



State of Connecticut  
HOUSE OF REPRESENTATIVES  
STATE CAPITOL  
HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE DIANA S. URBAN  
FORTY THIRD ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING  
ROOM 4057  
HARTFORD, CT 06106-1591  
HOME: (860) 535-4868  
CAPITOL: (860) 240-8585  
TOLL FREE: (800) 842-8267  
FAX: (860) 240-0067  
E-MAIL: Diana.Urban@cga.ct.gov

VICE CHAIRMAN  
GOVERNMENT ADMINISTRATION & ELECTIONS  
COMMITTEE

MEMBER  
APPROPRIATIONS COMMITTEE  
ENVIRONMENT COMMITTEE

Good morning Representative Berger, Senator LeBeau and members of the Commerce Committee. For the record, I am State Representative Diana Urban of the 43<sup>rd</sup> District. I am here to testify on **HB 5930 AA Requiring Small Business Analysis for Proposed Regulations**.

We are all aware of the role that small business plays in our economy. The words "backbone of our economy" have been used over and over again, and the truth is that small business really is the greatest jobs generator, the engine for entrepreneurship, and an excellent place to focus for economic growth and recovery.

Three brief statistics are instructive:

1. There are 329,618 small business in Connecticut (this number is the number of small employers plus the number of nonemployers in 2006)
2. Connecticut has 75,626 small employers representing 97.4% of the state's employers and 49.6% of its private sector employment
3. Small business created all of the state's net new jobs from 2004 to 2005

As you also know, regulations can impact a small business much more than a large business or major corporation. Scarce resources that are needed to run the business get diverted to comply with what are often onerous regulations. This bill attempts to remedy that by requiring an estimate of the cost or revenue impact to small businesses. For the purpose of this bill we have defined small as less than 75 employees or gross sales less than \$5 million.

There would be an economic impact analysis required by the agency promulgating any new regulation. The analysis would identify the impact of the regulatory action on small businesses. This would include the number of businesses impacted, projected costs,

(record keeping, reporting, administration, etc.) as well as other costs that might be required for compliance.

If this analysis reveals an impact there will be five methods that shall be considered for reducing the impact of the proposed legislation on small business:

- The establishment of less stringent compliance or reporting
- The establishment of less stringent schedules or deadlines
- The consolidation or simplification of compliance or reporting requirements for small business
- The establishment of performance standards for small businesses to replace design or operational standards required in the proposed regulation
- The exemption of small business from any or part of the requirements in the proposed regulations

And, I would point out, there was NO FISCAL IMPACT when these types of regulations were passed in

RHODE ISLAND  
MAINE  
COLORADO  
UTAH  
ARKANSAS

It is incumbent upon us as legislators to find ways to ameliorate the impacts of this recession. Knowing the importance of small business to our economy, it only makes sense to do what we can to help them.

I thank the Co-Chairs for their support for this bill and request that it be reported favorably out of Committee.

## Small Business Impact Analysis Template

To illustrate how to conduct the proposed small business impact analysis, a recent regulatory change was selected at random from the agenda of the CT Legislative Regulation Review Committee.

### Estimating Small Business Economic Impact of a Proposed Regulation

*Department of Public Safety*

**“REGARDING PRIVATE DETECTIVES AND SECURITY SERVICES”** -- relates to firearm safety training for private security officers.

#### **Step 1. Identify industry (NAICS) code for “Private Detectives & Security Services.”**

- a. Go to <http://www.census.gov/epcd/www/naics.html>.
- b. Enter “Private Detectives” in search box.
- c. Resulting NAICS code is **561611**.

#### **Step 2. Look up number of Private Detective & Security Services businesses and employees in Connecticut.**

- a. Go to <http://www.census.gov/econ/www/index.html>.
- b. Select the “County Business Patterns -- States” link  
<http://censtats.census.gov/cbpnaic/cbpnaic.shtml>
- c. Select “Connecticut” from drop down box. Click on “**Submit.**”
- d. Go to entry under “Industry Code” 56 “Admin, Support, etc.” Click on “**Detail**” to expand table and reveal detailed results.

Notice that businesses coded 561611 through 561613 are included among “private detectives and security services” that are affected by the proposed regulation.

- e. Add up total establishments, total employees and average number of employees.

Industry Code	Industry Code Description	Employees	Total Firms	Avg Employees
561611	Investigation services	1,750	53	33
561612	Security guards & patrol services	6,192	57	109
561613	Armored car services	375	6	62
Total		8,317	116	72

**Step 3. Determine the cost of complying with the proposed regulation.**

- a. Specify the actions required of the affected businesses by the proposed regulation and their costs.

In this example, the new regulation will increase the frequency of completing firearm safety training by requiring an annual refresher course. Defense Associates of Fairfield offers handgun refresher clinics for \$90. Williams Associates Protective Services offers NH Security Officer firearms training for \$225.

- b. Multiply the approximate cost by the average number of employees. The added cost to each firm will be between  $\$90 \times 72 = \$6,480$  and  $\$225 \times 72 = \$21,600$  per year.

**Step 4. Complete small business economic impact estimate.**

- a. Estimated number of small businesses to be affected:

116

- b. The projected costs, including reporting, recordkeeping and administration, and other costs required for compliance with the proposed regulation:

Between \$6,480 and \$21,600 per firm per year.