

MERCATUS CENTER
GEORGE MASON UNIVERSITY

December 21, 2007

Mr. Keith Holman
United States Small Business Administration
Office of Advocacy

RE: Small Business Regulatory Review and Reform Initiative

Dear Mr. Holman:

The Regulatory Studies Program (RSP) of the Mercatus Center at George Mason University is dedicated to advancing knowledge of the impact of regulation on society. As part of its mission, RSP conducts careful and independent analyses employing contemporary economic scholarship to assess proposed and existing regulations from the perspective of the public interest. Thus, the following suggestions for regulatory review do not represent the views of any particular affected party or special interest group, but are designed to bring research on the effects of the regulations on overall consumer welfare to the attention of SBA and the relevant agencies.¹

The following suggestions are in response to SBA's Regulatory Review and Reform Initiative, which is designed to identify and address existing federal regulations that should be revised because they are ineffective, duplicative, or out of date.² In particular, the initiative is targeted toward helping small businesses address the cumulative federal regulatory burden.³

While our research frequently attempts to estimate the benefits and costs of proposed regulations, Mercatus scholars also conduct research on the costs of existing regulations across sets of issues and within various industries. While our scholarship examines regulations from the perspective of consumers and the public interest, to the extent that regulations impose significant costs on consumers and society, they likely impose significant costs on small businesses as well.

The following suggestions for regulatory review and reform were selected because our scholars found that the regulations imposed significant costs on consumers and society and the agencies issuing the regulations found that each regulation would likely impose a

¹ The research underlying our recommendations represents the conclusions of individual scholars conducting the research and does not represent an official position of George Mason University.

² See Small Business Administration Office of Advocacy, Small Business and Regulatory Reform Initiative, available at <http://www.sba.gov/advo/r3/>.

³ *Id.*

significant cost on small businesses. The following table includes the name of the regulation, the agency issuing the regulation, a citation to the Federal Register notice, which includes the agency's Regulatory Flexibility Act analysis, an estimate of the total cost of complying with the regulation, and the relevant Mercatus Center research.

You will also find the relevant Mercatus Center research attached to this comment. To the extent that SBA is already examining these or related regulations in response to others' nominations, this research may be helpful in assessing the total costs of the regulations in those areas.

Please feel free to contact me if the Mercatus Center can provide additional information or could be helpful to SBA in any other way in this initiative.

Sincerely,

/s

Christopher Hixon
Associate Director, Regulatory Studies Program
Mercatus Center at George Mason University

Submitted via e-mail

Regulation	Agency	Federal Register citation	Compliance Cost Estimate	Mercatus Center research
Methyl Chloride regulation	OSHA	62 FR 1493	\$124 million annually as of 2000	A Review and Synthesis of the Cost of Workplace Regulations ⁴
Respiratory Protection regulation	OSHA	63 FR 1153	\$132 million annually as of 2000	A Review and Synthesis of the Cost of Workplace Regulations ⁵
National Primary Drinking Water Regulations: Disinfectants and Disinfection Byproducts	EPA	63 FR 69390	\$2.66 billion in capital outlays and \$796 million annually as of 2004	Safe Drinking Water Act: Costs of Compliance ⁶
National Pollutant Discharge Elimination System Permit Regulation	EPA	68 FR 7175	The Cost of complying with all water quality regulations was \$93.1 billion as of 2001; this regulation imposes a subset of this cost.	The Cost of Regulations Implementing the Clean Water Act ⁷

⁴ See Joseph M. Johnson, *A Review and Synthesis of the Cost of Workplace Regulations*, Mercatus Center at George Mason University (Aug. 30, 2001) at 34. Available at http://www.mercatus.org/publications/pubid.1173/pub_detail.asp.

⁵ *Id.*

⁶ See Robert S. Raucher and John Cromwell, *Safe Drinking Water Act: Costs of Compliance*, Mercatus Center at George Mason University (Aug. 2, 2004) at 7. Available at http://www.mercatus.org/publications/pubid.1442/pub_detail.asp.

⁷ See Joseph M. Johnson, *The Cost of Regulations Implementing the Clean Water Act*, Mercatus Center at George Mason University (Mar. 2004). Available at http://www.mercatus.org/publications/pubid.1476/pub_detail.asp.