

Rounds opening statement, as prepared for delivery:

“The Environment and Public Works Subcommittee on Superfund, Waste Management and Regulatory Oversight is meeting today to conduct a hearing on “American Small Businesses’ Perspectives on Environmental Protection Agency Regulatory Actions.”

The purpose of the hearing is to further this subcommittee’s oversight of EPA’s rulemaking process. We have already held hearings examining the science advisory process underpinning EPA regulatory action, the sue-and-settle agreements that result in new EPA regulations, and the EPA’s approach to economic analysis used to justify regulations.

This hearing will examine EPA’s consideration for small businesses in its rulemaking process and the real-world impacts of EPA regulation from the perspective of regulatory experts and small business owners.

America’s small businesses are the backbone of the U.S. economy. The 28 million small businesses in the United States provide 55 percent of all American jobs and make up 99.7 percent of U.S. employer firms.

The ability to build a small business from the ground up is a cornerstone of the American dream. Small businesses are able to flourish in our country. They provide jobs for millions of Americans and account for 54 percent of all U.S. sales.

Unfortunately, despite their success, American small businesses are hindered by approximately 3,000 current and pending regulations that will impact small businesses and cost \$1.75 trillion annually in compliance costs.

The Environmental Protection Agency imposes some of the most significant and far-reaching regulatory burdens on small businesses. According to the Small Business Administration, EPA regulations cost small businesses 364 percent more to comply than large businesses. For example, EPA’s greenhouse gas reporting rule is estimated to be 65 times more burdensome for small businesses than larger entities.

American small businesses are burdened with sweeping EPA regulations and provided few resources to aid them in complying with a myriad of confusing and costly regulations. In a recent study, 90 percent of respondents identified government regulations as a challenge affecting their business.

Mindful of the disproportionate impacts federal regulations could have on small businesses, Congress passed the Regulatory Flexibility Act (RFA) in 1980, which requires federal agencies to analyze how their regulations will impact small businesses and consider less burdensome alternatives. The RFA requires agencies to convene a small business advocacy review panel to receive input from small business representatives before a proposed rule is issued.

However, the Government Accountability Office and others have found that the RFA does not define a number of key terms and the courts have done little to clarify these terms.

Additionally, while courts have held agencies are not required under the RFA to analyze the effect of a regulation on small businesses if the regulation only indirectly impacts small businesses, agencies are still bound by executive orders to consider a regulation's impact on these businesses.

Yet, the EPA claims major environmental regulations, such as revisions to the National Ambient Air Quality Standards, or NAAQS, will have no significant impact on small businesses because the NAAQS standards apply directly to states, not small businesses. However, these regulations will lead to significant economic harm on small businesses.

Further, the EPA has improperly certified that major regulations imposed by the Obama Administration, such as the Waters of the U.S. Rule and the Clean Power Plan will not have significant impacts on U.S. small businesses.

However, the independent Small Business Administration's Office of Advocacy, the government agency tasked with providing support and resources to small businesses, expressed concerns over each of these rules, even going so far as to urge the EPA to withdraw the expansive Waters of the U.S. Rule due to concerns regarding the costly impact the rule will have on small businesses.

The Office of Advocacy also pointed out particular challenges that would be faced by small businesses in complying with the EPA's proposed federal compliance plan for the Clean Power Plan and how it would impact small businesses.

American small businesses provide jobs, products, and services for millions of Americans. We must recognize the unique characteristics and challenges faced by this vital segment of the U.S. economy so that businesses are able to thrive and grow, rather than be burdened by complex, overreaching EPA regulations that run contrary to the original intent of Congress.

I'd like to thank our witnesses for being with us here today and I look forward to hearing your testimony."