



Representative Roger Williams
Chairman
House Committee on Small Business
Washington, DC 20515

Representative Nydia Velázquez
Ranking Member
House Committee on Small Business
Washington, DC 20515

April 29, 2025

Dear Chairman Williams and Ranking Member Velázquez:

The Coalition for Sensible Safeguards (CSS), an alliance of over 200 labor, scientific, research, good government, faith, community, health, environmental, and public interest groups, is writing regarding consideration of the Small Business Regulatory Reduction Act, H.R. 2965. This bill would establish a highly unusual regulatory budgeting scheme that seeks to limit the new regulatory costs that the Small Business Administration (SBA) can impose on small businesses through the issuance of new regulations or through the revision of its existing ones. We urge opposition to this legislation.

At the outset, we note that the regulatory budgeting scheme this bill seeks to create raises several practical questions and concerns. First, the bill will entirely chill regulatory activity at the SBA by establishing an unrealistic and problematic regulatory budget requirement. Second, the bill fails to explain how the SBA is supposed to meet the bill's regulatory budget requirements. It appears that the SBA is required to fully offset any new costs that may result when it issues a new rule or revises an existing one by repealing or weakening other existing rules. The apparent goal is that the sum of all the agency's regulatory actions for any given fiscal year is to impose no net costs on small businesses. Given the complexity of such a regulatory budgeting scheme, it is remarkable that the bill fails to explain even these basic implementation details.

Even setting aside the practical shortcomings unique to this bill, all regulatory budgeting programs – regardless of how well designed they may be – are inherently flawed regulatory policy tools. They raise legal questions, given that they force agencies to consider factors not permitted by law (e.g., agencies will have to consider whether they have available rules to eliminate or revise when deciding whether or how to write a new rule – factors that virtually no statute permits or requires agencies to consider). They are resource intensive to implement – and

the delays and costs that result are unlikely to be offset by any benefits that successful implementation might be.

Finally, regulatory budgeting schemes completely ignore the benefits of regulations, which can lead to suboptimal regulatory decision-making. For instance, an agency may fail to issue a new rule that would generate substantial net benefits for the public – that is, it may fail to pursue a policy that makes society better off – simply because it cannot find any offsetting cost reductions. Or an agency might repeal an existing rule that generates large net benefits in order to make space in the regulatory budget for a new rule that generates substantially small net benefits. The upshot in either of these scenarios is that the regulatory budget scheme works to make society worse off than it would have been had it never existed at all.

CSS urges the House of Representatives to oppose the Small Business Regulatory Reduction Act and encourages the Committee to evaluate proposals that offer real and meaningful reforms to strengthen the regulatory process, such as the Stop Corporate Capture Act. We hope to work with the House of Representatives to ensure that our regulatory process is working effectively and efficiently to protect the American public.

We strongly urge opposition to the Small Business Regulatory Reduction Act, H.R. 2965.

Sincerely,

A handwritten signature in black ink that reads "Rachel Weintraub". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Rachel Weintraub
Executive Director
Coalition for Sensible Safeguards

CC: Members of the House Committee on Small Business