



July 21, 2020

The Honorable Andrew Wheeler
Administrator
Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20004

Comments: Docket ID No: EPA-HQ-OAR-2020-00044

Dear Administrator Wheeler:

The Small Business & Entrepreneurship Council (SBE Council) is pleased to submit comments on the Environmental Protection Agency’s (EPA’s) proposal: “Increasing Consistency and Transparency in Considering Benefits and Costs in the Clean Air Act (CAA) Rulemaking Process.” The proposed framework, the aim of which is to create a best practice process for regulations promulgated under the CAA, includes key concepts and reforms that SBE Council has long supported. Our organization and small business members believe a consistent best-practice framework will produce better regulations, and an improved regulatory system for small businesses and all Americans.

[SBE Council](#) is an advocacy, research and education organization dedicated to protecting small business and promoting entrepreneurship. For more than 25 years our organization has worked on a range of public policy and private-sector initiatives to strengthen the ecosystem for startup activity, investment, innovation and small business growth.

Regulations and the regulatory environment have been core issues and priorities for our organization since its founding. Regulation has a disproportionate impact on small businesses, and excessive regulation dampens investment, healthy economic growth, economic vibrancy and small business competitiveness. A study published by the National Association of Manufacturers ([The Cost of Federal Regulation to the U.S. Economy, Manufacturing and Small Business](#), September 2014) found that federal regulatory costs to small businesses with 50 employees or fewer are nearly 17% higher than the average for all firms. Small manufacturers shoulder a heavy burden as well, as the costs on these small firms are three times higher than the average U.S. company.

Regulation also impacts startup activity, which serves to boost economic vibrancy, competition and job creation. As noted in the [Office of Management and Budget's \(OMB's\) 2018, 2019, and 2020 Draft Report to Congress on the Benefits and Costs of Federal Regulation and Agency Compliance With the Unfunded Mandates Reform Act](#): “More generally, using 1998- 2011 data from the Statistics of US Businesses, Bailey and Thomas (2017) find that more heavily regulated industries experience fewer new firm births and slower employment growth than less heavily regulated industries, and that small firms are more likely to exit an industry in response to regulation than large firms.”

The U.S. has been [in a start-up slump](#) for some time, which is why regulation across federal government agencies needs to be reasonable and as smart as possible. Although there has been a slight uptick in entrepreneurship and new business creation over the past two years, the level of startup activity does not match that experienced in the U.S. nearly two decades ago.

The massive economic disruption caused by COVID-19 and the heavy toll that shut-downs have taken on small businesses have yet to be fully quantified, but we do know Main Street America and its workers are getting especially hard hit. This is an important development to monitor, as small businesses generate two-thirds of net new jobs and almost \$6 trillion in GDP, [according to the SBA's Office of Advocacy](#). The unforgiving economic affects of the pandemic is another reason why regulators must take great care in consistently measuring benefits and costs.

SBE Council has long supported legislative and administrative efforts – many of them bipartisan – to improve the regulatory system, and to make the process and system more transparent, sensitive, responsive, understandable and accountable to small businesses. This is especially important under CAA regulations, as they impact many sectors dominated by small businesses like agriculture, construction, transportation, oil and gas, manufacturing, a variety of service industries on Main Street (dry cleaners, for example), forestry and logging, mining and many more.

The aim of the benefits-cost analysis (BCA) proposal is to ensure consistency and transparency in developing future analyses. These principles are especially important to small business health and growth, and their understanding of the regulatory process. To that end, the Statement of Need as proposed, and the presentation and explanation of an analysis using an easy to understand format and language are key pieces that help the public – and small business owners - understand the purpose of the regulation and how the analysis was conducted.

Several components of the proposal are simply common-sense practices, including use of best available science and making public the underlying data used in analysis. Using the best science along with good data will ensure relevant information and inputs are being used, which is highly important given the speed-of-change and knowledge in our fast-changing world. Transparency with respect to the underlying data used in analysis is a positive development that will invite discussion and healthy debate, which we believe is a good thing when developing major regulation impacting the lives and possible livelihoods of many Americans.

We fully agree with the EPA’s proposed benefits-cost analysis approach with respect to major rules and “those that would disproportionately affect an industry, group or area” or “those that are novel or relevant for other policy reasons.”

This type of penetration and emphasis is very important to small businesses, as (previously noted) small firms dominate almost every U.S. industry and they are the dominant employer in almost every local community and/or region of the country. They are the innovators that are developing new products and services that make our economy more competitive and give consumers more affordable choices.

A process that drills down by industry, group or area and evaluates the benefits and costs of a proposed rule will serve to improve insight, improve fairness and will help to prevent unintended consequences that could prove to be harmful to an industry, a local community, local jobs and new innovations.

In short, the benefits-costs analysis proposal uses the tools, values and the inclusiveness expected in our modern economy and by the public. In the end, this will produce better regulation. SBE Council supports this approach and we look forward to working with the EPA as we move forward to a final rulemaking and eventual implementation.

Sincerely,



Karen Kerrigan
President & CEO

200 Lawyers Road NW • Vienna, VA 22183
(703)-242-5840 • www.sbecouncil.org • @SBECouncil

Protecting Small Business, Promoting Entrepreneurship