



July 23, 2019

The Honorable Marco Rubio
Chairman
Committee on Small Business & Entrepreneurship
United States Senate
Washington, D.C. 20510

The Honorable Ben Cardin
Ranking Member
Committee on Small Business & Entrepreneurship
United States Senate
Washington, D.C. 20510

Dear Chairman Rubio and Ranking Member Cardin:

On behalf of the Small Business & Entrepreneurship Council (SBE Council) and our nationwide network of members and supporters, I am writing to express our strong support for re-authorizing and modernizing the *Small Business Act*. SBE Council greatly appreciates your leadership and bipartisan work that have been invested into improving Small Business Administration (SBA) programs and services for America's entrepreneurs and small businesses.

Encouraging entrepreneurship, the growth of small businesses, and the scaling of high-potential firms requires new thinking and approaches, and many elements within the *Small Business Act* reflect what is needed to make the SBA more relevant and effective in these areas. The Act has not been updated for nearly 20 years, and obviously so much has changed in the economy and ecosystem that impacts the delivery and relevancy of SBA programs.

SBE Council strongly supports the emphasis on upgrading and reorganizing SBA's export programs; streamlining the Small Business Investment Companies (SBIC) program and directing investment to where it is needed, which will more powerfully impact the economy; strengthening, broadening, and making the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs permanent; tightening cybersecurity within the SBA, as well as making it a priority for education and training programs; instituting reforms for SBA lending to expand capital access; and updating federal government procurement practices to increase small business participation and access to contracts. These are all important provisions that will have a positive impact on startup activity and small business success.

In addition, entrepreneurs and small businesses have long called for a federal regulatory system that more effectively includes their voice and input. The improvements within Title IX of the

Small Business Act bring uniformity to the Regulatory Flexibility Act (RFA) and add unambiguous language that will inform federal agencies about their responsibilities under the RFA. These are welcome changes. It is critical that agencies across the federal government act consistently during the rulemaking process, as small businesses dominate almost every industry sector.


Across Administrations – in both Democrat and Republican administrations alike – the Office of Advocacy has acted as an independent watchdog for small businesses. Modernizing its scope of work is a common-sense step that will make the Office – and by extension the federal government - more accountable to the small business community.

The proposed improvements in the *Small Business Act* that provide the Office with needed tools to better serve small businesses are measures strongly supported by the small business community. These include: the authority to ensure agencies are complying with the RFA (for example, allowing the agency to question an agency’s certification that a proposed rule would not have a significant impact on a substantial number of small entities); a requirement that agencies provide quantifiable data to show their work when describing the effects of a rule; adding the Department of Labor (DOL), the Internal Revenue Service (IRS), the Department of the Interior (DOI), the Federal Deposit Insurance Corporation (FDIC) and the SBA to the list of “covered” agencies for purposes of holding panels with small businesses on proposed rules that have small business impact, while allowing small businesses to participate electronically on panels; making retrospective review consistent with prospective-retrospective review of the bipartisan SMART Act (every 10 years); and the training requirement by all federal agencies on how to comply with the RFA. Again, these smart reforms will ensure federal regulation is balanced and treats small businesses equitably and appropriately.

SBE Council strongly supports the general reforms to improve and modernize SBA operations. We are pleased to see that the *Small Business Act* also includes the prohibition on the use of “confessions of judgment” by expanding this protection to small businesses.

Again, thank you for your work and support of America’s entrepreneurs and small businesses. Please do not hesitate to contact me or SBE Council if you need additional information or have questions.

Sincerely,



Karen Kerrigan
President & CEO

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Protecting Small Business, Promoting Entrepreneurship