

**WRITTEN TESTIMONY BEFORE THE U.S. HOUSE COMMITTEE ON SMALL  
BUSINESS**

**“The Golden Age: Unleashing Main Street Through Deregulation”**

**April 1, 2025**

**John Arensmeyer, Founder & CEO  
Small Business Majority**

Chairman Williams, Ranking Member Velazquez, and members of the House Committee on Small Business:

Thank you for inviting me to speak on the importance of fostering a level playing field for our nation’s 34 million small businesses through well-crafted and responsible regulations that foster competition and innovation within our economy while also addressing the issues that are keeping small business owners awake right now.

I am the founder and CEO of Small Business Majority, a national small business organization that empowers America’s entrepreneurs to build a thriving and equitable economy. Prior to launching Small Business Majority nearly 20 years ago, I was the founder and CEO of an award-winning interactive communications company, which I ran for 12 years.

At Small Business Majority, we engage our network of more than 85,000 small businesses and 1,500 business and community organizations to advocate for public policy solutions and deliver resources to entrepreneurs that promote dynamic small business growth.

We have seen an unprecedented growth in small business formation over the past four years – 21 million new businesses. We should be doing everything we can to support these new entrepreneurs’ growth and facilitate their success. That requires us to focus on the issues that are impacting them the most.

Right now, small businesses are far more concerned with the devastating impact of the Trump administration’s slash-and-burn economic policies than they are about federal regulations. These include drastic cuts to programs supporting small businesses, onerous tariffs and mass deportations of immigrant entrepreneurs and small business employees.

**A sensible regulatory environment**

When asked about a series of key issues that impact small business success, small business owners consistently rank regulations near the bottom of the list of challenges they’re concerned about when examining factors affecting their ability to grow their business. More prevalent concerns for small businesses today include barriers to access to capital, threats or the onslaught of tariffs, reduced access to healthcare, and difficulties finding affordable childcare. When asked if “adhering to industry or government regulations” was a challenge, 56% experienced minor or few challenges while an additional 20% said that current regulations were not a challenge at all.<sup>1</sup>

---

<sup>1</sup> “Voice of Main Street: Entrepreneurs worry about impact of tariffs, other disruptive acts, prefer small business friendly policies” Small Business Majority. February 5, 2025. <https://smallbusinessmajority.org/our-research/voice-of-main-street/small-businesses-concerned-about-impact-tariffs-prefer-small-business-friendly-policies>

That said, it is well known in Washington that the current administration and a majority in Congress are training their focus on the perceived scourge of federal regulations. While it is certainly true that regulations can be burdensome, it is essential that we have a process to assess their costs and benefits. A one-size-fits-all indiscriminate deregulatory policy will add to the confusion, compliance costs, and information deficit that Main Street businesses face today. The debate over regulations should not be ideological; rather it must be based on a pragmatic cost/benefit analysis.

Regulations are a necessary fact of life for small businesses. From food safety to responsible workplace practices to mitigating environmental harm to preventing financial scams, there is a legitimate need for government to ensure a healthy competitive business landscape undergirded by a level playing field. Small business owners across the country look to their representatives in government to help provide certainty, predictability, and stability in the business environment in which they operate. Regulations provide rules of the road by which all businesses adhere. We do not contest the fact that small business owners must take the time to understand the impact of and to comply with federal regulations. We are here to argue that the government must carefully assess the relative cost and benefits of each regulation and make their implementation as simple and predictable as possible while offering support.

To ensure small businesses can compete on a level playing field in their respective industry, well-crafted regulations play a critical role in providing consistent guardrails against anti-competitive behavior that disproportionately impacts the smallest businesses. We must view the regulatory environment on a case-by-case basis, directly re-evaluating specific regulations rather than taking a sweeping approach to deregulation, which can hinder competition and make it that much harder for small businesses to get ahead.

In national polling conducted by Small Business Majority, small business owners repeatedly point to the importance of regulations in both fostering competition in the modern economy and holding larger corporations accountable. In fact, 86% of small business owners agree that some regulation of business is necessary in a modern economy, and 93% of them agree their business can live with regulations if they are fair, manageable, and reasonable.<sup>2</sup> Business owners indicate that regulations are particularly important in holding health insurance companies accountable, ensuring food safety standards are met, and for the disclosure and regulation of toxic materials.<sup>3</sup>

Most importantly, many current or would-be small businesses stand to benefit from regulations that increase access to capital, resources, and eligible workers. Some examples:

- Regulations support small businesses by ensuring health and safety standards across an entire industry, ensuring a level playing field and favorable reputations in communities. When small businesses are in compliance with regulations, they save time and money on potential lawsuits that could be avoided absent the presence of federal regulatory standards.<sup>4</sup> Furthermore, regulations such as those of the U.S. Patent and Trademark Office play a critical role in supporting and protecting small business innovation, and creating commonly followed market guardrails.<sup>5</sup>

---

<sup>2</sup> "Small Business Owners' Opinions on Regulations and Job Creation." Small Business Majority. February 2012. <https://smallbusinessmajority.org/our-research/government-accountability/small-business-owners-opinions-regulations-and-job-creation>

<sup>3</sup> Ibid.

<sup>4</sup> "The Impact of Government Regulations on Small Business Enterprises." Executive Gov. June 22, 2022. <https://executivegov.com/articles/the-impact-of-government-regulations-on-small-business-enterprises/>

<sup>5</sup> "Government Regulations: Do They Help Businesses?" Investopedia. April 10, 2024. <https://www.investopedia.com/articles/economics/11/government-regulations.asp>

- Small businesses would have strongly benefitted from reporting requirements under Section 1071 of the Dodd-Frank Act requiring lenders to disclose demographic data for small business loan products, showing what we have known to be true for decades – small businesses are not given equal opportunity based on merit to apply for new loans and are oftentimes subject to discrimination (especially true for business owners in rural areas or those who are BIPOC or women-owned). Legislative efforts to repeal Section 1071 (though the 1071 Repeal to Protect Small Business Lending Act (H.R. 976) would blatantly ignore the shortcomings of our small business lending industry and further restrict access to capital for the millions of individuals looking to pursue the American dream of entrepreneurship.<sup>6</sup>
- Small business-focused lenders and community bankers rely on the Community Reinvestment Act (CRA) requirements that reward larger financial institutions for supporting smaller, less capitalized community banks with grants, loans, and underwriting tools needed to take on riskier investments in rural and other under resourced communities.<sup>7</sup>

### **Small businesses are far more concerned with the devastating impact of the Trump administration's recent slash-and burn economic policies than they are about regulations**

While many here today may argue that our current regulatory structure is the boogeyman threatening small business growth, in fact, regulations are far from the top concern of small businesses. Indeed, over the last few months of interaction with countless entrepreneurs, we have heard nothing about federal regulations. Rather, what we have heard is fear and horror about the recent arbitrary, chaotic and unpredictable actions taken by the Trump administration that threaten to destabilize the economy. These actions include (1) onerous tariffs, (2) terminating and weakening vital federal programs supporting entrepreneurs, (3) slashing the Small Business Administration (SBA) workforce by 43% while piling on 1.6 trillion dollars of unrelated student loan responsibilities, (4) indiscriminately canceling federal contracts, (5) illegally firing Federal Trade Commission (FTC) commissioners, (6) shuttering the Consumer Finance Protection Bureau (CFPB), which has been protecting the small business from financial abuse, and (7) mass deportations that put undue additional pressure on small business' existing workforce challenges.

### **Tariffs**

The unpredictable rollout of tariffs against our closest trading partners, Canada, Mexico, and China, has sent shockwaves through the small business community. The ever-looming threat of 25% tariffs on Canadian and Mexican imports, along with the active 20% tariff on Chinese imports, will undoubtedly leave many small businesses with little to no choice but to pass along those price increases to consumers. In fact, recent Small Business Majority national polling found that more than half (53%) of small businesses are concerned about the impact of tariffs on their business and 77% are concerned about the impact on the larger economy.<sup>8</sup>

Small business owners like Nikki Bravo, owner of Momentum Coffee in Chicago, continue to raise concerns about how these tariffs will not only impact their business, but the communities they serve.

<sup>6</sup> "Small Business Majority cautions Congress against repealing Section 1071." Small Business Majority. February 5, 2025. <https://smallbusinessmajority.org/policy/small-business-majority-cautions-congress-against-repealing-section-1071>

<sup>7</sup> "Small Business Majority's response to the proposed joint rule on the Community Reinvestment Act." Small Business Majority. July 27, 2022. <https://smallbusinessmajority.org/policy/small-business-majoritys-response-proposed-joint-rule-community-reinvestment-act>

<sup>8</sup> "Voice of Main Street: Entrepreneurs worry about impact of tariffs, other disruptive acts, prefer small business friendly policies." Small Business Majority. February 5, 2025. <https://smallbusinessmajority.org/our-research/voice-of-main-street/small-businesses-concerned-about-impact-tariffs-prefer-small-business-friendly-policies>

Nikki recently told us: “We have a real concern since we’re a coffee shop, there’s only so much we can pass on to our customers without affecting the neighborhoods we seek to serve and our mission to make quality coffee accessible.” Margo Clayson, owner of The Mighty Microgreen in Inkom, Idaho, put it this way: “If I have to raise prices in response to my increasing costs, I know families will then have to make tough choices. No matter how great my product is, it’s likely to end up on the back burner in family budgets.” Mike Roach, owner of Paloma Clothing in Portland, Ore., is worried that these tariffs could result in the worst possible outcome for thousands of small businesses: “The damage to our sales and to our long-time vendors would dramatically impact our business’ ability to function long before those lines could pivot to other countries or the U.S. There are thousands of locally owned clothing stores in the country that are still trying to recover from the covid collapse of our industry. These tariffs could be the nail in the coffin for many of us.”

While many argue that these tariffs are simply being used as a negotiating tool with our trade partners, the present threat of tariffs alone has not only hindered small businesses’ ability to plan for the fiscal year ahead but sent our economy spiraling, leading to drastic drops in consumer confidence and record levels of business uncertainty.<sup>9</sup> In fact, the historically conservative National Federation of Independent Business’s (NFIB) Uncertainty Index rose to its second-highest reading on record in February.<sup>10</sup> Additionally, the percentage of small businesses that raised prices in February increased by 10 points, while the percentage of businesses that believe now is a good time to expand fell five points from January.<sup>11</sup> These rash economic decisions have put small businesses in an impossible position, as they are faced with imminent cost increases from tariffs while consumers pull back on spending on Main Street amid economic turmoil and plummeting stocks.

### ***Stripping the SBA workforce while adding burdens to the agency***

Efforts to strip away resources and support for small businesses, which includes SBA’s recent decision to both cut its workforce by a staggering 43% and relocate six regional offices away from entrepreneurial centers, are not indicative of an “America first” agenda that puts our job creators first but rather creates an environment that is increasingly uncertain and hostile for small businesses. Notably, small business owners that utilize key programs at the SBA including the Small Business Development Center (SBDC) program, Women’s Business Center (WBC) program, and the 8(a) Business Development Program are fearful of their ability to continue accessing these resources that they have long depended upon. Moving offices from urban centers where the need is greatest based upon completely unrelated policy considerations is entirely counterproductive.

Equally concerning as the recent announcement to restructure the SBA is the move to transfer \$1.6 trillion in outstanding student loan debt to the SBA. Providing the SBA with non-jurisdictional authority to oversee student loan balances will take away from its mission of serving and advancing the growth of American small businesses. The move is asking SBA to do far more with far less, as the agency would now be responsible for balancing the collection and oversight of student loans in addition to small business lending. The move comes at an ironic time in which SBA’s loan programs face additional scrutiny – just last month, this Committee passed legislation to increase scrutiny of SBA 7(a) loan agents – H.R. 1804, the Small Business 7(a) Loan Agent Oversight Act. This action stands in direct contradiction to the underlying assumption that the SBA can or should take on more responsibility by taking over outstanding student loan debt which currently sits at a staggering \$1.7

---

<sup>9</sup> “Consumer sentiment slumps in March to lowest since 2022 as Trump tariffs spark more inflation worries.” CNBC. March 14, 2025. <https://www.cnbc.com/2025/03/14/university-of-michigan-consumer-sentiment-survey-drops-in-march-to-57point9-worse-than-expected.html>

<sup>10</sup> “Small Business Optimism Index.” National Federation of Independent Businesses. February 2025. [https://www.nfib.com/news/monthly\\_report/sbet/](https://www.nfib.com/news/monthly_report/sbet/)

<sup>11</sup> Ibid.

trillion.<sup>12</sup> Asking the SBA to collect and oversee this debt is a slight to small businesses that desperately need to get in touch with SBA representatives regarding their outstanding business debt or credit needs.

### ***Eliminating or reducing access to vital small business support programs***

The Trump administration's unprecedented actions to incapacitate the federal government, along with the recent executive order dismantling the Community Development Financial Institution (CDFI) Fund and the Minority Business Development Agency (MBDA), have ripped the rug out from small businesses and the thousands of CDFIs and technical assistance providers that support millions of small firms. This damage has been exacerbated by the decree to slash critical Treasury Department staff responsible for managing critical economic programs including the State Small Business Credit Initiative (SSBCI) that supports CDFIs and other mission driven capital providers. Collectively, CDFIs manage a total of \$304 billion that not only benefits more than 4 million small businesses, but millions of families through financing for affordable housing and community facilities like childcare and healthcare centers. CDFIs also make up more than 30% of participating SSBCI lenders, accounting for 63% of all credit transactions under the SSBCI program, which has supported over 2,000 small businesses through \$401 million in new financing.<sup>13</sup> With SSBCI's 10:1 private public leverage ratio this amounts to more than \$4 billion in small business financing.

Eliminating the MBDA will further undercut small business growth across the nation. Recent polling conducted by Small Business Majority found that small businesses are strongly supportive of government programs that provide services to targeted demographic groups such as people of color and women: 79% believe these programs should continue. Of the small business owners who qualify for these targeted government programs, almost one in four have benefited from a program through MBDA.<sup>14</sup>

Marcus Yancey, the Co-Founder & Creative Director of Innovative Economic Solutions in Chicago and the former Deputy Director of the Illinois Department of Commerce and Economic Opportunity's Office of Minority Economic Empowerment, is concerned that these actions will uproot years of progress for small businesses and community development:

"Recent federal funding cuts—especially to the CDFI Fund and the MBDA—have severely disrupted both my business and my clients' businesses. These cuts are not just temporary setbacks—they are deliberate efforts to dismantle the support systems that minority-owned businesses rely on. Without immediate intervention, years of progress in economic development for underserved communities could be undone. As a result of the MBDA and SBA closures in our city, a lot of businesses but especially minority-owned businesses are now in a holding pattern, trying to figure out what's next. They were in growth stages, and now they don't have the resources to keep moving forward. We have to figure out how to continue to provide resources that were provided through the MBDA and the CDFI Fund before this executive order, but our efforts alone won't be enough to replace these lost federal resources."

What's more, the proposed \$230 billion cuts to U.S. Department of Agriculture (USDA) programs within the House-passed budget resolution would devastate millions of rural small businesses and farmers who depend on USDA loans and grants, such as the Business and Industry (B&I) Loan

---

<sup>12</sup> "Student Loan Debt Statistics." Education Data Initiative. March 16, 2025. <https://educationdata.org/student-loan-debt-statistics>

<sup>13</sup> "SSBCI Annual Report 2022-2023." U.S. Department of the Treasury. November 13, 2024. <https://home.treasury.gov/system/files/136/SSBCI-AnnualReport-2022-2023.pdf>

<sup>14</sup> Small businesses benefit from targeted grant and loan programs, support their continued existence. Small Business Majority, October 2024. <https://smallbusinessmajority.org/our-research/entrepreneurship-independent-economy/small-businesses-benefit-targeted-grant-and-loan-programs-support-their-continued-existence>

Program, the Intermediary Relending Program (IRP) and the Rural Microentrepreneur Assistance Program (RMAP), to sustain and expand their operations. For example, between 2017 and 2023, \$23.1 million in RMAP loan funding was leveraged to support over 400 small businesses and farmers with microloans and created/saved over 1,100 jobs in rural communities nationwide.<sup>15</sup> Cutting funding for these programs would not only create uncertainty for rural job creators and our food supply but would decimate rural communities that rely on federal funding to attract investment and economic opportunity.

### ***Indiscriminate canceling of government contracts***

Small business owners are already feeling the pain from withheld, or significantly reduced, access to federal funding, particularly those that receive federal contracts, unsure of how they are going to keep their doors open. Shaunna Mozingo, owner of the Mozingo Code Group LLC in Denver, recently shared that over three-fourths of her business is now on hold due to a lack of access to federal funds owed to her business:

“About three-fourths of my business is either federal contracts or federally funded state contracts, all of which are on hold. I have no idea when they will be released because my clients also have a communication freeze that keeps them from being allowed to talk to us about it. I only had about 20 billable hours for February because all of my contracts were paused, so I had to hurry and try to find new contracts for future months. March looks pretty bleak. At almost 60 years of age, it will likely make more sense for me to just go back to work for someone else than to keep trying to navigate this uncertainty.

### ***Mass deportations***

Finally, as small businesses continue to grapple with the economic fallout from President Trump’s self-inflicted trade war and indiscriminate attacks on government, they are also reeling from the impact of mass deportations of immigrants, many of whom are here legally. Our economy, particularly the construction, agriculture, hospitality and other service industries, has long relied on the immigrant workforce to fill gaps in our labor pool, allowing businesses, both large and small, to continue to thrive. Indeed, economists and policymakers across the ideological spectrum agree that the key to America’s economic success has been and will be an ever-expanding workforce comprised of immigrants.<sup>16</sup> However, the Trump administration’s sweeping mass deportation strategy has left small businesses fearful of how they can address labor shortages moving forward. Small Business Majority research found that more than one-third (37%) of entrepreneurs are concerned about mass deportation policies negatively affecting their business or their suppliers’ businesses, while 69% are concerned about the negative impact on the U.S. economy as a whole.<sup>17</sup>

Instead of jeopardizing the small business workforce, and indeed our economy, with indiscriminate mass deportation, we need a comprehensive solution that gets control of our borders, deports criminals and establishes a rational system of legal immigration.

---

<sup>15</sup> “2025 USDA Explanatory Notes – Rural Business Cooperative Service.” U.S. Department of Agriculture. <https://www.usda.gov/sites/default/files/documents/32-RBCS-2025-ExNotes.pdf>

<sup>16</sup> “Salazar challenges Trump’s mass deportation plan.” Punchbowl News. March 4, 2025. <https://punchbowl.news/article/border/immigration/salazar-immigration/>

<sup>17</sup> “Voice of Main Street: Entrepreneurs worry about impact of tariffs, other disruptive acts, prefer small business friendly policies.” Small Business Majority. February 5, 2025. <https://smallbusinessmajority.org/our-research/voice-of-main-street/small-businesses-concerned-about-impact-tariffs-prefer-small-business-friendly-policies>

## **Small businesses value fair and reasonable regulations that help them compete with larger companies and establish clear, easy-to-follow rules of the road**

So, what about regulations? We support efforts to ensure small business owners are more involved in the promulgation and implementation of new regulations, but pursuing policies with the intent to indiscriminately dismantle existing regulatory structures could create even more confusion and compliance burdens for Main Street. For example, the Trump administration's effort to slash 10 regulations for every new regulation created under EO 14192 reflects a performative and indiscriminate slash and burn approach to governing that has no relationship to business realities. It would create an insanely unpredictable regulatory environment for small business owners who may have already invested time, money, and staff resources to comply with existing regulations.

A significant majority of American small businesses feel that they are at a competitive disadvantage compared to their larger counterparts. Our national polling found that small businesses are some of the most exciting innovators right now, but larger companies have the resources to take these businesses' creative ideas, mass produce them and drown small businesses out with their market power.<sup>18</sup> As such, we strongly oppose legislation like H.R.1163, the Prove It Act of 2025, which would further the divide between small businesses and their larger competitors and would significantly slow down federal agencies' ability to serve the populations that depend on them the most. Many small businesses do not have the same resources, personnel and capital needed to constantly contest the regulatory state and are less likely than their corporate counterparts to contest these regulations on their own as the Act intends. The Prove It Act would give powerful associations based in Washington, D.C., the ability to significantly influence and slow down the regulatory process. It states that an organization claiming to represent small businesses may petition the government to require a thorough and lengthy process of examining any foreseen regulatory cost on small businesses. However, many of Washington's most powerful interest groups and chambers do not always advocate in the best interest of America's small business community. According to Prove It, any large-scale organization that simply claims to represent the interests of small businesses could justify the removal of a regulation that negatively impacts its largest members.

Furthermore, a recent CBO score found that the Prove It Act would cost the federal government even more money, which ironically is in direct conflict with the goals of the administration to reduce spending and lower our federal workforce. The Prove It Act would require over \$35 million in administrative costs for the expected applicable agencies to hire the staff and obtain resources necessary to carry out the intent of the law. The Act would also work to increase the federal deficit even more, placing other programs that small businesses rely on at risk in today's extremely tight fiscal environment on Capitol Hill.<sup>19</sup> It is important to keep in mind that these figures are mere estimates, and if left unrestricted, what's to stop larger firms and wealthy associations from contesting every new regulation, further driving up costs to the taxpayer while leaving small businesses with incomplete information on compliance and implementation efforts.

Increasing the budget needed by federal agencies in today's political environment stands in direct conflict with the significantly reduced federal workforce – a direct result of the Trump administration's recessions and cuts. How can Congress expect agencies like SBA's Office of Advocacy, the Department of Labor, Department of Energy, or the Department of Health and Human Services (to name a few examples) to address the onslaught of regulatory reviews and challenges triggered by H.R. 1163 when the White House is allowing mass lay-offs and forced early retirements to occur at every agency serving the needs of our country? The budgetary impacts could

---

<sup>18</sup> "Scientific opinion poll: Small Businesses seek a level playing field and chance to compete fairly." Small Business Majority. March 30, 2022. <https://smallbusinessmajority.org/our-research/small-businesses-seek-level-playing-field-and-chance-compete-fairly>

<sup>19</sup> "H.R. 7198, Prove It Act of 2024." Congressional Budget Office. December 2, 2024. <https://www.cbo.gov/publication/61042>

quickly become quite overwhelming when considering the reality that H.R. 1163 would not only allow the contestation of new regulations, but regulations that were promulgated during the prior administration, with a look-back period that reaches back five years. Taxpayer dollars would be better spent on efforts to support the programs and staff that directly serve small businesses, not by clogging up agency operations with challenges to regulations.

### **Existing structures should be strengthened**

Agencies are already bound by the requirements of the Regulatory Flexibility Act (RFA) (5 U.S.C 601-610) which requires them to conduct a review of rules that will have a significant (or expected) impact on a substantial number of small businesses within a ten-year period.<sup>20</sup> If properly adhering to the guidelines of the RFA and with proper coordination with the SBA's independent Office of Advocacy, the RFA should provide the proper and necessary structures for agencies to ensure that regulations are not overly burdensome on America's small business community. The bill provides the Chief Counsel for the SBA's Office of Advocacy (which, while independent, is a politically appointed position) with uncharted political power and authority to overturn or to cancel the implementation of rules if an agency cannot comply with the overburdensome and arduous (not to mention, expensive) process of adhering to the framework (including a mandatory retroactive review of regulations examining the impact on small business concerns over a 10 year period) as laid out in H.R. 1163.

The Office of Advocacy was created to protect small businesses against costly and burdensome regulations. We strongly believe that Advocacy should continue to be supported as the independent watchdog on small business regulatory compliance. There are multiple processes and levers that Advocacy could pursue that do not involve overturning regulations or upending the regulatory process every time a special interest group or individual petitioner deems a regulation to pose an undue or costly burden on a small entity.

- Advocacy should work with other agencies to grant small businesses additional compliance timelines compared to larger businesses in the impacted industry. Ensuring that small businesses have the time needed to comply with a regulation will reduce the burden on small businesses in time and cost, leaving them with more time to run the core operations of their business. Advocacy should identify agencies that are frequently cited as promulgating overburdensome regulations on small businesses or that have understated the potential burden on small business owners. From there, Advocacy could work with these agencies to provide increased guidance on how regulations impact small entities with the goal of helping agency personnel become better adept at identifying potential challenges for small businesses instead of deregulating the economy broadly.
- Advocacy should receive increased resources for small business regulatory roundtables and listening sessions in the field, as many small business owners are unable to attend virtual events during their busiest hours. Instead, Advocacy needs to have a better on-the-ground presence that helps understand the challenges and needs of small businesses when complying with changing regulations. Advocacy cannot do this at their full capacity when Congress fails to pass its annual appropriations bills, leaving behind a lack of personnel resources that would be needed to properly connect with small businesses on the ground in communities across the nation.

Lastly, the Office of Information and Regulatory Affairs (OIRA), within the Office of Management and Budget (OMB), provides additional oversight in the federal rulemaking process as it is tasked with

---

<sup>20</sup> "5 U.S. Code Chapter 6." U.S. Code. <https://uscode.house.gov/view.xhtml?path=/prelim@title5/part1/chapter6&edition=prelim>  
Small Business Majority | [www.smallbusinessmajority.org](http://www.smallbusinessmajority.org)



reviewing significant proposed and final rules with the ability to encourage agencies to reevaluate or withdraw rules if deemed necessary. The previous administration recognized the importance of OIRA's key functions through Executive Order 14094 which encouraged agencies to take necessary steps to strengthen regulatory review processes, increase public involvement in rulemaking, and increasing transparency and effectiveness of OIRA. The EO called upon agencies to strengthen public engagement within impacted communities, like small businesses, and to reduce barriers to regulatory compliance. Unfortunately, EO 14094 was revoked by President Trump, which is in direct contradiction to the administration's goals of reducing the regulatory burdens that businesses and industries face in navigating the regulatory landscape. OIRA represents a critical backstop for the Office of Advocacy and both watchdog agencies work hand in hand throughout the regulatory review process, which includes SBREFA panels, to ensure the interests of small businesses are represented. We encourage Congress and the Trump administration to work to issue guidance for OIRA offices that empower their ability to reach small businesses on the ground to ensure the regulatory environment is conducive to supporting and protecting small business growth.

### **Legislative solutions and oversight**

Congress should consider solutions to help Main Street work within the regulatory requirements of their respective industries while still maintaining a gold standard commitment to health, safety, and commercial standards that protect the wellbeing of small businesses and their consumers.

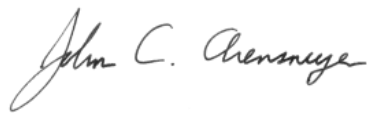
- Congress should continue to pass bipartisan laws to help small businesses navigate regulatory compliance needs. A good example is seen through Public Law No: 117-188, the One Stop Shop for Small Business Compliance Act of 2021. The legislation recognized the vast complexity of the regulatory environment and provided a national clearinghouse of all regulatory compliance information needed across state lines including clear small entity compliance guidelines. Instead of dismantling the regulatory environment that small businesses are already in compliance with, we encourage the creation of more laws that make regulatory compliance easier and simple without an overly burdensome time or financial cost to small business owners.
- Congress should strengthen and invest in the role of the national Ombudsman, currently operating with few or no staff, to help small business owners understand and comply with regulations before them. H.R. 5999 (118<sup>th</sup> Congress), the Small Business Regulatory Relief Act, would serve this goal well by encouraging the Ombudsman to work with federal agencies to develop best practice guidelines to help small businesses understand the regulatory landscape, in addition to providing funding for outreach, and establishing points of contacts across the federal government to enable deeper collaboration with the Ombudsman.
- If Congress would like to increase scrutiny on agencies involved in the promulgation of rules that have a perceived cost or time burden on small businesses, Congress must be prepared to give agencies the resources both in funding and staff needed to carry out the goals of such proposed legislation. For example, many of the solutions posed by members of the Committee include a strenuous and tedious review of regulatory actions that is expected to take time, money, and a commitment to deploy the necessary personnel to conduct regulatory reviews. The goals of legislation like The Regulatory Agenda Clarity Act, The Regulatory Review Improvement Act, and the Let American Businesses Be on the Record Act stand in contradiction to the administration's goals of reducing the federal workforce and defunding agencies across the board to pay for a massive and expensive reconciliation package.

- Should Congress decide to pass laws implementing an expansive deregulatory agenda, lawmakers should also require that agencies conduct analyses on regulations that help small businesses; for example, in the energy sector, small businesses were able to access tax benefits for investing in clean energy upgrades through the Inflation Reduction Act (IRA). Likewise, the CHIPS and Science Act included over \$50 million through the CHIPS for America Small Business Innovation Research program, which was geared toward helping small manufacturers innovate and compete with larger companies in their industry. Investing in America rules and regulations are an example of a time when changing regulatory landscapes worked in the favor of many small businesses that needed support in their industry to thrive. Lastly, the Trump administration’s sweeping policy changes will ultimately result in more regulatory changes to enact desired changes across manufacturing, energy, and industrial sectors. While the administration works toward passing energy reform and investing in American manufacturing, we should not inadvertently strip key benefits erected by the regulatory landscape over the last few years.

Small businesses need certainty, consistency, and clear guidance from the government in order to comply with the regulatory structures in their respective industries, not chaos, confusion, and contradicting information. Enacting a deregulatory agenda will only sow more doubts about the capability of our government to keep our economy healthy and stable. Instead, Congress should be hyper-focused on helping small business owners navigate the ever-changing and increasingly challenging economy including helping small businesses find relief on tariffs, empowering the SBA with the capacity it requires to serve the needs of today’s entrepreneurs, and ensuring that our small contractors can continue to contribute to our public sector procurement system. Small businesses are more concerned with the lack of a rational regulatory structure than they are with the current regulations they are already seeking to comply with. We sincerely look forward to working with this Committee and with Congress as a whole to inform legislation that would strengthen our ability to create regulations with small business voices at the center.

For questions or additional information, please contact our Government Affairs Director, Alexis D’Amato, at [adamato@smallbusinessmajority.org](mailto:adamato@smallbusinessmajority.org).

Sincerely,



John Arensmeyer  
Founder & CEO  
Small Business Majority