



***The Advocate of South Carolina Small Business***  
**1717 Gervais Street • Columbia • SC • 29201**  
**www.scsbc.org • (803) 252-5733**

July 16, 2015

The Honorable David Vitter  
Chairman  
Senate Small Business and Entrepreneurship Committee  
United States Senate  
516 Hart Senate Office Building  
Washington, DC 20510

Dear Chairman Vitter,

Let me express the appreciation of the South Carolina Small Business Chamber of Commerce (SCSBCC) for your efforts to address small business concerns regarding the IRS. We echo much of the support for the *Small Business Tax Compliance Relief Act* that you have received from other organizations such as the letter from the National Small Business Association, which outlines in detail the value of the bill's provisions.

However while the SCSBCC supports almost all of the provisions in the legislation, we are not able to fully support the bill because of the provision that would put the IRS under full purview of the Office of Advocacy. Our reasons are these:

1. The Office of Advocacy has come under criticism for allowing big business interests to dominate the SBREFA process (Center for Effective Government, 2014) for the EPA, OSHA and the CFPB. The recommendations from the panels thus have not been limited to small business concerns and consequently do not necessarily represent the best interest of small businesses. Adding more responsibility and influence to the Office of Advocacy would not be appropriate until the identified problems are resolved.
2. The SBREFA process, especially when misused to promote big business interests, would drain valuable resources from the IRS and further restrict the agency's ability to respond to small businesses and their accounting firms trying to resolve compliance issues. Thus putting the IRS under the full purview of the Office of Advocacy will actually result in more problems of delay and higher costs for small businesses.

3. Putting another federal agency in an oversight position of the IRS with the power to delay and influence the rule-making process would lend itself to mischievous manipulation by some special interests and cause unnecessary delay even for needed rule changes as those proposed in this legislation.

We would do not argue the point that the IRS needs to become more small-business friendly and that obtaining input from real small businesses in its rule-making process would be beneficial. Both of these objectives can be addressed without the involvement of the Office of Advocacy through the report this bill directs the IRS to produce by June 30, 2016. In addition to identifying “ways and ideas to improve its customer service to small businesses and shorten its turnaround time for small entities” the report can also propose a process of the IRS will effectively include small business input into its rule-making process. At that time Congress can determine if the agency has proposed a viable solution instead of imposing a process that has been found to be problematic at other agencies.

We are encouraged that the Senate Small Business and Entrepreneurship Committee is focusing on helping small businesses with tax compliance. Our position is that such compliance issues, just as with any regulatory compliance, is better achieved through the proper funding of the assistance process instead of defunding while adding more responsibility.

As small business owners, we understand that good customer relations starts with proper staffing levels and good training. Otherwise we risk dissatisfied employees unable to do all that is asked and resulting in inferior customer service. This might be exactly where we are today with the IRS.

So when it comes to the IRS becoming more small-business friendly, yes we should enact almost all of the provisions in this legislation. But we should also enhance the agency’s ability to respond quickly, accurately and courteously to requests from small businesses regarding compliance issues. Asking the agency to do more with less will end up hurting small businesses, not helping them.

Thank you for the opportunity to provide our input on this legislation. And thank you for your interest in the success of our small businesses.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Knapp Jr.", with a stylized, cursive script.

Frank Knapp Jr.  
President and CEO