



CONNECTICUT

**TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)
BY
ANDY MARKOWSKI, CONNECTICUT STATE DIRECTOR
SUPPORTING
SB-222, AAC A REGULATORY FAIRNESS BOARD
BEFORE THE
COMMERCE COMMITTEE
FEBRUARY 28, 2012**

A non-profit, non-partisan organization founded in 1943, NFIB is Connecticut's and the nation's leading small-business association. In Connecticut, NFIB represents thousands of members and their employees. NFIB membership is scattered across the state and ranges from sophisticated high technology enterprises to "Main Street" small businesses to single-person "Mom & Pop" shops that operate in traditional ways. NFIB's mission is "To promote and protect the right of its members to own, operate, and grow their businesses." On behalf of those small- and independent- job-providers in Connecticut, I offer the following comments:

NFIB/Connecticut strongly supports SB-222, An Act Concerning A Regulatory Fairness Board. Passage of this legislation will go a long way toward ensuring a better regulatory environment and a better working relationship between state agencies and small businesses in Connecticut. Most importantly, creation of a regulatory fairness board will hopefully go a long way toward creating regulatory relief for small businesses which are impacted the most and will certainly help foster a more business-friendly reputation for the state of Connecticut.

The concept of a Regulatory Fairness Board was first discussed during the breakout/workshop portion of the Governor's Economic Summit last fall and is quite simple: Small business owners serve on a volunteer board that deals with matters of regulatory fairness, particularly when it comes to compliance or agency enforcement matters. Most importantly, these small business owners act as the "eyes and ears" of the regulated community, and as such the Regulatory Fairness Boards can hold hearings or roundtable events to receive input from the small business community or discuss specific regulatory matters of importance. The Board could also be a liaison between the small business community and specific agency liaisons on regulatory matters with a goal of establishing a more reasonable, balanced and fair approach to enforcement.

According to the United States Small Business Administration's Office of Advocacy, "Giving small employers a voice early in the [regulatory] process is key to reducing the negative impact of regulations on small businesses, increasing the level of regulatory compliance,

and passing on cost savings to state economies.” That is why the development of regulatory review boards is vital, particularly in today’s challenging economy.

Currently, five states (Hawaii, Maine, Missouri, Oklahoma, and Wisconsin) and the federal government have regulatory review boards that, among other things, hear the concerns and issues of small businesses and advocate on their behalf in the legislative/regulatory process. (For more information, please see the accompanying chart). Additionally, four states (Arizona, Colorado, Kentucky, and Rhode Island) have regulatory review *programs* with similar goals. At the federal level, a very successful regulatory fairness board(s) is currently administered through the Office of the National Ombudsman of the U.S. Small Business Administration.

Connecticut is certainly structurally unique with a regulatory process that allows the legislature’s Regulations Review Committee to serve as a check and balance on the executive branch’s rulemaking agencies. Additionally, the legislature has enacted some positive regulatory reform measures over the years that deal specifically with environmental or transportation matters, streamlining permitting processes, and requiring proposed regulations to contain a small business regulatory impact statement. However, with no regulatory review board or other similar program to speak of, Connecticut is at a competitive disadvantage with other states that have established such programs.

In the 2008 edition of “*Small Business Problems & Priorities*” by the NFIB Research Foundation, “Unreasonable Government Regulations” ranked as the 6th greatest problem of concern from small business owners, up from its 9th position in 2004. Much like taxes, this generic problem category costs small businesses in several ways: understanding and keeping up-to-date with compliance requirements, costs of consultants, employee time, management time, direct outlays, lost productivity and/or sales, forgone opportunities, etc. The federal government alone proposes approximately 150 new rules every year that cost business owners over \$100 million per rule in compliance costs. Adding state and local laws and regulations that sometimes duplicate federal regulations, merely raise the cost and frustration level for small business. The establishment of a regulatory fairness board as contained in SB-222 would help engage these impacted small business owners in the discussion and process of regulatory reform in Connecticut.

Thank you for the opportunity to comment, and NFIB urges lawmakers to support SB-222.

State	Review Board	Duties & Powers	Setup/Administrative Configuration	Website
Hawaii	HI Small Business Regulatory Review Board	<p>The responsibilities of the Small Business Regulatory Review Board include providing commentary on small business Impact statements to the Rule-drafting Agency; Identification and commentary on business Impacts of existing administrative rules and regulations; recommendations to the Governor's Office, Agencies or the Legislature regarding the need for an administrative rule or legislative change; recommendations to the Mayors or County councils regarding County rules; and review of small business petitions and complaints on business Impact.</p> <p>The Regulatory Fairness Board hears testimony and reports to the Legislature and the Governor on regulatory and statutory changes necessary to enhance the state's business climate. The Board meets at least 3 times a year in different regions of Maine to hear testimony from businesses regarding their concerns about enforcement activities of state departments and agencies. It reports to the Governor and the Legislature at least annually on complaints of excessive enforcement actions against businesses by departments and agencies of State Government. The Board's report is required to include recommendations for regulatory and statutory changes, if any, that will enhance the state's business climate.</p>	<p>The Board is affiliated with the HI Dep't of Business, Economic Development, and Tourism. It is comprised of current or former owners or officers of small businesses from across the State, appointed by the Governor with the consent of the Senate. The Board has created subcommittees to work with each Agency within State government. The Board was established on July 1, 1998 with the passage of the Small Business Regulatory Flexibility Act. Subsequently, the role of the Board was codified in Chapter 201M, Hawaii Revised Statutes.</p>	<p>http://hawaii.gov/dbedt/business/start_grow/small-business-info/sbrrb/</p>
Maine	ME Regulatory Fairness Board	<p>MO state agencies are required to solicit input from small business owners prior to implementing new rules and regulations. The Board provides state agencies with input regarding rules that adversely affect small businesses and solicits comments from small businesses. The Board also holds hearings around the state with state agencies and small business owners. The Board also publishes an annual report for the Governor and General Assembly that evaluates state agency performance and makes recommendations regarding regulatory fairness for Missouri's small businesses. The report includes comments from small business owners, state agency responses, and a summary of any public testimony brought before the Board for consideration.</p>	<p>The Board is an entity affiliated with the Maine State Planning Office. The Board is comprised of business representatives appointed by the Governor and Legislature. It was created pursuant to Public Law 2011, Chapter 304.</p>	<p>http://www.maine.gov/spo/boards/regulatoryfairness/index.htm</p>
Missouri	MO Small Business Regulatory Fairness Board (SBRFB)	<p>The Board is a division of the MO Dep't of Economic Development. It consists of gubernatorially appointed members and legislatively appointed members.</p>	<p>http://www.sbrfb.ded.mo.gov/</p>	
Oklahoma	OK Small Business Advocacy Committee	<p>The Committee meets quarterly for the sole purpose of hearing issues or concerns that small businesses have related to state agencies. It also participates in small business forums. The forums allow attendees to become better acquainted with state agencies and the services that the agencies provide. The Committee aims to give small business owners insight into current economic issues and the opportunity to discuss their concerns.</p>	<p>The Committee is affiliated with the Oklahoma Dep't of Commerce. It is comprised of 13 small business owners. The Committee was formed pursuant to the Oklahoma Small Business Regulatory Flexibility Act.</p>	<p>http://www.okcommerce.gov/Businesses-And-Employers/Small-Business-Advocacy</p>
Wisconsin	WI Small Business Regulatory Review Board (SBRRB)	<p>The SBRRB reviews new rules which may adversely impact small businesses and suggests less restrictive alternatives and/or creative, flexible means for businesses to comply with the agencies. The primary purposes of the Board are to enforce state agency's compliance with the Regulatory Flexibility Act, reduce the regulatory burdens on small businesses by advocating for small businesses in the legislative/regulatory process, and encourage a partnership between small businesses and state agencies during administrative rule promulgation.</p>	<p>The SBRRB is affiliated with the Wisconsin Dep't of Commerce. It includes six representatives from small business, eight state agency representatives, and one representative each from the Senate and the Assembly. The SBRRB was established pursuant to 2003 Wisconsin Act 145.</p>	<p>http://commerce.wi.gov/BD/SBRRB.html</p>

