



October 23, 2017

The Honorable Linda McMahon
Administrator
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Dear Administrator McMahon:

As a result of President Trump's executive orders, 13771 and 13777, the Office of Advocacy (Advocacy) has begun an effort to hear first-hand from small businesses across the country about specific federal regulatory burdens facing their businesses. As you know, under the Regulatory Flexibility Act (RFA), agencies are required to consider the impact of their regulations on small entities when promulgating federal regulations.¹ We believe the RFA and consideration of small business economic impacts is a good place to start when an agency is selecting rules that are being reviewed for reform or elimination.

We recently hosted roundtables in Baton Rouge, New Orleans, Lexington, Cincinnati, Cleveland, St. Louis, and Kansas City. We would like to inform you that the small banks in the regions are concerned about the ability to extend credit to small businesses. Small Business owners also expressed concerns with what they perceive to be unnecessary requirements in System for

¹ Advocacy was established pursuant to Pub. L. 94-305 to represent the views of small entities before federal agencies and Congress. 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. The RFA, as amended by the Small Business Regulatory Enforcement Fairness Act (SBREFA), gives small entities a voice in the rulemaking process. For all rules that are expected to have a significant economic impact on a substantial number of small entities, federal agencies are required by the RFA to assess the impact of the proposed rule on small business and to consider less burdensome alternatives. 5 U.S.C. § 601 et seq.

The Small Business Jobs Act of 2010 requires agencies to give every appropriate consideration to comments provided by Advocacy. The agency must include, in any explanation or discussion accompanying the final rule's publication in the Federal Register, the agency's response to written comments submitted by Advocacy on the proposed rule, unless the agency certifies that the public interest is not served by doing so. Small Business Jobs Act of 2010 (PL 111-240) § 1601.

Award Management (SAM) that are not related to their business. Likewise, our stakeholders conveyed an increasing problem of third party government sponsored entities charging high fees for validation of good business status for proposed bids on contracts. Some businesses would like for the eligibility of HUBZONE status to be changed to accommodate a partial overseas workforce. One small business commentator expressed concern with FAR 19.502-2(b)(2) exclusion of certain types of research and development contracting opportunities for small business that are not related to the Small Business Innovation Research and Development program (SBIR). Another small business proposed a uniform single certification process for Women Owned Small Business (WOSB), HUBZone, Small Disadvantaged Business (SDB) and Service Disabled Veteran contractors. Finally, a small business defense contractor expressed concerns with the cost of compliance of the over-reaching Department of Defense cybersecurity regulation, DFARS 253.204.7012.

In addition, Advocacy also invited small businesses who could not attend the roundtables to submit their comments on Advocacy's website. On the website, small businesses stated that SBA's new disaster loan regulations interfere with receiving disaster funds. Moreover, SBA loan recipients cannot take advantage of lower interest rates and refinance a home if the home was used to guarantee a Small Business Administration (SBA) 7 (a) loan.

Advocacy looks forward to working with SBA to reduce the burden of federal regulations on behalf of the small businesses that have asked us to be their voice in this regulatory reform process. We hope that you will include these specific rules when you compile your list of rules to review. Advocacy would be happy to meet with you or your representative so that we may detail the concerns and help suggest less burdensome alternatives for small business as rules are being considered for revision. I have provided the contact information for Assistant Chief Counsel Jennifer A. Smith below and we are available to meet with you to discuss these concerns.

As we continue to hear from small businesses across the country at our regional regulatory reform roundtables or through our outreach from our regulatory reform website, we will update you with additional summaries from those locations.

Thank you for considering small business impacts as a vital part of your regulatory reform efforts and for including the Office of Advocacy as an important part of the process.

Sincerely,

A handwritten signature in black ink that reads "Major L. Clark, III". The signature is written in a cursive style with a clear, legible font.

Major L. Clark, III
Acting Chief Counsel for Advocacy

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