



September 10, 2024

The Honorable Roger Williams
Chairman
Committee on Small Business
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nydia Velazquez
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Williams and Ranking Member Velazquez:

Thank you for holding this markup today on several proposals intended to reduce the federal regulatory burden that disproportionately harms small businesses. My name is Joe Shames and I am the general partner of Flintlock Capital, an early-stage venture firm based in McLean, Virginia. I serve as the Chair of the Small Business Council at the U.S. Chamber of Commerce (Chamber). The Chamber represents roughly three million businesses and the majority of its members are small business owners who are members of local, state, and regional chambers. The Small Business Council works to ensure the views of small business owners are integrated into the Chamber's policy-making process.

After serving our country in the Air Force and the Air National Guard, I founded three businesses, including Flags of Valor in Winchester, Virginia. I brought the lessons learned from leading those businesses through various growth cycles into a venture portfolio focusing on founders who are pursuing transformational technologies. Several of the companies I am now invested in are run by veterans who possess unique skills and character developed while defending our country through military service. Helping small businesses as an investor and partner through my venture capital firm brings me enormous joy and it is a privilege to Chair the Chamber's Small Business Council for the same reasons.

The Chamber's work with the Bradley Foundation showed that federal regulatory compliance costs in 2016 totaled \$1.1 trillion industry wide and that small businesses shouldered a compliance cost of twenty percent more per employee than their larger business competitors. Last year, research funded by the National Association of Manufacturers showed that regulatory costs have risen to more than \$3 trillion and small businesses continue to bear a greater proportion of compliance burden on a per-employee basis, which is significantly burdensome for economic growth since small business has created 62.7% of the new jobs in the U.S. over the past 30 years.

Attempts to try and reduce the disproportionate burden federal regulations impose on small firms are not new to the Small Business Committee. In fact, your Committee led the way for the passage of the "Regulatory Flexibility Act (RFA)" 44 years ago. That law required regulators to tailor rules and meet government objectives while minimizing the burden on small businesses. Leveling the

playing field and reducing regulatory costs allow for small business owners to reinvest more money in their employees, grow their businesses, and benefit their communities.

Under your leadership, the Small Business Committee has probed into challenges small businesses face when confronting one-sized-fits-all federal regulation. The Chamber continues to support your efforts and is pleased that you are considering legislation that will update the RFA. In particular, the Chamber has voiced support for the small business “Prove It Act (H.R. 7198)” during several Committee hearings.¹

H.R. 7198, the bi-partisan small business Prove It Act, sponsored by Representative Finstad, Representative Moran, and Representative Caravaro would strengthen the RFA by updating the “certification” requirements under the RFA to ensure federal agencies take small business input seriously, and requiring federal agencies to be transparent about costs by including all reasonably foreseeable impacts in the analysis released to the public for comment.

This bill was reported out of the Judiciary Committee on March 21 and has the support of more than 250 local and state chambers of commerce.² I would like to especially thank Representatives Maria Salazar and Pete Stauber who serve on this Committee for co-sponsoring this important legislation.

I urge the Committee to favorably report H.R. 7198. The Chamber looks forward to working with you to get this legislation passed in order to help small businesses across the country.

Sincerely,



Joe Shames

¹ See U.S. House of Representatives, Committee on Small Business, *Small Business Perspectives on the Impacts of the Biden Administration’s Waters of the United States (WOTUS) Rule*, (March 8, 2023), Letter for the Record, viewable at: <https://www.uschamber.com/small-business/u-s-chamber-letter-for-the-record-on-wotus>; *Reviewing the SBA’s Office of Advocacy Report on the Regulatory Flexibility Act*, (June 22, 2023), Letter for the Record, viewable at: <https://www.uschamber.com/small-business/u-s-chamber-statement-for-the-record-for-the-hearing-reviewing-the-sbas-office-of-advocacy-report-on-the-regulatory-flexibility-act>; *Burdensome Regulations: Examining the Impact of EPA Regulations on Main Street*, (February 14, 2024), Letter for the Record, viewable at: <https://www.uschamber.com/small-business/statement-for-the-record-for-the-hearing-burdensome-regulations-examining-the-impact-of-epa-regulations-on-main-street>; *Burdensome Regulations: Examining the Biden Administration’s Failure to Consider Small Businesses*, (May 22, 2024), Letter for the Record, viewable at: <https://www.uschamber.com/small-business/statement-for-the-record-traci-tapani-for-the-hearing-burdensome-regulations-examining-the-biden-administrations-failure-to-consider-small-businesses>.

² U.S. Chamber of Commerce, *Letter in support of H.R. 7198, the small business Prove It Act*, (May 21, 2024), viewable at: <https://www.uschamber.com/small-business/state-and-local-chamber-letter-on-house-consideration-of-h-r-7198-the-prove-it-act>.