CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

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April 8, 2011

The Honorable Geoff Davis
U.S. House of Representatives
Washington, DC 20515

Dear Representative Davis:

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses and organizations of every size, sector, and region, strongly supports H.R. 10, the "Regulations from the Executive In Need of Scrutiny (REINS) Act."

The Chamber believes that H.R. 10 is an effective regulatory reform, which would improve Congressional oversight, increase the quality of agency rulemakings, and better ensure all branches of the Federal government are accountable.

According to the Small Business Administration, the annual cost of federal regulations increased to more than $1.75 trillion in 2008. Had every U.S. household paid an equal share of the federal regulatory burden, each would have owed $15,586. The federal regulatory burden exceeds by 50 percent private spending on health care, which equaled $10,500 per household. While all citizens and businesses pay some portion of these costs, the distribution of the burden of regulations is quite uneven. The portion of regulatory costs that falls initially on businesses was $8,086 per employee in 2008. Small businesses, defined as firms employing fewer than 20 employees, bear the largest burden of federal regulations. As of 2008, small businesses face an annual regulatory cost of $10,585 per employee, which is 36 percent higher than the regulatory cost facing large firms (defined as firms with 500 or more employees).[1]

Our members tell us that these costs, as crushing as they were in 2008, have only increased in the past two years. As President Obama recognized in Executive Order 13563, the expansion of the federal bureaucracy drags down economic growth and job creation. Yet, the Congress has ceded oversight, power and control to that bureaucracy. In 2009, Congress passed 125 bills that the President signed into law. When you consider that a staggering 3,503 final rules were promulgated in 2009, it becomes very clear that a considerable amount of lawmaking power has been delegated, in many cases unintentionally, to staff at generally unaccountable federal agencies.[2]

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[1] *See* Crain and Crain, THE IMPACT OF REGULATORY COSTS ON SMALL FIRMS at iv (Sept. 2010).

[2] Clyde Wayne Crews, *Ten Thousand Commandments: A Snapshot of the Federal Regulatory State,* (CEI, April 15, 2010) accessed at http://cei.org/sites/default/files/Wayne%20Crews%20-%20Ten%20Thousand%20Commandments%20-%2010KC%20-%202010.pdf (April 6, 2011).

The REINS Act would address these concerns by constraining the delegation of congressional authority and fostering accountability, thus limiting the size and scope of rule-making. The REINS Act requires both houses of Congress to affirmatively approve, and the president to sign, any new "major rule" – i.e., a rule with a projected impact to the economy of over $100 million – before it could become effective.

The recent health care and financial regulatory reform laws and the agencies' ongoing "legislation by regulation" at the Environmental Protection Agency and other agencies of government ensures there will be a large number of new major regulations proposed and promulgated over the next two to three years. These regulations will likely touch every sector of the economy, and will likely impair, dampen, and distort job creation, economic growth and investment. Passage of the REINS Act could mitigate these adverse effects by ensuring that agencies regulate in a more transparent, cost-effective, and rational manner and that Congress retains ultimate control and accountability for the implementation of the laws it writes.

Sincerely,

R. Bruce Josten