



CONNECTICUT

**TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)**

BY

ANDY MARKOWSKI, CONNECTICUT STATE DIRECTOR

SUPPORTING

SB-272, AA ESTABLISHING A FIXED TIME PERIOD FOR AGENCY REVIEW OF EXISTING REGULATIONS;

HB-5049, AA ELIMINATION UNNECESSARY GOVERNMENT REGULATION;

HB-5358, AA AUTHORIZING THE REGULATION REVIEW COMMITTEE TO RECOMMEND THE REPEAL OF OBSOLETE OR BURDENSOME REGULATIONS

BEFORE THE

GOVERNMENT ADMINISTRATION AND ELECTIONS COMMITTEE

MARCH 3, 2014

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 is supportive of the intent behind SB-272, HB-5049, and HB-5358. Each of these bills, individually and collectively, represents a step in the right direction for Connecticut towards tackling issues of regulatory reform and state agency efficiencies.

Passage of these bills, with some modest changes and refinements, could go a long way toward ensuring a better regulatory environment and a better working relationship between state agencies and small businesses in Connecticut. SB-272 shortens the time period in which state agencies must submit to review of their existing agency regulations. HB-5049 contains many provisions that streamline the regulatory adoption process in Connecticut, among other notable provisions put forth by the Governor. While small businesses are appreciative of this effort and encouraged by actions which result in a swifter, more efficient state government, they are also aware of the impact that this bill may have on many existing provisions of Connecticut's Uniform Administrative Procedure's Act which can provide balance and protections to impacted small businesses during the regulation-making process. This legislation also repeals many obsolete and burdensome regulations that were identified pursuant to Governor's Executive Order #37 last year. HB-5358 further builds on the Governor's effort by calling for a comprehensive review and repeal of burdensome or obsolete regulations by the legislature. These types of

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reviews, cost-benefit analyses, and subsequent consideration of regulatory impact minimization efforts for small businesses will go a long way toward creating regulatory relief for those businesses that are impacted the most. In addition, further streamlining the state's permitting processes, certainly help foster a more business-friendly reputation for the state of Connecticut.

In the 2012 edition of *"Small Business Problems & Priorities"* by the NFIB Research Foundation, "Unreasonable Government Regulations" ranked as the 5th greatest problem of concern from small business owners, up from its 6th position in 2008. 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. A comprehensive cost-benefit analysis of state agency regulations and specific attempts to minimize the regulatory impact on small businesses is sorely needed.

One additional suggestion NFIB/Connecticut would like to make to the Committee regarding the overall issue of regulatory reform is the need for a small business regulatory fairness board in Connecticut. The concept is modeled after an existing program by the United States Small Business Administration 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 also can act as a liaison between the small business community and specific agencies on regulatory matters with a goal of establishing a more reasonable, balanced and fair approach to enforcement, particularly when it comes to issues of excessive fines.

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, several states (Hawaii, Maine, Missouri, Oklahoma, and Wisconsin, to name a few) 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



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legislative/regulatory process. 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 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. The three bills you are considering today also significantly move Connecticut in a positive direction regarding regulatory reforms. 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. NFIB/Connecticut would be happy to work with members of the GAE Committee, other legislators, and the administration to in this endeavor.

Thank you for the opportunity to comment on SB-272, HB-5049, and HB-5358, and NFIB urges lawmakers to continue to support meaningful, balanced, regulatory reform efforts for Connecticut.