

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Chris Dodd, Chairman
Committee on Banking, Housing & Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Richard Shelby, Ranking Member
Committee on Banking, Housing & Urban Affairs
United States Senate
Washington, DC 20510

Dear Majority Leader, Minority Leader, Chairman Dodd, and Ranking Member Shelby,

The undersigned organizations representing millions of American small business owners are writing to urge that the Senate consider the Small Business Fairness and Regulatory Transparency Amendment (S. Amdt. 3883) sponsored by Senator Pryor and Senator Snowe as part of the Senate's deliberations on S. 3217, Restoring American Financial Stability Act of 2010.

As you know, new jobs primarily come from the small business sector of our economy. Small business has created about two of every three net new jobs in the United States since at least the early 1970s.¹ And nearly all job creation since 1980 has occurred in firms less than five years old.² In fact, data from the 1990's show small business are the only sector producing jobs coming out of a recession. The amendment offered by Senators Pryor and Snowe is an effort to prevent unintended consequences by a new agency that could harm the small business sector.

According to the U.S. Small Business Administration, small firms shoulder a 45 percent higher burden to comply with federal regulations than their larger business competitors.³ This economic distortion can be eased when agencies carefully consider how their regulations will impact small firms, which is why delegates to the 1995 White House Conference on Small

¹ NFIB Research Foundation calculations from data produced by the U.S. Bureau of Labor Statistics, the U.S. Bureau of the Census, and the U.S. Small Business Administration.

² Dane Stangler and Robert Litan, *Where Will the Jobs Come From?*, Ewing Marion Kauffman Foundation, November 2009.

³ W. Mark Crain, *The Impact of Regulatory Costs on Small firms*, U.S. Small Business Administration, Office of Advocacy-sponsored research, September 2005.

Business called for direct small business participation in the rulemaking process. That recommendation from the White House Conference was a key provision in the Small Business Regulatory Enforcement Fairness Act (SBREFA), signed by President Clinton in 1996. The amendment offered by Senators Pryor and Snowe applies the same standards of transparency and small business consultation found in SBREFA to the Consumer Financial Protection Bureau (hereinafter referred to as the "Bureau").

Additionally, S. Amdt. 3883 calls upon the Bureau to consider how its rules will impact small business access to credit. Almost 90 percent of the nation's 26 million small businesses use some form of credit.⁴ And, economists have raised concerns that actions by the Bureau will tighten the credit squeeze, raising interest rates and curbing job growth.⁵ The amendment offered by Senators Pryor and Snowe provides assurance that small business access to credit is a top consideration by Bureau officials as they take on the important task of overseeing our financial sector.

Small business is a critically important sector. America needs their job creation strength to bring down unemployment and their innovative strength in a global marketplace. We know you share our desire to take every step necessary to protect Main Street while you are trying to fix the practices on Wall Street and we urge you to include S. Amdt. 3883, the Small Business Fairness and Regulatory Transparency amendment, as part of the Senate's debate on S. 3217. Once the amendment is under consideration, we urge your support for its passage.

Associated Builders and Contractors

Association of Kentucky Fried Chicken Franchisees

Hearth, Patio & Barbecue Association

Hispanic Leadership Fund

Independent Electrical Contractors

Institute for Liberty

International Franchise Association

National Association for the Self-Employed

National Federation of Independent Business

National Restaurant Association

⁴ U.S. Small Business Administration, *Small Business in Focus: Finance, A Compendium of Research by the Small Business Administration's Office of Advocacy*, July 2009.

⁵ David S. Evans and Joshua D. Wright, *The Effect of the Consumer Financial Protection Agency Act of 2009 on Consumer Credit*, October 2009.

National Roofing Contractors Association

National Small Business Association

Printing Industries of America

S Corporation Association

Small Business & Entrepreneurship Council

Society of American Florists

Society of Chemical Manufacturers & Affiliates

Tire Industry Association

U.S. Chamber of Commerce

Women Impacting Public Policy