

June 22, 2010

The Honorable Barney Frank, Chairman
House-Senate Conference on H.R. 4174 and S. 3217
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Frank:

The organizations signed below are writing to express our support for the amendment sponsored by Congresswoman Judy Biggert and Congressman Sam Graves to restore Section 1099F of the Conference Base Text (H.R. 4173). The Small Business Fairness and Regulatory Transparency Amendment is necessary to ensure the newly created independent agency is sensitive to small business and provides information to the public through a transparent regulatory process.

New jobs primarily come from the small business sector of our economy. Small businesses have created about two out of every three net new jobs in the United States since the 1970's.¹ Nearly all net job creation since 1980 has occurred in firms less than five years old.²

Section 1099F was the result of a bi-partisan amendment sponsored by Olympia Snowe (R-ME), Mark Pryor (D-AK), Robert Menendez (D-NJ), Lindsey Graham (R-SC), Al Franken (D-MN), Kit Bond (R-MO), Roland Burris (D-IL), and John Thune (R-SD). On Friday, 15 Blue Dog Members wrote a letter to the conference committee in support of the amendment because the provision will prevent unintended consequences of a new independent agency that could harm the small business sector.

The Small Business Fairness and Regulatory Transparency Amendment requires the Consumer Financial Protection Bureau (CFPB) to include recommendations from a small business advocacy review panel with any proposed rules that will significantly impact small firms. Additionally, the amendment requires the CFPB to inform the public of how its rules impact small business access to credit.

Small Business Advocacy Review Panels

Small business advocacy review panels are currently utilized by the U.S. Environmental Protection Agency (EPA) and the Occupational Safety and Health Administration (OSHA) under the Small Business Regulatory Enforcement Fairness Act (SBREFA) of 1996. The inclusion of small business recommendations with proposed rules promotes

¹ NFIB Research Foundation calculations from data produced by the U.S. Bureau of Labor Statistics, the U.S. Bureau of the Census, and the U.S. Small Business Administration.

² Dane Stangler and Robert Litan, *Where Will the Jobs Come From?*, Ewing Marion Kauffman Foundation, November 2009.

transparency without slowing the important rulemaking process and helps minimize unintended consequences that can occur with one-size-fits-all regulations.³

According to the U.S. Small Business Administration, small firms shoulder a 45 percent higher burden to comply with federal regulations than their larger business competitors.⁴ This economic distortion can be eased when agencies carefully consider how their regulations will impact small firms. The small business advocacy review panels required by the Biggert-Graves amendment prevent one-size-fits-all rulemakings by forcing the CFPB to consider small business input through a 60-day process. The amendment bolsters transparency by requiring the panel reports to be published when proposed rules are issued.

Cost of Credit Analysis

Almost 90 percent of the nation's 26 million small businesses use some form of credit.⁵ Unfortunately, only half of small businesses that tried to borrow last year got all or most of the capital they needed.⁶ The Ewing Marion Kauffman Foundation, the world's largest foundation devoted to entrepreneurship, refers to credit as the "oxygen for new and young firms."⁷ The Biggert-Graves amendment requires the CFPB to document how its rules will impact the cost of credit for small firms. This will ensure the newly created CFPB is sensitive to how it will impact access to capital and the ability of new firms to grow.

We need the strength of America's small business sector to bring down unemployment and to bolster our country's standing in the global marketplace. We believe you share our desire to take every step necessary to protect Main Street while you are trying to fix the practices on Wall Street. For those reasons we ask that you strike the language in the House Proposed Amendment to Title X and restore Title X, Subtitle H, Section 1099F of the H.R. 4173 Conference Base Text. We urge for you to adopt the Small Business Fairness and Regulatory Transparency amendment as part of your conference proceedings.

Associated Builders and Contractors
Association of Kentucky Fried Chicken Franchisees
Hearth, Patio & Barbecue Association
Hispanic Leadership Fund
Independent Electrical Contractors

³ From 1998 through 2005 EPA convened 24 small business advocacy review panels (1.87% of the 1281 rules issued by EPA affecting small business). Adoption of recommendations from the review panels resulted in cost-savings of over \$4.6 billion. Data from U.S. Small Business Administration, Office of Advocacy. Additional data from Clyde Wayne Crews, *Ten Thousand Commandments, An Annual Snapshot of the Federal Regulatory State* (2008 edition).

⁴ W. Mark Crain, *The Impact of Regulatory Costs on Small firms*, U.S. Small Business Administration, Office of Advocacy-sponsored research, September 2005.

⁵ See, U.S. Small Business Administration, *Small Business in Focus: Finance, A Compendium of Research by the Small Business Administration's Office of Advocacy*, July 2009.

⁶ Emily Maltby, *A Credit Crunch That Lingers*, Wall Street Journal, June 21, 2010, at R-1.

⁷ Dane Stangler and Robert Litan, *Where Will the Jobs Come From?*, Ewing Marion Kauffman Foundation, November 2009.

Institute for Liberty
International Franchise Association
National Association for the Self-Employed
National Federation of Independent Business
National Lumber and Building Material Dealers Association
National Restaurant Association
National Roofing Contractors Association
National Small Business Association
Printing Industries of America
S Corporation Association
Small Business & Entrepreneurship Council
Society of American Florists
Society of Chemical Manufacturers & Affiliates
Taco Bell Franchisees (FRANMAC)
Tire Industry Association
U.S. Chamber of Commerce
United States Black Chamber, Inc.
United States Hispanic Chamber of Commerce
Women Impacting Public Policy

Cc: House and Senate Conferees

The Honorable Nydia Velazquez, Representative, U.S. House of Representatives
The Honorable Heath Shuler, Representative, U.S. House of Representatives
The Honorable Paul Kanjorski, Representative, U.S. House of Representatives
The Honorable Maxine Waters, Representative, U.S. House of Representatives
The Honorable Carolyn Maloney, Representative, U.S. House of Representatives
The Honorable Luis Gutierrez, Representative, U.S. House of Representatives
The Honorable Mel Watt, Representative, U.S. House of Representatives
The Honorable Gregory Meeks, Representative, U.S. House of Representatives
The Honorable Dennis Moore, Representative, U.S. House of Representatives
The Honorable Mary Jo Kilroy, Representative, U.S. House of Representatives
The Honorable Gary Peters, Representative, U.S. House of Representatives
The Honorable Spencer Bachus, Representative, U.S. House of Representatives
The Honorable Sam Graves, Representative, U.S. House of Representatives
The Honorable Darrell Issa, Representative, U.S. House of Representatives
The Honorable Frank Lucas, Representative, U.S. House of Representatives
The Honorable Lamar Smith, Representative, U.S. House of Representatives
The Honorable Ed Royce, Representative, U.S. House of Representatives
The Honorable Judy Biggert, Representative, U.S. House of Representatives
The Honorable Shelley Moore Capito, Representative, U.S. House of Representatives
The Honorable Jeb Hensarling, Representative, U.S. House of Representatives
The Honorable Scott Garrett, Representative, U.S. House of Representatives
The Honorable Chris Dodd, Senator, U.S. Senate
The Honorable Tim Johnson, Senator, U.S. Senate
The Honorable Charles Schumer, Senator, U.S. Senate
The Honorable Jack Reed, Senator, U.S. Senate
The Honorable Blanche Lincoln, Senator, U.S. Senate
The Honorable Tom Harkin, Senator, U.S. Senate

The Honorable Patrick Leahy, Senator, U.S. Senate
The Honorable Richard Shelby, Senator, U.S. Senate
The Honorable Judd Gregg, Senator, U.S. Senate
The Honorable Bob Corker, Senator, U.S. Senate
The Honorable Mike Crapo, Senator, U.S. Senate
The Honorable Saxby Chambliss, Senator, U.S. Senate