



## **SBA Office of Advocacy 2014 Legislative Principles**

Created by Congress in 1976, the Office of Advocacy of the U.S. Small Business Administration (SBA) is an independent voice for small business within the federal government. Appointed by the President and confirmed by the U.S. Senate, the Chief Counsel for Advocacy directs the office. The Chief Counsel advances the views, concerns, and interests of small business before Congress, the White House, federal agencies, federal courts, and state policy makers. Economic research, policy analyses, and small business outreach help identify issues of concern.

The Regulatory Flexibility Act (RFA) and Executive Order 13272 require federal agencies to determine the impact of their rules on small entities, consider alternatives that minimize small entity impacts, and make their analyses available for public comment. The Office of Advocacy gives small firm owners and their representatives opportunities to make their voices heard about rules that affect their interests.

Advocacy is an independent office within the U.S. Small Business Administration (SBA), so the views expressed by Advocacy do not necessarily reflect the views of the SBA or the Administration.

In this document, the Office of Advocacy outlines basic principles for improving the small business regulatory and economic landscape in America.

- **Principle 1: Create legislation that provides flexibility for small business and considers the small business impact.**

Legislation should not have a one size fits all approach that could adversely affect small business. When crafting legislation, Advocacy encourages lawmakers to allow agencies to give flexibility to small business to comply with rules.

- **Principle 2: Reform parts of the Regulatory Flexibility Act to improve the current statute.**

Advocacy encourages lawmakers to modify section 609 of the RFA to require more detailed notification in advance of a SBREFA panel and also allow for judicial review when a panel is not convened. In addition, Advocacy supports adding a section to the RFA analysis to include indirect effects by broadening the definition of "impact" in Section 601. Amend section 601 of the RFA to define "impact" as including the reasonably foreseeable effects on small entities that purchase products or services from, sell products or services to, or otherwise conduct business with entities directly regulated by the rule; are directly regulated by other governmental entities as a result of the rule; or are not directly regulated by the agency as a result of the rule but are otherwise subject to other agency regulations as a result of the rule. And finally, Advocacy recommends that agencies do a mandatory follow up on section 610 to ensure that post-review necessary changes are made in a timely manner. Moreover, strengthening section 610 to streamline public petitions for review and analyses of rules instead of waiting for the current ten-year deadline will allow small businesses to provide alternatives to existing regulations that have a significant economic impact on them.

- **Principle 3: Encourage a predictable tax code and address areas where small businesses can capitalize on financing and build strong resilient businesses.**

Small businesses constantly reach out to the Office of Advocacy about our nation's intricate tax code. The Office of Advocacy supports efforts to modify the tax code to support entrepreneurship among American small businesses. Advocacy is advocating on behalf of small businesses for lawmakers to look into ways to enable more startup businesses to grow at a faster pace through access to capital. Whether it is exempting small business from penalties related to deferred compensation, enabling small businesses to defer income for high growth small business lending, or simply creating crowdfunding rules that enable startups to raise capital without unnecessary regulations and restrictions that could impede their progress, Advocacy supports efforts to increase small business access to capital.

- **Principle 4: Foster a competitive environment for business in federal contracting.**

Advocacy supports the creation of a Federal-wide interactive database for the reporting of subcontracting dollars, actions and characteristics of vendors. The database would be the official government source of subcontracting awards as is the current Federal Procurement Data System (FPDS) for prime contract awards.

- **Principle 5: Cultivate an environment for entrepreneurial innovation.**

Small businesses consistently request strong, enforceable intellectual property rights. As the voice for small business, Advocacy encourages lawmakers to continue to examine the impact of recent patent legislation and update the law by clarifying the grace period provisions of the America Invents Act. In addition, Advocacy will continue to follow the ever-changing manufacturing sector in our nation, and we support efforts to boost small business manufacturing.

- **Principle 6: Adopt policies that supply qualified workers for small business.**

Small businesses can grow their companies and create jobs if they can hire a skilled workforce. Advocacy encourages Congress to provide incentives to business owners, community colleges, and universities that teach the skills necessary for industry sectors struggling to find skilled workers. In addition, entrepreneurs must have access to vital foreign high-skilled and seasonal workers in industries with labor shortages to complement our American workers. Based on input from the small business and start-up communities, Advocacy recommends streamlining the current immigration laws and rules for two distinct sectors: for small employers who need high-skilled workers and those that need seasonal workers.