



---

Testimony of

Frank Knapp, Jr.  
President & CEO, South Carolina Small Business  
Chamber of Commerce  
Vice Chair, American Sustainable Business Council

U.S. House of Representatives  
Committee on Small Business

June 27, 2012

Regulatory Flexibility Act Compliance: Is  
EPA Failing Business?

Chairman Graves, Ranking Member Velasquez, and members of the Committee, I am Frank Knapp, Jr., president, CEO and co-founder of the South Carolina Small Business Chamber of Commerce and Vice Chair of the American Sustainable Business Council. Thank you for this opportunity to testify before you today.

The South Carolina Small Business Chamber is a statewide advocacy organization of 5000 plus members that promotes a more small-business friendly state and federal government.

The American Sustainable Business Council founded in 2009 and its members now represent over 150,000 businesses and more than 300,000 entrepreneurs, owners, executives, investors and business professionals across the country. These diverse business organizations cover the gamut of local and state chambers of commerce, microenterprise, social enterprise, green and sustainable business groups, local living economy groups, women business leaders, economic development organizations and investor and business incubators.

I had the opportunity to read the testimony of Mr. Holman, representing the U.S. Chamber of Commerce, and Mr. Merrick, representing the National Association of the Remodeling Industry, prior to preparing my comments. I commend them for the civility of their remarks and their focus on the Regulatory Flexibility Act as it pertains to the Environmental Protection Agency.

Both gentlemen recognized the importance of the Regulatory Flexibility Act for insuring that regulations are reviewed to determine if they are too burdensome for small businesses and if the goal of regulations can be achieved in alternative methods. They pointed out some instances where the business community and the EPA didn't agree. But they also point out successful RFA stories.

In 2004 my South Carolina organization worked with our South Carolina Chamber and NFIB to pass our Small Business Regulatory Flexibility Act modeled after the

federal law. Last August the then chairman of the South Carolina Small Business Regulatory Review Committee told me that over the previous seven years his committee had reviewed about 300 proposed regulations and identified only ten that raised their concern. His Committee worked with the state agency promulgating these new regulations and satisfactorily resolved the issues.

The Regulatory Flexibility Act has created an effective process to protect small businesses even if the process itself needs some attention from time to time.

Mr. Holman correctly identifies one area where the EPA's compliance with the RFA can be improved—more resources for the rulemaking process. While there are voices we hear in Washington critical of the EPA and calls for cutting back or freezing the regulatory process, the reality is that it can work better for small businesses and the public if the EPA was better funded.

With more resources the EPA can do a better job of meeting the requirements of the RFA to the benefit of small business. However more resources for the EPA would not only allow the agency to be more efficient and effective in complying with the RFA, it would also enable the organization to do a better job of protecting the public's and environment's health while unleashing entrepreneurial innovations and creating jobs.

Every responsible new rule that protects the health of our citizens and workers opens a door to newer and better products. Our nation is loaded with these small business entrepreneurs just waiting to solve a problem when the demand is created.

The Toxic Substance Control Act is so outdated and the EPA's resources so strained that there are literally over 80,000 chemicals in the agency's inventory but it has been able to require testing for only about 200. Just yesterday the state of California took the lead on investigating the health hazards of toxic flame retardant chemicals used in furniture and mattresses while not providing protection from fires. The EPA should be examining this national health hazard

but it doesn't have the resources.

Can the materials we sleep and sit on be non-toxic and still resist fire? Absolutely. Ask Barry Cik, owner of Naturepedic in Cleveland, Ohio. Naturepedic manufactures baby and crib mattresses that provide proper support, meet government flammability requirements, provide waterproofing, seamless designs and other hygienic features all without the use of harmful chemicals or allergenic materials. But instead of helping this innovative industry take off and making bedding healthier for families, we protect the use of carcinogenic chemicals of the past by not properly empowering the EPA with the needed legislative support and resources.

Then there is Bioamber, a bio-based chemical manufacturer. The renewable chemical industry with all its new jobs is on the launch pad. But while it is developing technology and struggling to be profitable, it is laboring in the shadow of the old guard chemical giants churning out chemicals that avoid the inspection of an under-resourced EPA. Reforming the Toxic Substance Control Act to produce stronger and clearer regulations on hazardous chemicals will result in hundreds of new Bioambers to grow a sustainable economy.

The public and small business owners want good regulations. A recent national poll of small business owners conducted for the American Sustainable Business Council found that 80 percent support disclosure and regulations of toxic materials, 79 percent support ensuring clean air and water and 61 percent support moving the country towards energy efficiency and clean energy.

It is in this area that support for the EPA is vital not only to protect our health from toxic emissions and the high costs to our economy that results, but also to protect our existing small businesses from the negative effects of carbon emissions resulting in rising sea levels and more severe weather events, a very crucial issue for all and certainly our coastal areas in South Carolina. Effective EPA regulations will drive a new energy economy that will create millions of new jobs, reduce energy costs and make our country truly energy independent. That

is the kind of economic impact that a properly supported and resourced EPA can have that will benefit all small businesses, not just the ones impacted by the RFA.

Here is the question asked in the title of this hearing—“Is EPA Failing Small Businesses?” The EPA’s compliance with the Regulatory Flexibility Act isn’t failing small businesses but it could do a better job of working with small businesses if, as Mr. Holman points out, it had more resources.

Now is the moment to support the EPA to enable it to really live up to its potential to help our small businesses and our economy in promulgating fair and transparent regulations on toxic chemicals and air and water pollution. In the same poll I mentioned above it found that 86 percent of small businesses see regulations as a necessary part of a modern market-based economy. The American Sustainable Business Council believes that we don’t have to choose between regulations to protect our health and environment and creating jobs to grow our economy. That is the old way of doing business.

Our future prosperity is clearly tied to developing a sustainable economy through business innovation. Businesses can take care of our people and environment and make a profit all at the same time. And a properly supported and resourced EPA can help us get to this sustainable economy faster.

Thank you for the opportunity to speak to you today.