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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510-6350

July 20, 2005

The Regulatory Flexibility Reform Act of 2005 (S. 1388): Providing Targeted, Common Sense Regulatory Relief to Small Businesses

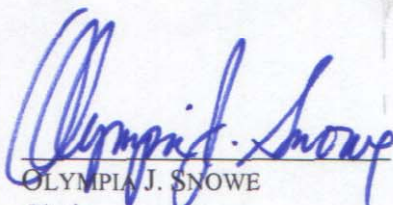
Dear Colleague:

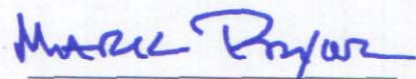
The "**Regulatory Flexibility Reform Act of 2005**" (RFRA) is a **targeted regulatory reform bill** that would provide small businesses with much-needed relief from burdensome, one-size-fits-all Federal regulations that fail to adequately consider the impact on small businesses. This bill recognizes 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 impacts of Federal regulations on small businesses. The RFRA would:**

- ◆ **Include "indirect" economic effects under RFA analyses.** Economic impacts include foreseeable indirect economic effects. *Regulations that address only larger businesses can eventually trickle down, unintentionally impacting small businesses.* This affects small businesses' viability and ability to compete in the marketplace.
- ◆ **Require agencies to respond to comments filed by the Chief Counsel of the Small Business Administration's Office of Advocacy.** Codifying this necessary change would ensure that agencies give the proper deference to the SBA's Office of Advocacy, and hence, to the comments and concerns of small businesses. *This is an easy fix that could have enormous positive implications.*
- ◆ **Clarify the requirement that agencies periodically review existing rules that impact small businesses.** The RFRA would require agencies to review all existing 10-year-old rules to avoid confusion over which rules to review. Agencies would also be required to review rules every 10 years and not just the first 10 years after publication.

We would appreciate your support of the Regulatory Flexibility Reform Act of 2005. To cosponsor or if you have further questions, please contact Alex Hecht of the Senate Committee on Small Business and Entrepreneurship, at (202) 224-5175.

Sincerely,


OLYMPIA J. SNOWE
Chair


MARK PRYOR
United States Senator