

**Summary of the “Regulatory Flexibility Reform Act of 2005” (S. 1388)**  
*(Updated July 19, 2005)*

The Regulatory Flexibility Reform Act of 2005 (RFRA) is a **targeted regulatory reform bill** that would provide small businesses with much-needed relief from burdensome, one-size-fits-all Federal regulations. This bill recognizes that Federal regulations must take into account the diversity of America’s 25 million small businesses and their limited ability to cope with sweeping regulations. **The RFRA would modernize the Regulatory Flexibility Act (RFA) to require that Federal agencies** conduct *comprehensive analyses* of the potential impacts of regulations on small businesses.

The RFRA would:

1. **Include indirect effects under RFA analyses.** Economic impacts include foreseeable indirect economic effects. *Regulations that only address the concerns of larger businesses can eventually trickle down, unintentionally impacting small businesses.* This affects small businesses’ viability and ability to compete in the marketplace.
2. **Require agencies to respond to comments filed by the Chief Counsel of the Office of Advocacy.** Codifying this necessary change would ensure that agencies give the proper deference to the Office of Advocacy, and hence, to the comments and concerns of small businesses. *This is an easy fix that could have huge implications.*
3. **Clarify the requirement that agencies periodically review existing rules that impact small business.** The RFRA would require agencies to publish a plan for the periodic review of rules that have a significant economic impact on a substantial number of small entities. Agencies would review all 10-year-old rules every year to avoid confusion over which rules to review. In addition, agencies would be required to review rules every 10 years and not just the first 10 years.