing, and Small Business.”](#) A Study Conducted for the National Association of Manufacturers, at 4, October 2023.

⁶ Id.



Small businesses would subsequently be exempt from any rule in which an agency fails to meaningfully participate in the petition and review process.

The Prove It Act would fulfill a key pillar of Job Creators Network's American Small Business Prosperity Plan, an eight-point policy playbook to jumpstart the small business economy.

Small business regulatory protections are in dire need of restoration. Enactment of The Prove It Act would be a step in the right direction and we urge the Committee to consider and pass this important legislation.

Sincerely,

A handwritten signature in black ink that reads 'Alfredo Ortiz'. The signature is written in a cursive, flowing style.

Alfredo Ortiz
Chief Executive Officer
Job Creators Network